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LINCOLN NATIONAL CORP  
 Form 8-K  
 October 26, 2001

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

FORM 8-K  
 Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: September 30, 2001

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)  
 Indiana 1-6028 35-1140070  
 (State of Incorporation) (Commission File Number (I.R.S. Employer  
 Identification No.)

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

Registrant's telephone number 219-448-1400

Item 9  
 Financial Report for the quarter ended September 30, 2001.

9/30/01

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

|   | For the Quarter Ended September 30 |        |        |          |
|---|------------------------------------|--------|--------|----------|
|   | 2001                               | 2000   | Change | % Change |
|   | Amount                             | Amount |        |          |
|   | -----                              | -----  | -----  | -----    |
| Income from Operations                    |                                    |        |        |          |
| Annuities                                 | 72.4                               | 102.9  | (30.5) | (29.6%)  |
| Life Insurance                            | 70.1                               | 66.5   | 3.6    | 5.4%     |
| Reinsurance                               | 17.2                               | 28.2   | (11.0) | (39.0%)  |
| Investment Management                     | 3.5                                | 9.9    | (6.4)  | (64.6%)  |
| Lincoln UK                                | 10.1                               | 10.6   | (0.5)  | (4.7%)   |
| Corporate & Other                         | (30.1)                             | (27.3) | (2.8)  |          |
|   | -----                              | -----  | -----  | -----    |
| Total Income from Operations*             | 143.2                              | 190.7  | (47.5) | (24.9%)  |
| Realized gains (losses) on investments    | (23.8)                             | (11.6) | (12.2) |          |
| Gains (losses) on derivatives             | (0.4)                              | 0.0    | (0.4)  |          |
| Restructuring charges                     | 0.0                                | (40.5) | 40.5   |          |
|   | -----                              | -----  | -----  | -----    |
| Income before Accounting Changes          | 119.1                              | 138.6  | (19.6) |          |
| Cumulative effect of accounting changes** | 0.0                                | 0.0    | 0.0    |          |

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|   |          |          |          |         |
|---|----------|----------|----------|---------|
| Net Income*                                 | 119.1    | 138.6    | (19.5)   | (14.1%) |
| Earnings per share (diluted)                |          |          |          |         |
| Income from Operations*                     | \$0.74   | \$0.98   | (\$0.24) | (24.5%) |
| Realized gain (losses) on investments       | (\$0.13) | (\$0.06) | (\$0.07) |         |
| Gains (losses) on derivatives               | \$0.00   | \$0.00   | \$0.00   |         |
| Restructuring charges                       | \$0.00   | (\$0.21) | \$0.21   |         |
| Income before Accounting Changes            | \$0.61   | \$0.71   | (\$0.10) |         |
| Cumulative effect of accounting changes**   | \$0.00   | \$0.00   | -        |         |
| Net Income*                                 | \$0.61   | \$0.71   | (\$0.10) | (14.1%) |
| Inc. from Oper.- before Goodwill Amort.     |          |          |          |         |
| Annuities                                   | 72.7     | 103.2    | (30.5)   | (29.6%) |
| Life Insurance                              | 76.0     | 72.4     | 3.6      | 5.0%    |
| Reinsurance                                 | 17.7     | 28.6     | (11.0)   | (38.3%) |
| Investment Management                       | 7.5      | 14.0     | (6.4)    | (46.2%) |
| Lincoln UK                                  | 10.3     | 11.8     | (1.5)    | (12.7%) |
| Corporate & Other                           | (30.1)   | (27.3)   | (2.8)    |         |
| Total                                       | 154.1    | 202.7    | (48.6)   | (24.0%) |
| Earnings per share (diluted)                |          |          |          |         |
| Inc. from Oper.- before Goodwill Amort.     | \$0.79   | \$1.04   | (\$0.25) | (24.0%) |
| Operating Revenue                           |          |          |          |         |
| Annuities                                   | 499.5    | 546.2    | (46.7)   | (8.5%)  |
| Life Insurance                              | 468.9    | 452.4    | 16.5     | 3.6%    |
| Reinsurance                                 | 467.4    | 457.9    | 9.4      | 2.1%    |
| Investment Management                       | 105.5    | 124.1    | (18.7)   | (15.0%) |
| Lincoln UK                                  | 70.7     | 112.8    | (42.1)   | (37.3%) |
| Corporate & Other                           | 35.0     | 39.6     | (4.6)    | (11.7%) |
| Total Operating Revenue                     | 1646.9   | 1733.1   | (86.2)   | (5.0%)  |
| Revenue (Including Investment Gains/Losses) |          |          |          |         |
| Annuities                                   | 478.2    | 532.1    | (53.9)   | (10.1%) |
| Life Insurance                              | 460.6    | 453.2    | 7.4      | 1.6%    |
| Reinsurance                                 | 460.5    | 454.4    | 6.1      | 1.3%    |
| Investment Management                       | 104.7    | 123.8    | (19.1)   | (15.4%) |
| Lincoln UK                                  | 76.3     | 112.8    | (36.6)   | (32.4%) |
| Corporate & Other                           | 29.0     | 39.7     | (10.7)   | (27.0%) |
| Total Revenue                               | 1609.3   | 1716.1   | (106.8)  | (6.2%)  |
| Operational Data by Segment: (Billions)     |          |          |          |         |
| Annuities Segment                           |          |          |          |         |
| Annuity Gross Deposits                      | 1.580    | 1.242    | 0.338    | 27.2%   |
| Annuity Net Cash Flows                      | 0.261    | (0.812)  | 1.073    |         |
| Annuity Account Values                      | 46.810   | 58.443   | (11.633) | (19.9%) |
| Life Insurance Segment                      |          |          |          |         |
| Life Insurance First Year Premium           | 0.134    | 0.145    | (0.011)  | (7.6%)  |
| Life Insurance In-force                     | 227.751  | 211.308  | 16.443   | 7.8%    |
| Life Insurance Account Values               | 10.939   | 10.716   | 0.223    | 2.1%    |

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|   |         |         |          |         |
|---|---------|---------|----------|---------|
| Reinsurance Segment                           |         |         |          |         |
| Individual Life In-force Sales                | 28.6    | 37.2    | (8.6)    | (23.1%) |
| Reinsurance Life In-force                     | 497.3   | 412.6   | 84.7     | 20.5%   |
| Investment Management Segment                 |         |         |          |         |
| Retail Deposits                               | 0.800   | 1.118   | (0.318)  | (28.4%) |
| Retail Net Cash Flows                         | (0.126) | (0.326) | 0.200    |         |
| Institutional In-flows                        | 0.883   | 0.715   | 0.168    | 23.5%   |
| Institutional Net Cash Flows                  | (0.155) | (0.983) | 0.828    |         |
| Total Net Cash Flows                          | (0.281) | (1.309) | 1.028    |         |
| Assets Under Management                       | 44.530  | 55.527  | (10.996) | (19.8%) |
| Assets Under Management - Insurance Assets    | 37.337  | 34.981  | 2.356    | 6.7%    |
| Assets Under Management - Total Segment       | 81.867  | 90.508  | (8.640)  | (9.5%)  |
| Consolidated                                  |         |         |          |         |
| Consolidated Domestic Retail Deposits         | 2.785   | 2.691   | 0.093    | 3.5%    |
| Consolidated Domestic Retail Account Balances | 74.509  | 90.893  | (16.384) | (18.0%) |
| Annuities & Investment Management Net Flows   | 0.162   | (1.927) | 2.089    |         |
| Total Assets Under Management                 | 117.462 | 136.271 | (18.809) | (13.8%) |

Financial Highlights

Unaudited [Amounts in Millions, except Per Shares] (Continued)

|   | For the Nine Months Ended September 30 |                |          |          |
|---|--|----------------|----------|----------|
|   | 2001<br>Amount                         | 2000<br>Amount | Change   | % Change |
|   | -----                                  | -----          | -----    | -----    |
| Income from Operations                    |  |                |          |          |
| Annuities                                 | 245.5                                  | 275.6          | (30.1)   | (10.9%)  |
| Life Insurance                            | 205.8                                  | 189.3          | 16.5     | 8.7%     |
| Reinsurance                               | 98.1                                   | 85.9           | 12.2     | 14.2%    |
| Investment Management                     | 9.6                                    | 35.4           | (25.8)   | (72.9%)  |
| Lincoln UK                                | 40.7                                   | 45.5           | (4.8)    | (10.5%)  |
| Corporate & Other                         | (109.8)                                | (97.4)         | (12.4)   |          |
|   | -----                                  | -----          | -----    | -----    |
| Total Income from Operations*             | 489.9                                  | 534.4          | (44.5)   | (8.3%)   |
| Realized gains (losses) on investments    | (48.6)                                 | (18.7)         | (29.9)   |          |
| Gains (losses) on derivatives             | (0.2)                                  | 0.0            | (0.2)    |          |
| Restructuring charges                     | (4.5)                                  | (43.2)         | 38.7     |          |
|   | -----                                  | -----          | -----    | -----    |
| Income before Accounting Changes          | 436.6                                  | 472.5          | (35.9)   |          |
| Cumulative effect of accounting changes** | (15.6)                                 | 0.0            | (15.6)   |          |
|   | -----                                  | -----          | -----    | -----    |
| Net Income*                               | 421.0                                  | 472.5          | (51.5)   | (10.9%)  |
|   | =====                                  | =====          | =====    | =====    |
| Earnings per share (diluted)              |  |                |          |          |
| Income from Operations*                   | \$2.53                                 | \$2.74         | (\$0.21) | (7.7%)   |
| Realized gain (losses) on investments     | (\$0.25)                               | (\$0.10)       | (\$0.15) |          |
| Gains (losses) on derivatives             | \$0.00                                 | \$0.00         | \$0.00   |          |
| Restructuring charges                     | (\$0.02)                               | (\$0.22)       | \$0.20   |          |
|   | -----                                  | -----          | -----    | -----    |
| Income before Accounting Changes          | \$2.26                                 | \$2.42         | (\$0.16) |          |
| Cumulative effect of accounting changes** | (\$0.08)                               | \$0.00         | (\$0.08) |          |
|   | -----                                  | -----          | -----    | -----    |
| Net Income*                               | \$2.18                                 | \$2.42         | (\$0.24) | (9.9%)   |
|   | =====                                  | =====          | =====    | =====    |

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|   |         |         |          |         |
|---|---------|---------|----------|---------|
| Inc. from Oper.- before Goodwill Amort.     |         |         |          |         |
| Annuities                                   | 246.4   | 274.6   | (28.2)   | (10.3%) |
| Life Insurance                              | 223.6   | 207.1   | 16.5     | 7.9%    |
| Reinsurance                                 | 99.5    | 87.2    | 12.2     | 14.0%   |
| Investment Management                       | 21.7    | 47.6    | (25.9)   | (54.4%) |
| Lincoln UK                                  | 41.2    | 49.4    | (8.2)    | (16.6%) |
| Corporate & Other                           | (109.8) | (97.4)  | (12.5)   |         |
|   | -----   | -----   | -----    | -----   |
| Total                                       | 522.6   | 568.6   | (46.0)   | (8.1%)  |
|   | =====   | =====   | =====    | =====   |
| Earnings per share (diluted)                |         |         |          |         |
| Inc. from Oper.- before Goodwill Amort.     | \$2.70  | \$2.92  | (\$0.22) | (7.5%)  |
| Operating Revenue                           |         |         |          |         |
| Annuities                                   | 1534.4  | 1620.8  | (86.4)   | (5.3%)  |
| Life Insurance                              | 1402.2  | 1348.4  | 53.8     | 4.0%    |
| Reinsurance                                 | 1433.8  | 1309.5  | 124.3    | 9.5%    |
| Investment Management                       | 329.9   | 374.0   | (44.1)   | (11.8%) |
| Lincoln UK                                  | 222.0   | 334.4   | (112.4)  | (33.6%) |
| Corporate & Other                           | 60.6    | 119.2   | (58.6)   | (49.2%) |
|   | -----   | -----   | -----    | -----   |
| Total Operating Revenue                     | 4982.9  | 5106.3  | (123.4)  | (2.4%)  |
|   | =====   | =====   | =====    | =====   |
| Revenue (Including Investment Gains/Losses) |         |         |          |         |
| Annuities                                   | 1500.7  | 1611.3  | (110.6)  | (6.9%)  |
| Life Insurance                              | 1375.9  | 1339.1  | 36.8     | 2.7%    |
| Reinsurance                                 | 1417.2  | 1306.1  | 111.2    | 8.5%    |
| Investment Management                       | 327.2   | 370.3   | (43.1)   | (11.6%) |
| Lincoln UK                                  | 230.1   | 333.9   | (103.8)  | (31.1%) |
| Corporate & Other                           | 55.8    | 117.3   | (61.5)   | (52.4%) |
|   | -----   | -----   | -----    | -----   |
| Total Revenue                               | 4907.0  | 5078.0  | (170.9)  | (3.4%)  |
|   | =====   | =====   | =====    | =====   |
| Operational Data by Segment: (Billions)     |         |         |          |         |
| Annuities Segment                           |         |         |          |         |
| Annuity Gross Deposits                      | 4.398   | 3.911   | 0.487    | 12.5%   |
| Annuity Net Cash Flows                      | (0.526) | (2.193) | 1.667    |         |
| Annuity Account Values                      | 46.810  | 58.443  | (11.634) | (19.9%) |
| Life Insurance Segment                      |         |         |          |         |
| Life Insurance First Year Premium           | 0.416   | 0.431   | (0.015)  | (3.5%)  |
| Life Insurance In-force                     | 227.751 | 211.308 | 16.443   | 7.8%    |
| Life Insurance Account Values               | 10.939  | 10.716  | 0.223    | 2.1%    |
| Reinsurance Segment                         |         |         |          |         |
| Individual Life In-force Sales              | 87.8    | 104.3   | (16.5)   | (15.8%) |
| Reinsurance Life In-force                   | 497.3   | 412.6   | 84.7     | 20.5%   |
| Investment Management Segment               |         |         |          |         |
| Retail Deposits                             | 2.778   | 3.505   | (0.727)  | (20.7%) |
| Retail Net Cash Flows                       | (0.334) | (1.575) | 1.241    |         |
| Institutional In-flows                      | 3.130   | 2.616   | 0.514    | 19.6%   |
| Institutional Net Cash Flows                | (0.127) | (4.651) | 4.524    |         |
| Total Net Cash Flows                        | (0.461) | (6.226) | 5.765    |         |
| Assets Under Management                     | 44.530  | 55.527  | (10.996) | (19.8%) |
| Assets Under Management - Insurance Assets  | 37.337  | 34.981  | 2.356    | 6.7%    |
| Assets Under Management - Total Segment     | 81.867  | 90.508  | (8.640)  | (9.5%)  |

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|   |         |         |          |         |
|---|---------|---------|----------|---------|
| Consolidated                                  |         |         |          |         |
| Consolidated Domestic Retail Deposits         | 8.017   | 8.427   | (0.409)  | (4.9%)  |
| Consolidated Domestic Retail Account Balances | 74.509  | 90.893  | (16.384) | (18.0%) |
| Annuities & Investment Management Net Flows   | (0.820) | (7.168) | 6.348    |         |
| Total Assets Under Management                 | 117.462 | 136.271 | (18.809) | (13.8%) |

\* Income from operations and net income include special charges of \$33.2 million after-tax (\$51.1 million pre-tax) or \$0.17 per share recorded in the 3rd quarter of 2001 related to the events of September 11, 2001.

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

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

For the Quarter Ended September 30

|   | 2001<br>Amount<br>----- | 2000<br>Amount<br>----- | Change<br>----- | % Change<br>----- |
|---|-------------------------|-------------------------|-----------------|-------------------|
| Consolidated Operational Data: (Millions) |                         |                         |                 |                   |
| Balance Sheet Assets - End of Period      | 90206.0                 | 103243.1                | (13037.1)       | (12.6%)           |
| Shareholders' Equity                      |                         |                         |                 |                   |
| Beg of Period (Securities at Market)      | 5055.9                  | 4223.7                  | 832.2           |                   |
| End of Period (Securities at Market)      | 5368.6                  | 4538.6                  | 830.0           |                   |
| End of Period (Securities at Cost)        | 5100.4                  | 4876.3                  | 224.1           |                   |
| Average Equity (Securities at Cost)       | 5085.0                  | 4867.2                  | 217.8           |                   |
| Return on Equity                          |                         |                         |                 |                   |
| Inc from Operations/Average Equity        | 11.3%                   | 15.7%                   | (4.4%)          |                   |
| Net Income/Average Equity                 | 9.4%                    | 11.4%                   | (2.0%)          |                   |
| Return on Capital                         |                         |                         |                 |                   |
| Inc from Operations/Average Capital       | 9.7%                    | 12.7%                   | (3.0%)          |                   |
| Common Stock Outstanding                  |                         |                         |                 |                   |
| Average for the Period - Diluted          | 194.8                   | 195.6                   | (0.8)           | (0.4%)            |
| End of Period - Assuming Conv of Pref.    | 189.8                   | 191.8                   | (2.0)           | (1.0%)            |
| End of Period - Diluted                   | 193.3                   | 196.2                   | (2.9)           | (1.5%)            |
| Book Value (Securities at Market)         | \$28.29                 | \$23.67                 | 4.62            | 19.5%             |
| Book Value (Securities at Cost)           | \$26.87                 | \$25.43                 | 1.44            | 5.7%              |
| Cash Returned to Shareholders             |                         |                         |                 |                   |
| Share Repurchase - dollar amount          | 182.6                   | 0.0                     | 182.6           |                   |
| Dividends Declared to Shareholders        | 57.7                    | 55.8                    | 1.9             |                   |

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|   |         |         |         |      |
|---|---------|---------|---------|------|
| Total Cash Returned to Shareholders           | 240.3   | 55.8    | 184.5   |      |
| Share Repurchase - number of shares           | 4.084   | 0.000   | 4.084   |      |
| Dividend Declared on Common Stock - per share | \$0.305 | \$0.290 | \$0.015 | 5.2% |

For the Quarter Ended September 30

| Comprehensive Income (millions)             | 2001 Amount | 2000 Amount |  |  |
|---|-------------|-------------|--|--|
| Net Income                                  | 119.1       | 138.6       |  |  |
| Foreign Currency Translation                | 22.2        | (2.0)       |  |  |
| Net Unrealized Gains (Losses) on Securities | 171.7       | 218.9       |  |  |
| Gains (Losses) on Derivatives               | (6.6)       | 0.0         |  |  |
| Cumulative Effect of Accounting Change      | 0.0         | 0.0         |  |  |
| Comprehensive Income                        | 306.4       | 355.5       |  |  |

Financial Highlights

Unaudited [Amounts in Millions, except Per Share] (Continued)

For the Nine Months Ended September 30

|  | 2001 Amount | 2000 Amount | Change    | % Change |
|--|-------------|-------------|-----------|----------|
| Consolidated Operational Data:<br>(Millions) |             |             |           |          |
| Balance Sheet Assets - End of Period         | 90206.0     | 103243.1    | (13037.1) | (12.6%)  |
| Shareholders' Equity                         |             |             |           |          |
| Beg of Period (Securities at Market)         | 4954.1      | 4263.9      | 690.2     |          |
| End of Period (Securities at Market)         | 5368.6      | 4538.6      | 830.0     |          |
| End of Period (Securities at Cost)           | 5100.4      | 4876.3      | 224.1     |          |
| Average Equity (Securities at Cost)          | 4986.3      | 4803.9      | 182.4     |          |
| Return on Equity                             |             |             |           |          |
| Inc from Operations/Average Equity           | 13.1%       | 14.8%       | (1.7%)    |          |
| Net Income/Average Equity                    | 11.3%       | 13.1%       | (1.9%)    |          |
| Return on Capital                            |             |             |           |          |
| Inc from Operations/Average Capital          | 11.0%       | 12.0%       | -1.0%     |          |
| Common Stock Outstanding                     |             |             |           |          |
| Average for the Period - Diluted             | 193.5       | 194.9       | (1.4)     | (0.7%)   |
| End of Period - Assuming Conv of Pref.       | 189.8       | 191.8       | (2.0)     | (1.0%)   |
| End of Period - Diluted                      | 193.3       | 196.2       | (2.9)     | (1.5%)   |
| Book Value (Securities at Market)            | \$28.29     | \$23.67     | 4.62      | 19.5%    |

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|                                     |         |         |         |      |
|-------------------------------------|---------|---------|---------|------|
| Book Value (Securities at Cost)     | \$26.87 | \$25.43 | 1.44    | 5.7% |
| Cash Returned to Shareholders       |         |         |         |      |
| Share Repurchase - dollar amount    | 369.5   | 158.3   | 211.2   |      |
| Dividends Declared to Shareholders  | 171.9   | 165.9   | 6.0     |      |
| Total Cash Returned to Shareholders | 541.4   | 324.2   | 217.2   |      |
| Share Repurchase - number of shares | 8.384   | 5.109   | 3.275   |      |
| Dividend Declared on Common         |         |         |         |      |
| Stock - per share                   | \$0.915 | \$0.870 | \$0.045 | 5.2% |

For the Nine Months Ended September 30

| Comprehensive Income<br>(millions)             | 2001<br>Amount | 2000<br>Amount |  |  |
|--|----------------|----------------|--|--|
| Net Income                                     | 421.0          | 472.5          |  |  |
| Foreign Currency Translation                   | (15.0)         | (10.2)         |  |  |
| Net Unrealized Gains (Losses)<br>on Securities | 235.9          | 128.0          |  |  |
| Gains (Losses) on Derivatives                  | 2.8            | 0.0            |  |  |
| Cumulative Effect of<br>Accounting Change      | 17.6           | 0.0            |  |  |
| Comprehensive Income                           | 662.3          | 590.3          |  |  |

9/30/01

Financial Highlights  
Unaudited [Amounts in Millions]

|  | For the Quarter Ended September 30 |                |         |          | For the Nin    |
|--|------------------------------------|----------------|---------|----------|----------------|
|  | 2001<br>Amount                     | 2000<br>Amount | Change  | % Change | 2001<br>Amount |
| Consolidated Condensed Statements of Income                |                                    |                |         |          |                |
| Revenue:   |                                    |                |         |          |                |
| Insurance Premiums and Fees                                | 821.6                              | 882.0          | (60.4)  | (6.9%)   | 2,568.5        |
| Investment Advisory Fees                                   | 47.2                               | 53.3           | (6.1)   | (11.4%)  | 146.3          |
| Net Investment Income                                      | 686.2                              | 690.0          | (3.8)   | (0.6%)   | 2,033.0        |
| Realized Gains (Losses) on Investments                     | (37.1)                             | (17.0)         | (20.2)  |          | (75.5)         |
| Gains (Losses) on Derivatives                              | (0.4)                              | -              | (0.4)   |          | (0.2)          |
| Other  | 91.9                               | 107.7          | (15.8)  | (14.7%)  | 235.1          |
| Total Revenue  | 1,609.3                            | 1,716.1        | (106.8) | (6.2%)   | 4,907.0        |
| Benefits and Expenses:                                     |                                    |                |         |          |                |
| Benefits   | 903.1                              | 893.5          | 9.7     | 1.1%     | 2,664.8        |
| Underwriting, Acquisition,<br>Insurance and Other Expenses | 556.5                              | 632.3          | (75.8)  | (12.0%)  | 1,667.8        |
| Total Benefits and Expenses                                | 1,459.6                            | 1,525.7        | (66.1)  | (4.3%)   | 4,332.7        |

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|   |        |        |        |         |         |
|---|--------|--------|--------|---------|---------|
| Net Income  | -----  | -----  | -----  | -----   | -----   |
| before Federal Taxes  | 149.6  | 190.4  | (40.7) |         | 574.4   |
| Federal Income Taxes  | 30.6   | 51.8   | (21.2) |         | 137.9   |
|   | -----  | -----  | -----  | -----   | -----   |
| Income before Accounting Changes  | 119.1  | 138.6  | (19.5) |         | 436.5   |
| Cumulative Effect of Accounting Changes                                     | -      | -      | -      |         | (15.6)  |
| Net Income  | 119.1  | 138.6  | (19.6) | (14.1%) | 421.0   |
|   | =====  | =====  | =====  | =====   | =====   |
| Income before Tax and Cumulative Effect<br>of Accounting Changes By Segment |        |        |        |         |         |
| Annuities   | 61.6   | 110.2  | (48.6) |         | 259.5   |
| Life Insurance  | 99.9   | 106.2  | (6.3)  |         | 289.9   |
| Reinsurance   | 18.9   | 38.5   | (19.6) |         | 131.5   |
| Investment Management   | 5.5    | 15.9   | (10.4) |         | 13.6    |
| Lincoln UK  | 15.1   | (39.0) | 54.1   |         | 55.9    |
| Corporate and Other   | (51.4) | (41.4) | (10.0) |         | (176.0) |
|   | -----  | -----  | -----  | -----   | -----   |
| Income before Tax and<br>Cumulative Effect of Accounting<br>Changes         | 149.6  | 190.4  | (40.8) |         | 574.4   |
| Pre-Tax Realized Gains (Losses) by Segment*                                 |        |        |        |         |         |
| Annuities   | (21.3) | (14.1) | (7.2)  |         | (33.6)  |
| Life Insurance  | (8.2)  | 0.8    | (9.0)  |         | (26.3)  |
| Reinsurance   | (6.9)  | (3.5)  | (3.4)  |         | (16.5)  |
| Investment Management   | (0.8)  | (0.4)  | (0.4)  |         | (2.6)   |
| Lincoln UK  | 5.5    | -      | 5.5    |         | 8.1     |
| Corporate and Other   | (5.9)  | 0.1    | (6.0)  |         | (4.8)   |
|   | -----  | -----  | -----  | -----   | -----   |
| Pre-Tax Realized Gains (Losses)<br>on Investments and Derivatives           | (37.6) | (17.0) | (20.6) |         | (75.8)  |
| After-Tax Realized Gains (Losses) by Segment*                               |        |        |        |         |         |
| Annuities   | (13.8) | (9.1)  | (4.7)  |         | (21.9)  |
| Life Insurance  | (5.3)  | 1.0    | (6.3)  |         | (17.1)  |
| Reinsurance   | (4.5)  | (2.2)  | (2.3)  |         | (10.7)  |
| Investment Management   | (0.5)  | (0.2)  | (0.3)  |         | (1.7)   |
| Lincoln UK  | 3.9    | -      | 3.9    |         | 5.7     |
| Corporate and Other   | (3.9)  | (1.0)  | (2.9)  |         | (3.1)   |
|   | -----  | -----  | -----  | -----   | -----   |
| After-Tax Realized Gains (Losses)<br>on Investments and Derivatives         | (24.1) | (11.6) | (12.5) |         | (48.8)  |

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

9/30/01

Financial Highlights

Unaudited [Amounts in Millions, except Retail Account Balances and Assets Ma

As of



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|   | September<br>2001<br>Amount | December<br>2000<br>Amount | Cha   |
|---|-----------------------------|----------------------------|-------|
|   | -----                       | -----                      | ----- |
| Consolidated Condensed Balance Sheets         |                             |                            |       |
| Assets:                                       |                             |                            |       |
| Investments:                                  |                             |                            |       |
| Securities Available for Sale:                |                             |                            |       |
| Fixed Maturities                              | 28,931.6                    | 27,449.8                   | 1     |
| Equities                                      | 477.7                       | 549.7                      |       |
| Mortgage Loans on Real Estate                 | 4,663.1                     | 4,663.0                    |       |
| Real Estate                                   | 288.8                       | 282.0                      |       |
| Policy Loans                                  | 1,943.4                     | 1,960.9                    |       |
| Other Long-Term Investments                   | 483.4                       | 463.3                      |       |
|   | -----                       | -----                      | ----- |
| Total Investments                             | 36,788.0                    | 35,368.6                   | 1     |
| Other Assets:                                 |                             |                            |       |
| Assets Held in Separate Accounts              | 39,479.8                    | 50,579.9                   | (11   |
| Other Assets                                  | 13,938.2                    | 13,895.5                   |       |
|   | -----                       | -----                      | ----- |
| Total Assets                                  | 90,206.0                    | 99,844.1                   | (9    |
|   | =====                       | =====                      | ===== |
| Liabilities and Shareholders' Equity          |                             |                            |       |
| Liabilities:                                  |                             |                            |       |
| Insurance and Investment Contract Liabilities | 40,961.0                    | 40,105.2                   |       |
| Liabilities Related to Separate Accounts      | 39,479.8                    | 50,579.9                   | (11   |
| Other Liabilities                             | 4,396.6                     | 4,204.9                    |       |
|   | -----                       | -----                      | ----- |
| Total Liabilities                             | 84,837.4                    | 94,890.0                   | (10   |
| Shareholders' Equity:                         |                             |                            |       |
| Net Unrealized Gains(Losses) on Securities    | 268.2                       | 12.0                       |       |
| Other Shareholders' Equity                    | 5,100.4                     | 4,942.0                    |       |
|   | -----                       | -----                      | ----- |
| Total Shareholders' Equity                    | 5,368.6                     | 4,954.1                    |       |
|   | -----                       | -----                      | ----- |
| Total Liabilities and Shareholders' Equity    | 90,206.0                    | 99,844.1                   | (9    |
|   | =====                       | =====                      | ===== |
|   |                             | As of September 30         |       |
|   | -----                       | -----                      | ----- |
| (\$ billions)                                 | 2001                        | 2000                       | Cha   |
|   | Amount                      | Amount                     | ----- |
|   | -----                       | -----                      | ----- |
| Domestic Retail Account Balances:             |                             |                            |       |
| Annuities Segment - Fixed Annuities           | 16.303                      | 15.700                     |       |
| Annuities Segment - Variable Annuities        | 30.506                      | 42.743                     | (     |
| Annuities Segment - Life Insurance            | 0.134                       | 0.166                      |       |
| Life Insurance Segment - Life Insurance       | 10.939                      | 10.716                     |       |
| Investment Management - Annuities             | 10.665                      | 14.824                     |       |
| Investment Management - Mutual Funds          | 10.301                      | 14.102                     |       |
| Investment Management - Wrap Fee & Other      | 1.684                       | 1.285                      |       |
| Consolidating Adjustments                     | (6.023)                     | (8.644)                    |       |
|   | -----                       | -----                      | ----- |
| Total Domestic Account Balance                | 74.509                      | 90.893                     | (     |
|   | =====                       | =====                      | ===== |
| Assets Managed by Advisor:                    |                             |                            |       |
| Investment Management Segment                 | 81.867                      | 90.508                     |       |
| Lincoln UK                                    | 6.474                       | 7.838                      |       |

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|                                      |         |         |
|--------------------------------------|---------|---------|
| Policy Loans (within business units) | 1.943   | 1.936   |
| Non-LNC Affiliates                   | 27.177  | 35.989  |
|                                      | -----   | -----   |
| Total Assets Managed                 | 117.462 | 136.271 |
|                                      | =====   | =====   |

9/30/01

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

| For the Year Ended December 31  | 2000    | 1999    | 1998    | 1997    |
|---------------------------------|---------|---------|---------|---------|
|                                 | -----   | -----   | -----   | -----   |
| Revenue                         |         |         |         |         |
| Annuities                       | 2133.7  | 2115.8  | 2068.1  | 2023.0  |
| Life Insurance                  | 1819.0  | 1760.4  | 1378.5  | 544.8   |
| Reinsurance                     | 1769.3  | 1829.7  | 1577.7  | 1387.5  |
| Investment Management           | 490.3   | 495.5   | 491.9   | 459.1   |
| Lincoln UK                      | 438.2   | 446.6   | 439.7   | 427.3   |
| Employee Life - Health Benefits |         |         |         |         |
| Corporate & Other               | 201.1   | 155.7   | 131.1   | 56.8    |
|                                 | -----   | -----   | -----   | -----   |
| Total Revenue                   | 6851.5  | 6803.7  | 6087.1  | 4898.5  |
|                                 | =====   | =====   | =====   | =====   |
| Income from Operations*         |         |         |         |         |
| Annuities                       | 362.0   | 299.4   | 262.4   | 223.0   |
| Life Insurance                  | 259.9   | 212.0   | 149.2   | 39.9    |
| Reinsurance                     | 122.5   | 40.1    | 104.9   | (150.1) |
| Investment Management           | 44.1    | 61.0    | 43.9    | 18.1    |
| Lincoln UK                      | 61.0    | (13.9)  | 70.9    | (108.3) |
| Employee Life - Health Benefits |         |         |         |         |
| Corporate & Other               | (130.5) | (123.2) | (100.9) | (73.2)  |
|                                 | -----   | -----   | -----   | -----   |
| Total Income from Cont Oper     | 719.1   | 475.5   | 530.4   | (50.6)  |
| Discontinued Operations         |         |         |         | 110.1   |
|                                 | -----   | -----   | -----   | -----   |
| Income from Operations          | 719.1   | 475.5   | 530.4   | 59.4    |
|                                 | =====   | =====   | =====   | =====   |
| Net Income                      |         |         |         |         |
| Annuities                       | 358.6   | 291.5   | 273.8   | 263.3   |
| Life Insurance                  | 249.3   | 211.5   | 127.5   | 39.1    |
| Reinsurance                     | 122.3   | 40.6    | 102.3   | (133.8) |
| Investment Management           | 37.0    | 51.6    | 44.4    | 25.1    |
| Lincoln UK                      | (13.2)  | (18.2)  | 71.7    | (106.8) |
| Employee Life - Health Benefits |         |         |         |         |
| Corporate & Other               | (132.5) | (116.7) | (109.9) | (64.6)  |
|                                 | -----   | -----   | -----   | -----   |
| Total Net Inc from Cont Oper    | 621.4   | 460.4   | 509.8   | 22.2    |
| Discontinued Operations         |         |         |         | 911.8   |
|                                 | =====   | =====   | =====   | =====   |
| Total Net Income                | 621.4   | 460.4   | 509.8   | 934.0   |
|                                 | =====   | =====   | =====   | =====   |

OTHER DATA

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|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Assets                                       | 99844.1  | 103095.7 | 93836.3  | 77174.7  |
| Shareholders' Equity:                        |          |          |          |          |
| Securities and Derivatives at Market         | 4954.1   | 4263.9   | 5387.9   | 4982.9   |
| Securities and Derivatives at Cost           | 4942.0   | 4729.6   | 4835.6   | 4546.9   |
| Average Equity (Sec & Deriv at Cost)         | 4831.9   | 4818.7   | 4685.6   | 4214.1   |
| Common Shares Outstanding: (millions)        |          |          |          |          |
| End of Period - Diluted                      | 195.2    | 197.0    | 203.4    | 204.7    |
| Average for the Period - Diluted             | 194.9    | 200.4    | 203.3    | 208.0    |
| Per Share Data (Diluted)                     |          |          |          |          |
| Income (Loss) from Continuing Operations     | \$3.69   | \$2.37   | \$2.61   | (\$0.24) |
| Income from Operations *                     | \$3.69   | \$2.37   | \$2.61   | \$0.29   |
| Net Income from Continuing Operations        | \$3.19   | \$2.30   | \$2.51   | \$0.11   |
| Net Income                                   | \$3.19   | \$2.30   | \$2.51   | \$4.49   |
| Shareholders' Equity:                        |          |          |          |          |
| Shareholders' Equity (Sec & Deriv at Market) | \$25.92  | \$21.76  | \$26.59  | \$24.63  |
| Shareholders' Equity (Sec & Deriv at Cost)   | \$25.85  | \$24.14  | \$23.86  | \$22.48  |
| Dividends Declared (Common Stock)            | \$1.175  | \$1.115  | \$1.055  | \$0.995  |
| Return on Equity (see page 32)               |          |          |          |          |
| Net Income/Average Equity                    | 12.9%    | 9.6%     | 10.9%    | 22.2%    |
| Inc from Operations/Average Equity           | 14.9%    | 9.9%     | 11.3%    | 1.4%     |
| Market Value of Common Stock                 |          |          |          |          |
| High for the Year                            | \$56.375 | \$57.500 | \$49.438 | \$39.063 |
| Low for the Year                             | \$22.625 | \$36.000 | \$33.500 | \$24.500 |
| Close for the Year                           | \$47.313 | \$40.000 | \$40.907 | \$39.063 |

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

| For the Year Ended December 31  | 1994   | 1993   | 1992   | 1991   |
|---------------------------------|--------|--------|--------|--------|
|                                 | -----  | -----  | -----  | -----  |
| Revenue                         |        |        |        |        |
| Annuities                       | 1506.2 | 1603.8 | 1336.2 | 1216.7 |
| Life Insurance                  | 466.2  | 477.5  | 444.4  | 417.3  |
| Reinsurance                     | 1267.4 | 1101.9 | 1074.6 | 774.3  |
| Investment Management           |        |        |        |        |
| Lincoln UK                      | 216.0  | 174.9  | 180.6  | 169.6  |
| Employee Life - Health Benefits | 314.9  | 1297.3 | 1241.6 | 2646.3 |
| Corporate & Other               | 161.8  | 281.7  | 464.7  | 300.4  |
|                                 | -----  | -----  | -----  | -----  |
| Total Revenue                   | 3932.5 | 4937.1 | 4742.1 | 5524.6 |
|                                 | =====  | =====  | =====  | =====  |
| Income from Operations*         |        |        |        |        |
| Annuities                       | 142.4  | 127.1  | 89.4   | 58.3   |
| Life Insurance                  | 34.2   | 37.8   | 46.8   | 31.5   |
| Reinsurance                     | 51.6   | 22.4   | 38.7   | 31.4   |
| Investment Management           |        |        |        |        |
| Lincoln UK                      | 17.2   | 11.9   | 9.2    | 14.3   |
| Employee Life - Health Benefits | 14.1   | 54.3   | 40.8   | 43.5   |
| Corporate & Other               | (40.9) | (55.9) | (73.0) | (70.7) |
|                                 | -----  | -----  | -----  | -----  |
| Total Income from Cont Oper     | 218.6  | 197.6  | 151.9  | 108.3  |

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|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Discontinued Operations                      | 171.1    | 145.9    | 88.7     | 69.4     |
|  | -----    | -----    | -----    | -----    |
| Income from Operations                       | 389.7    | 343.5    | 240.6    | 177.7    |
|  | =====    | =====    | =====    | =====    |
| Net Income                                   |          |          |          |          |
| Annuities                                    | 142.4    | 127.1    | 89.4     | 58.3     |
| Life Insurance                               | 34.2     | 37.8     | 46.8     | 31.5     |
| Reinsurance                                  | 52.2     | 20.7     | 38.7     | 31.4     |
| Investment Management                        |          |          |          |          |
| Lincoln UK                                   | 18.5     | 12.6     | 9.2      | 14.3     |
| Employee Life - Health Benefits              | 14.4     | 55.3     | 40.8     | 43.5     |
| Corporate & Other                            | (96.2)   | (177.1)  | 45.6     | (46.5)   |
|  | -----    | -----    | -----    | -----    |
| Total Net Inc from Cont Oper                 | 165.5    | 76.4     | 270.5    | 132.5    |
| Discontinued Operations                      | 184.4    | 242.5    | 88.7     | 69.4     |
|  | -----    | -----    | -----    | -----    |
| Total Net Income                             | 349.9    | 318.9    | 359.2    | 201.9    |
|  | =====    | =====    | =====    | =====    |
| OTHER DATA                                   |          |          |          |          |
| Assets                                       | 48864.8  | 47825.1  | 39042.2  | 33660.3  |
| Shareholders' Equity:                        |          |          |          |          |
| Securities and Derivatives at Market         | 3042.1   | 4072.3   | 2826.8   | 2655.8   |
| Securities and Derivatives at Cost           | 3353.1   | 3157.6   | 2664.1   | 2445.8   |
| Average Equity (Sec & Deriv at Cost)         | 3288.6   | 3009.0   | 2575.0   | 2335.3   |
| Common Shares Outstanding: (millions)        |          |          |          |          |
| End of Period - Diluted                      | 208.3    | 208.3    | 187.7    | 185.4    |
| Average for the Period - Diluted             | 208.7    | 206.1    | 186.8    | 189.2    |
| Per Share Data (Diluted)                     |          |          |          |          |
| Income (Loss) from Continuing Operations     | \$1.05   | \$0.96   | \$0.81   | \$0.57   |
| Income from Operations *                     | \$1.87   | \$1.67   | \$1.29   | \$0.94   |
| Net Income from Continuing Operations        | \$0.79   | \$0.37   | \$1.45   | \$0.70   |
| Net Income                                   | \$1.68   | \$1.55   | \$1.92   | \$1.07   |
| Shareholders' Equity:                        |          |          |          |          |
| Shareholders' Equity (Sec & Deriv at Market) | \$14.67  | \$19.69  | \$15.13  | \$14.35  |
| Shareholders' Equity (Sec & Deriv at Cost)   | \$16.17  | \$15.27  | \$14.26  | \$13.21  |
| Dividends Declared (Common Stock)            | \$0.830  | \$0.775  | \$0.738  | \$0.693  |
| Return on Equity (see page 32)               |          |          |          |          |
| Net Income/Average Equity                    | 10.6%    | 10.6%    | 13.9%    | 8.6%     |
| Inc from Operations/Average Equity           | 11.8%    | 11.4%    | 9.3%     | 7.6%     |
| Market Value of Common Stock                 |          |          |          |          |
| High for the Year                            | \$22.188 | \$24.125 | \$19.032 | \$13.813 |
| Low for the Year                             | \$17.313 | \$17.344 | \$12.625 | \$9.500  |
| Close for the Year                           | \$17.500 | \$21.750 | \$18.500 | \$13.688 |

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

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9/30/01

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

| For the Quarter Ended                        | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 |
|--|-------------|-------------|-------------|-------------|
|  | -----       | -----       | -----       | -----       |
| <b>Revenue</b>                               |             |             |             |             |
| Annuities                                    | 512.9       | 524.4       | 533.0       | 520.5       |
| Life Insurance                               | 470.7       | 424.0       | 426.3       | 437.1       |
| Reinsurance                                  | 457.2       | 420.6       | 426.2       | 404.1       |
| Investment Management                        | 127.9       | 126.8       | 123.2       | 118.8       |
| Lincoln UK                                   | 109.2       | 119.1       | 113.1       | 110.5       |
| Corporate & Other                            | 35.9        | 60.4        | 56.6        | 51.1        |
|  | -----       | -----       | -----       | -----       |
| Total Revenue                                | 1714.0      | 1675.4      | 1678.3      | 1642.1      |
|  | -----       | -----       | -----       | -----       |
| <b>Income from Operations*</b>               |             |             |             |             |
| Annuities                                    | 63.2        | 74.4        | 75.9        | 75.4        |
| Life Insurance                               | 51.9        | 48.1        | 54.4        | 52.6        |
| Reinsurance                                  | 25.3        | 33.8        | 23.7        | 2.2         |
| Investment Management                        | 14.6        | 15.4        | 14.3        | 14.7        |
| Lincoln UK                                   | 18.8        | 18.1        | 19.0        | 16.2        |
| Corporate & Other                            | (34.3)      | (34.0)      | (35.6)      | (29.7)      |
|  | -----       | -----       | -----       | -----       |
| Income from Operations                       | 139.4       | 155.7       | 151.8       | 131.4       |
|  | -----       | -----       | -----       | -----       |
| <b>Net Income</b>                            |             |             |             |             |
| Annuities                                    | 64.9        | 76.8        | 76.4        | 68.4        |
| Life Insurance                               | 45.8        | 46.3        | 51.5        | 54.0        |
| Reinsurance                                  | 23.9        | 34.5        | 24.0        | (0.7)       |
| Investment Management                        | 16.4        | 3.4         | 14.0        | 14.4        |
| Lincoln UK                                   | 19.2        | 18.0        | 20.0        | 16.4        |
| Corporate & Other                            | (44.6)      | (33.9)      | (37.6)      | (20.2)      |
|  | -----       | -----       | -----       | -----       |
| Total Net Income                             | 125.6       | 145.1       | 148.4       | 132.3       |
|  | =====       | =====       | =====       | =====       |
| <b>OTHER DATA</b>                            |             |             |             |             |
| Assets                                       | 93836.3     | 95350.3     | 98261.4     | 96500.7     |
| <b>Shareholders' Equity</b>                  |             |             |             |             |
| Beg of Period (Sec & Deriv at Market)        | 5527.6      | 5387.9      | 5107.4      | 4817.4      |
| End of Period (Sec & Deriv at Market)        | 5387.9      | 5107.4      | 4817.4      | 4662.2      |
| End of Period (Sec & Deriv at Cost)          | 4835.6      | 4852.8      | 4818.5      | 4766.0      |
| Average Equity (Sec & Deriv at Cost)         | 4795.4      | 4872.5      | 4834.2      | 4793.9      |
| <b>Common Shares Outstanding</b>             |             |             |             |             |
| Average for the Period - Diluted             | 203.3       | 203.6       | 201.9       | 199.0       |
| End of Period - Diluted                      | 203.4       | 203.2       | 200.9       | 196.9       |
| <b>Per Share Data (Diluted)</b>              |             |             |             |             |
| Income from Operations *                     | \$0.69      | \$0.76      | \$0.75      | \$0.66      |
| Net Income                                   | \$0.62      | \$0.71      | \$0.73      | \$0.66      |
| <b>Shareholders' Equity</b>                  |             |             |             |             |
| Shareholders' Equity (Sec & Deriv at Market) | \$26.59     | \$25.30     | \$24.18     | \$23.76     |

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|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Shareholders' Equity (Sec & Deriv at Cost) | \$23.86  | \$24.04  | \$24.18  | \$24.28  |
| Dividends Declared (Com Stk)               | \$0.275  | \$0.275  | \$0.275  | \$0.275  |
| Return on Equity (see page 32)             |          |          |          |          |
| Net Income/Average Equity                  | 10.5%    | 11.9%    | 12.3%    | 11.0%    |
| Inc from Operations/Average Equity         | 11.6%    | 12.8%    | 12.6%    | 11.0%    |
| Market Value of Common Stock               |          |          |          |          |
| Highest Price                              | \$43.344 | \$50.250 | \$53.438 | \$57.500 |
| Lowest Price                               | \$33.500 | \$39.281 | \$45.688 | \$36.000 |
| Closing Price                              | \$40.906 | \$49.438 | \$52.313 | \$37.563 |

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

| For the Quarter Ended                 | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 |
|---------------------------------------|-------------|-------------|-------------|-------------|
|                                       | -----       | -----       | -----       | -----       |
| Revenue                               |             |             |             |             |
| Annuities                             | 530.5       | 532.1       | 522.3       | 510.4       |
| Life Insurance                        | 444.2       | 453.2       | 479.9       | 459.6       |
| Reinsurance                           | 457.2       | 454.4       | 463.2       | 508.0       |
| Investment Management                 | 120.7       | 123.8       | 120.0       | 112.3       |
| Lincoln UK                            | 108.2       | 112.8       | 104.3       | 84.9        |
| Corporate & Other                     | 31.9        | 39.7        | 83.8        | 23.5        |
|                                       | -----       | -----       | -----       | -----       |
| Total Revenue                         | 1692.7      | 1716.1      | 1773.5      | 1698.8      |
|                                       | -----       | -----       | -----       | -----       |
| Income from Operations*               |             |             |             |             |
| Annuities                             | 84.1        | 102.9       | 86.4        | 82.3        |
| Life Insurance                        | 62.4        | 66.5        | 70.6        | 68.6        |
| Reinsurance                           | 25.8        | 28.2        | 36.6        | 46.8        |
| Investment Management                 | 13.1        | 9.9         | 8.7         | 2.4         |
| Lincoln UK                            | 19.3        | 10.6        | 15.5        | 14.4        |
| Corporate & Other                     | (31.7)      | (27.3)      | (33.1)      | (35.9)      |
|                                       | -----       | -----       | -----       | -----       |
| Income from Operations                | 173.0       | 190.7       | 184.7       | 178.6       |
|                                       | -----       | -----       | -----       | -----       |
| Net Income                            |             |             |             |             |
| Annuities                             | 84.4        | 93.8        | 89.2        | 76.6        |
| Life Insurance                        | 58.4        | 67.4        | 65.4        | 62.9        |
| Reinsurance                           | 24.7        | 26.0        | 38.5        | 42.0        |
| Investment Management                 | 8.4         | 9.7         | 6.6         | 2.0         |
| Lincoln UK                            | 19.1        | (29.9)      | (17.9)      | 14.8        |
| Corporate & Other                     | (31.4)      | (28.3)      | (32.8)      | (38.1)      |
|                                       | -----       | -----       | -----       | -----       |
| Total Net Income                      | 163.6       | 138.6       | 148.9       | 160.2       |
|                                       | =====       | =====       | =====       | =====       |
| OTHER DATA                            |             |             |             |             |
| Assets                                | 103847.6    | 103243.1    | 99844.1     | 94122.4     |
| Shareholders' Equity                  |             |             |             |             |
| Beg of Period (Sec & Deriv at Market) | 4340.4      | 4223.7      | 4538.6      | 4954.1      |
| End of Period (Sec & Deriv at Market) | 4223.7      | 4538.6      | 4954.1      | 5096.4      |

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|  |          |          |          |          |
|--|----------|----------|----------|----------|
| End of Period (Sec & Deriv at Cost)          | 4780.3   | 4876.3   | 4942.0   | 4882.7   |
| Average Equity (Sec & Deriv at Cost)         | 4753.0   | 4867.2   | 4915.7   | 4953.7   |
| Common Shares Outstanding                    |          |          |          |          |
| Average for the Period - Diluted             | 194.0    | 195.6    | 195.6    | 193.7    |
| End of Period - Diluted                      | 193.7    | 196.2    | 195.2    | 191.3    |
| Per Share Data (Diluted)                     |          |          |          |          |
| Income from Operations *                     | \$0.89   | \$0.98   | \$0.94   | \$0.92   |
| Net Income                                   | \$0.84   | \$0.71   | \$0.76   | \$0.83   |
| Shareholders' Equity                         |          |          |          |          |
| Shareholders' Equity (Sec & Deriv at Market) | \$22.10  | \$23.67  | \$25.92  | \$27.09  |
| Shareholders' Equity (Sec & Deriv at Cost)   | \$25.01  | \$25.43  | \$25.85  | \$25.96  |
| Dividends Declared (Com Stk)                 | \$0.290  | \$0.290  | \$0.305  | \$0.305  |
| Return on Equity (see page 32)               |          |          |          |          |
| Net Income/Average Equity                    | 13.8%    | 11.4%    | 12.1%    | 12.9%    |
| Inc from Operations/Average Equity           | 14.6%    | 15.7%    | 15.0%    | 14.4%    |
| Market Value of Common Stock                 |          |          |          |          |
| Highest Price                                | \$40.063 | \$56.375 | \$50.938 | \$48.250 |
| Lowest Price                                 | \$29.000 | \$35.625 | \$40.875 | \$38.000 |
| Closing Price                                | \$36.125 | \$48.125 | \$47.313 | \$42.470 |

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

9/30/2001

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

| For the Quarter Ended September 30    | Annuities   |             | Life Insurance |             | Rei         |
|---------------------------------------|-------------|-------------|----------------|-------------|-------------|
|                                       | Sep<br>2001 | Sep<br>2000 | Sep<br>2001    | Sep<br>2000 | Sep<br>2001 |
| Operating Revenue                     |             |             |                |             |             |
| Life and annuity premiums             | 13.2        | 18.0        | 46.4           | 50.9        | 265.9       |
| Surrender charges                     | 6.5         | 10.4        | 15.6           | 13.8        | 0.6         |
| Mortality assessments                 |             |             | 124.7          | 116.3       | 0.0         |
| Expense assessments                   | 132.0       | 163.4       | 46.0           | 46.9        | (0.0)       |
| Health premiums                       |             |             | 0.0            | 0.0         | 103.3       |
| Investment advisory fees              |             |             |                |             |             |
| Other revenue and fees                | 1.2         | 4.6         | 3.0            | 3.8         | 19.6        |
| Net investment income                 | 346.6       | 349.8       | 233.2          | 220.6       | 77.5        |
| Earnings in Unconsolidated Affiliates |             |             |                |             | 0.4         |
| Operating Revenue                     | 499.5       | 546.2       | 468.9          | 452.4       | 467.4       |





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|   |       |        |        |        |        |
|---|-------|--------|--------|--------|--------|
| insurance and other expenses            | 40.3  | 45.2   | 90.4   | 96.8   | (46.9) |
| Goodwill amortization                   | 0.2   | 1.2    |        | 0.0    | (0.0)  |
| Interest                                |       |        | 51.3   | 54.3   | (23.6) |
|   | ----- | -----  | -----  | -----  | -----  |
| Operating Benefits and Expenses         | 61.1  | 98.3   | 141.7  | 150.6  | (61.3) |
|   | ----- | -----  | -----  | -----  | -----  |
| Income from Operations Before Tax       | 9.6   | 14.5   | (45.5) | (41.5) | 0.0    |
| Federal income taxes                    | (0.5) | 3.9    | (15.4) | (14.2) |        |
|   | ----- | -----  | -----  | -----  | -----  |
| Income from Operations                  | 10.1  | 10.6   | (30.1) | (27.3) | 0.0    |
| Restructuring charges                   |       | (40.5) | 0.0    |        |        |
| Realized gains (losses) on investments  | 3.9   | (0.0)  | (2.9)  | (0.0)  | (1.0)  |
| Gains (losses) on derivatives           |       |        | 0.0    |        |        |
|   | ----- | -----  | -----  | -----  | -----  |
| Income before Accounting Changes        | 14.0  | (29.9) | (33.0) | (27.3) | (1.0)  |
| Cumulative effect of accounting changes |       |        |        |        |        |
|   | ----- | -----  | -----  | -----  | -----  |
| Net Income                              | 14.0  | (29.9) | (33.0) | (27.3) | (1.0)  |
|   | ===== | =====  | =====  | =====  | =====  |
| Inc. from Oper.-before Goodwill Amort.  | 10.3  | 11.8   | (30.1) | (27.3) |        |
|   | ----- | -----  | -----  | -----  | -----  |

9/30/01

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

| For the Nine Months Ended September 30 | Annuities   |             | Life Insurance |             | Reinsurance |             |
|--|-------------|-------------|----------------|-------------|-------------|-------------|
|  | Sep<br>2001 | Sep<br>2000 | Sep<br>2001    | Sep<br>2000 | Sep<br>2001 | Sep<br>2000 |
|  | -----       | -----       | -----          | -----       | -----       | -----       |
| Operating Revenue                      |             |             |                |             |             |             |
| Life and annuity premiums              | 64.8        | 48.1        | 147.9          | 160.1       | 847.8       | 695.0       |
| Surrender charges                      | 24.0        | 32.7        | 46.3           | 46.5        | 1.8         | 2.0         |
| Mortality assessments                  |             |             | 373.8          | 343.0       | 0.1         | 0.0         |
| Expense assessments                    | 411.5       | 474.1       | 138.6          | 136.3       | (0.0)       | (0.0)       |
| Health premiums                        |             |             | 0.1            | 0.1         | 302.4       | 316.0       |
| Investment advisory fees               |             |             |                |             |             |             |
| Other revenue and fees                 | 6.7         | 7.5         | 11.9           | 10.6        | 45.9        | 50.0        |
| Net investment income                  | 1027.3      | 1058.5      | 683.6          | 651.8       | 234.5       | 243.0       |
| Earnings in Unconsolidated Affiliates  |             |             |                |             | 1.3         | 1.0         |
|  | -----       | -----       | -----          | -----       | -----       | -----       |
| Operating Revenue                      | 1534.4      | 1620.8      | 1402.2         | 1348.4      | 1433.8      | 1309.0      |
|  | -----       | -----       | -----          | -----       | -----       | -----       |
| Operating Benefits and Expenses        |             |             |                |             |             |             |



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|   |       |        |         |         |         |         |
|---|-------|--------|---------|---------|---------|---------|
| Goodwill amortization                   | 0.5   | 3.9    |         | 0.0     | (0.0)   |         |
| Interest                                |       |        | 161.9   | 165.8   | (72.9)  | (67.8)  |
| Operating Benefits and Expenses         | 174.1 | 273.4  | 459.1   | 481.0   | (229.1) | (212.8) |
| Income from Operations Before Tax       | 47.8  | 61.1   | (173.7) | (152.0) | 4.4     | 3.0     |
| Federal income taxes                    | 7.1   | 15.5   | (60.9)  | (51.5)  | 1.3     | (0.1)   |
| Income from Operations                  | 40.7  | 45.5   | (112.8) | (100.5) | 3.0     | 3.0     |
| Restructuring charges                   |       | (40.5) | (1.2)   |         |         |         |
| Realized gains (losses) on investments  | 5.7   | (0.4)  | (2.9)   | 9.2     | (0.2)   | (11.6)  |
| Gains (losses) on derivatives           |       |        |         |         |         |         |
| Income before Accounting Changes        | 46.4  | 4.7    | (116.9) | (91.3)  | 2.8     | (8.2)   |
| Cumulative effect of accounting changes |       |        | (0.3)   |         |         |         |
| Net Income                              | 46.4  | 4.7    | (117.2) | (91.3)  | 2.8     | (8.2)   |
| Inc. from Oper.-before Goodwill Amort.  | 41.2  | 49.4   | (112.8) | (100.4) | 3.0     | 3.0     |

Statement of Consolidated Income  
Unaudited [Millions of Dollars]

| For the Year Ended December 31        | 1996   | 1997   | 1998   | 1999   | 2000   |
|---------------------------------------|--------|--------|--------|--------|--------|
| Operating Revenue                     |        |        |        |        |        |
| Life and annuity premiums             | 728.7  | 756.2  | 985.6  | 1183.0 | 1401.1 |
| Surrender charges                     | 40.9   | 45.4   | 91.5   | 110.2  | 111.1  |
| Mortality assessments                 | 180.8  | 186.4  | 380.1  | 496.4  | 496.4  |
| Expense assessments                   | 491.8  | 600.3  | 803.0  | 930.9  | 1051.1 |
| Health premiums                       | 790.4  | 572.6  | 635.1  | 698.5  | 401.1  |
| Investment advisory fees              | 180.8  | 204.9  | 227.1  | 223.8  | 211.1  |
| Other revenue and fees                | 138.2  | 157.3  | 261.0  | 344.5  | 441.1  |
| Net investment income                 | 2087.9 | 2250.8 | 2681.4 | 2807.5 | 2741.1 |
| Earnings in Unconsolidated Affiliates | 1.4    | 2.1    | 3.3    | 5.8    | (1.1)  |
| Operating Revenue                     | 4641.1 | 4775.9 | 6068.0 | 6800.7 | 6871.1 |
| Operating Benefits and Expenses       |        |        |        |        |        |
| Ins. benefits paid or provided:       |        |        |        |        |        |
| Life and annuity policy benefits      | 835.7  | 1090.2 | 1237.7 | 1546.6 | 1541.1 |
| Div accum & div to policyholders      | 33.4   | 29.7   | 78.0   | 88.4   | 81.1   |
| Interest credited to policy bal.      | 1167.2 | 1238.7 | 1446.2 | 1510.4 | 1471.1 |

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|  |        |        |        |        |       |
|--|--------|--------|--------|--------|-------|
| Health policy benefits                                     | 673.6  | 833.1  | 566.9  | 659.7  | 44    |
| Underwriting, acquisition,<br>insurance and other expenses | 1417.0 | 1557.3 | 1844.2 | 2218.5 | 216   |
| Goodwill amortization                                      | 13.9   | 15.6   | 44.5   | 49.2   | 4     |
| Interest   | 84.7   | 92.5   | 117.1  | 133.7  | 13    |
|  | -----  | -----  | -----  | -----  | ----- |
| Operating Benefits and Expenses                            | 4225.4 | 4857.2 | 5334.6 | 6206.4 | 591   |
|  | -----  | -----  | -----  | -----  | ----- |
| Income from Operations Before Tax                          | 415.7  | (81.3) | 733.4  | 594.4  | 96    |
| Federal income taxes                                       | 116.9  | (30.6) | 203.0  | 118.9  | 25    |
|  | -----  | -----  | -----  | -----  | ----- |
| Income from Continuing Operations                          | 298.8  | (50.6) | 530.4  | 475.5  | 71    |
|  | -----  | -----  | -----  | -----  | ----- |
| Discontinued Operations                                    | 157.2  | 911.8  |        |        |       |
| Restructuring charges                                      |        |        | (34.3) | (18.9) | (8)   |
| Realized gains (losses) on investments                     | 57.6   | 72.9   | 13.7   | 3.8    | (1)   |
| Gains(losses) on derivatives                               |        |        |        |        |       |
|  | -----  | -----  | -----  | -----  | ----- |
| Income before Accounting Changes                           | 513.6  | 934.0  | 509.8  | 460.4  | 62    |
| Cumulative Effect of Accounting Changes                    |        |        |        |        |       |
|  | -----  | -----  | -----  | -----  | ----- |
| Net Income   | 513.6  | 934.0  | 509.8  | 460.4  | 62    |
|  | =====  | =====  | =====  | =====  | ===== |
|  |        |        |        |        |       |
| For the Quarter Ended                                      | Dec    | Mar    | Jun    | Sep    |       |
|  | 1998   | 1999   | 1999   | 1999   | 1     |
|  | -----  | -----  | -----  | -----  | ----- |
| Operating Revenue  |        |        |        |        |       |
| Life and annuity premiums                                  | 348.0  | 284.2  | 274.0  | 263.8  | 36    |
| Surrender charges  | 26.9   | 25.5   | 27.1   | 28.4   | 2     |
| Mortality assessments                                      | 130.0  | 137.3  | 122.2  | 118.2  | 11    |
| Expense assessments  | 198.2  | 215.3  | 231.5  | 245.9  | 23    |
| Health premiums  | 164.5  | 154.9  | 160.3  | 149.6  | 23    |
| Investment advisory fees                                   | 57.5   | 58.8   | 56.3   | 54.6   | 5     |
| Other revenue and fees                                     | 76.4   | 86.4   | 109.0  | 77.9   | 7     |
| Net investment income                                      | 714.7  | 709.5  | 700.8  | 697.1  | 70    |
| Earnings in Unconsolidated Affiliates                      | 1.3    | 1.6    | 1.1    | 1.2    |       |
|  | -----  | -----  | -----  | -----  | ----- |
| Operating Revenue  | 1717.6 | 1673.4 | 1682.4 | 1636.7 | 180   |
|  | -----  | -----  | -----  | -----  | ----- |
| Operating Benefits and Expenses                            |        |        |        |        |       |
| Ins. benefits paid or provided:                            |        |        |        |        |       |
| Life and annuity policy benefits                           | 440.0  | 344.6  | 335.5  | 294.0  | 57    |
| Div accum & div to policyholders                           | 27.9   | 21.5   | 22.5   | 21.2   | 2     |
| Interest credited to policy bal.                           | 380.6  | 375.1  | 377.1  | 369.7  | 38    |
| Health policy benefits                                     | 131.0  | 145.5  | 166.6  | 189.8  | 15    |
| Underwriting, acquisition,<br>insurance and other expenses | 491.2  | 522.4  | 532.1  | 533.4  | 63    |
| Goodwill amortization                                      | 16.0   | 11.8   | 9.9    | 12.9   | 1     |
| Interest   | 33.5   | 33.1   | 32.6   | 33.3   | 3     |
|  | -----  | -----  | -----  | -----  | ----- |
| Operating Benefits and Expenses                            | 1520.3 | 1454.1 | 1476.3 | 1454.1 | 182   |
|  | -----  | -----  | -----  | -----  | ----- |
| Income from Operations before Tax/Min Int.                 | 197.4  | 219.3  | 206.1  | 182.6  | (1)   |



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|   |        |        |        |        |    |
|---|--------|--------|--------|--------|----|
| Inc from Operations before Min Int      | 190.7  | 184.7  | 178.6  | 168.1  | 14 |
| Minority Interest                       | (0.0)  | 0.0    | (0.0)  | (0.0)  | (  |
| Income from Operations                  | 190.7  | 184.7  | 178.6  | 168.1  | 14 |
| Restructuring charges                   | (40.5) | (37.0) | (0.7)  | (3.9)  |    |
| Realized gains (losses) on investments  | (11.6) | 1.2    | (13.4) | (11.5) | (2 |
| Gains (losses) on derivatives           |        |        | (0.1)  | 0.2    | (  |
| Income before Accounting Changes        | 138.6  | 148.9  | 164.5  | 153.0  | 11 |
| Cumulative Effect of Accounting Changes |        |        | (4.3)  | (11.3) |    |
| Net Income                              | 138.6  | 148.9  | 160.2  | 141.7  | 11 |

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

|                                  | Annuities   |             | Life Insurance |             | Reinsurance |    |
|----------------------------------|-------------|-------------|----------------|-------------|-------------|----|
|                                  | Sep<br>2001 | Dec<br>2000 | Sep<br>2001    | Dec<br>2000 | Sep<br>2001 |    |
| ASSETS                           |             |             |                |             |             |    |
| Investments                      |             |             |                |             |             |    |
| Corporate bonds                  | 10295.7     | 8892.4      | 7023.9         | 6353.6      | 2752.2      | 25 |
| U.S. government bonds            | 13.6        | 25.8        | 80.6           | 86.4        | 290.9       | 2  |
| Foreign government bonds         | 122.1       | 135.5       | 101.6          | 125.8       | 63.3        |    |
| Asset/Mortgage backed securities | 2106.0      | 2299.7      | 777.9          | 829.3       | 255.4       | 2  |
| State and municipal bonds        | 5.9         | 6.3         | 8.1            | 7.9         | 0.3         |    |
| Preferred stocks-redeemable      | 73.5        | 120.5       | 12.8           | 24.6        | 4.3         |    |
| Common stocks                    |             |             | 12.9           | 13.6        |             |    |
| Preferred stocks-equity          | 38.6        | 45.8        | 6.7            | 9.2         | 1.1         |    |
| Mortgage loans                   | 2198.6      | 2324.0      | 1618.8         | 1765.9      | 345.0       | 3  |
| Real estate                      |             |             |                |             |             |    |
| Policy loans                     | 503.3       | 509.9       | 1431.4         | 1440.5      |             |    |
| Other long-term investments      | 14.5        | 5.2         | 21.1           | 16.9        | 19.3        |    |
| Total Investments                | 15371.8     | 14365.2     | 11095.8        | 10673.8     | 3731.8      | 35 |
| Intercompany investments         | 4629.3      | 4039.2      | 1310.9         | 1598.4      | 506.7       | 5  |
| Invest in unconsol affiliates    |             |             |                |             | 6.5         |    |
| Cash and invested cash           | (43.4)      | (108.8)     | (86.0)         | (67.2)      | 50.9        | 1  |
| Property and equipment           |             |             | 8.4            | 7.0         | 15.2        |    |

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|                                    |         |         |         |         |        |       |
|------------------------------------|---------|---------|---------|---------|--------|-------|
| Premium and fees receivable        | (0.2)   | (1.8)   | 26.1    | 45.6    | 204.7  | 2     |
| Accrued investment income          | 235.3   | 210.8   | 204.6   | 169.5   | 59.0   |       |
| Assets held in separate accounts   | 30269.3 | 39322.1 | 1159.8  | 1270.1  |        |       |
| Federal income tax recoverable     |         |         |         |         |        |       |
| Amount recoverable from reinsurers | 1264.5  | 1309.5  | 1073.6  | 989.1   | 1636.2 | 16    |
| Deferred acquisition costs         | 781.2   | 812.5   | 1156.0  | 1079.3  | 475.1  | 4     |
| Other intangible assets            | 155.9   | 169.2   | 978.7   | 1040.5  | 11.7   |       |
| Goodwill                           | 44.3    | 45.2    | 861.0   | 878.7   | 32.4   |       |
| Other                              | 139.0   | 104.1   | 322.9   | 254.3   | 327.5  | 3     |
|                                    | -----   | -----   | -----   | -----   | -----  | ----- |
| Total Assets                       | 52847.0 | 60267.1 | 18111.8 | 17939.1 | 7057.6 | 70    |
|                                    | =====   | =====   | =====   | =====   | =====  | ===== |

|                                    | Lincoln UK  |             | Corporate and<br>Other Operations |             | Consolidating<br>Adjustments |       |
|------------------------------------|-------------|-------------|-----------------------------------|-------------|------------------------------|-------|
|                                    | Sep<br>2001 | Dec<br>2000 | Sep<br>2001                       | Dec<br>2000 | Sep<br>2001                  |       |
|                                    | -----       | -----       | -----                             | -----       | -----                        | ----- |
| ASSETS                             |             |             |                                   |             |                              |       |
| Investments                        |             |             |                                   |             |                              |       |
| Corporate bonds                    | 476.1       | 457.6       | 2448.2                            | 2639.1      |                              |       |
| U.S. government bonds              |             |             | 82.4                              | 154.9       |                              |       |
| Foreign government bonds           | 336.0       | 444.8       | 537.4                             | 543.9       |                              |       |
| Asset/Mortgage backed securities   |             |             | 581.0                             | 720.1       |                              |       |
| State and municipal bonds          |             |             |                                   |             |                              |       |
| Preferred stocks-redeemable        |             |             |                                   | 2.2         |                              |       |
| Common stocks                      | 198.2       | 265.2       | 100.1                             | 155.6       |                              |       |
| Preferred stocks-equity            |             |             | 117.5                             | 54.5        |                              |       |
| Mortgage loans                     | 0.3         | 0.3         | 412.3                             | 116.3       |                              |       |
| Real estate                        | 0.2         | 0.3         | 291.5                             | 283.0       | (2.8)                        |       |
| Policy loans                       | 8.7         | 10.5        |                                   |             |                              |       |
| Other long-term investments        |             |             | 1678.6                            | 1666.2      | (1250.0)                     | (12   |
|                                    | -----       | -----       | -----                             | -----       | -----                        | ----- |
| Total Investments                  | 1019.5      | 1178.8      | 6248.9                            | 6335.8      | (1252.9)                     | (12   |
|                                    | -----       | -----       | -----                             | -----       | -----                        | ----- |
| Intercompany investments           |             |             | (1277.3)                          | (1245.8)    | (5332.5)                     | (51   |
| Invest in unconsol affiliates      |             |             |                                   |             |                              |       |
| Cash and invested cash             | 236.5       | 253.5       | 1760.3                            | 1830.5      |                              | (1    |
| Property and equipment             | 39.9        | 50.8        | 165.9                             | 134.0       |                              |       |
| Premium and fees receivable        |             |             | 1.6                               | 1.4         | (7.5)                        |       |
| Accrued investment income          | 23.8        | 22.8        | 102.0                             | 82.8        | (19.5)                       |       |
| Assets held in separate accounts   | 5217.9      | 6440.9      |                                   |             | 2832.9                       | 35    |
| Federal income tax recoverable     |             |             |                                   |             | 35.3                         | 2     |
| Amount recoverable from reinsurers |             |             | 36.8                              | 33.0        | (192.8)                      | (2    |
| Deferred acquisition costs         | 589.7       | 635.0       | 2.6                               | 2.9         | 82.5                         |       |
| Other intangible assets            | 252.8       | 273.6       |                                   |             |                              |       |
| Goodwill                           | 12.4        | 13.0        | (0.0)                             |             | (1.6)                        |       |
| Other                              | 53.2        | (104.9)     | 665.5                             | 545.1       | (563.5)                      | (3    |
|                                    | -----       | -----       | -----                             | -----       | -----                        | ----- |
| Total Assets                       | 7445.7      | 8763.7      | 7706.2                            | 7719.7      | (4419.6)                     | (33   |
|                                    | -----       | -----       | -----                             | -----       | -----                        | ----- |

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

| LIABILITIES and SHAREHOLDERS' EQUITY                | Annuities      |                | Life Insurance |                | Rein          |
|---|----------------|----------------|----------------|----------------|---------------|
|   | Sep<br>2001    | Dec<br>2000    | Sep<br>2001    | Dec<br>2000    | Sep<br>2001   |
| <b>Liabilities</b>                                  |                |                |                |                |               |
| <b>Insurance and Inv Contract Liabilities:</b>      |                |                |                |                |               |
| Life and annuity reserves                           | 2658.0         | 2686.4         | 13036.3        | 12783.9        | 1048.5        |
| Health reserves                                     |                |                | 0.3            | 0.1            | 2489.9        |
| Unpaid claims - life and health                     | 6.7            | 7.1            | 92.3           | 108.1          | 1062.4        |
| Unearned premiums                                   |                |                | 0.0            | 0.1            | 8.3           |
| Premium deposit funds                               | 17195.3        | 16331.4        | 14.7           | 13.9           | 676.7         |
| Participating policyholders' funds                  |                |                | 118.3          | 139.4          |               |
| Other policyholders' funds                          | 0.4            |                | 543.8          | 515.4          | 10.1          |
| Liab related to separate accounts                   | 30269.3        | 39322.1        | 1159.8         | 1270.1         |               |
| <b>Total Insurance and Inv Contract Liabilities</b> | <b>50129.7</b> | <b>58347.0</b> | <b>14965.5</b> | <b>14830.9</b> | <b>5296.0</b> |
| Federal income taxes                                | 109.7          | (108.7)        | (11.1)         | (113.7)        | 66.8          |
| Short-term debt                                     |                |                |                |                | 238.7         |
| Long-term debt                                      |                |                |                |                |               |
| Minority Interest in pref. securities of sub.       |                |                |                |                |               |
| Other liabilities                                   | 441.2          | 274.4          | 352.0          | 567.9          | 378.5         |
| <b>Total Liabilities</b>                            | <b>50680.5</b> | <b>58512.7</b> | <b>15306.4</b> | <b>15285.2</b> | <b>5980.0</b> |
| Net unrealized gains (losses) on securities         | 144.6          | (44.7)         | 45.0           | (44.9)         | 29.6          |
| Gains (losses) on derivatives                       | 1.7            |                | 4.9            |                | 0.3           |
| Other shareholders' equity                          | 2017.3         | 1799.1         | 2744.7         | 2698.8         | 1047.5        |
| Cumulative effect of accounting change              | 2.8            |                | 10.9           |                | 0.1           |
| <b>Shareholders' Equity</b>                         | <b>2166.5</b>  | <b>1754.4</b>  | <b>2805.4</b>  | <b>2653.9</b>  | <b>1077.6</b> |
| <b>Total Liabilities and S/Hs' Equity</b>           | <b>52847.0</b> | <b>60267.1</b> | <b>18111.8</b> | <b>17939.1</b> | <b>7057.6</b> |

| LIABILITIES and SHAREHOLDERS' EQUITY           | Lincoln UK  |             | Corporate and Other Operatons |             | Conso Adju  |
|--|-------------|-------------|-------------------------------|-------------|-------------|
|  | Sep<br>2001 | Dec<br>2000 | Sep<br>2001                   | Dec<br>2000 | Sep<br>2001 |
| <b>Liabilities</b>                             |             |             |                               |             |             |
| <b>Insurance and Inv Contract Liabilities:</b> |             |             |                               |             |             |
| Life and annuity reserves                      | 1364.2      | 1529.1      |                               | 0.0         | (116.2)     |
| Health reserves                                | 48.2        | 50.7        | 34.8                          | 30.9        |             |
| Unpaid claims - life and health                | 44.6        | 46.6        | 0.6                           | 0.5         | (0.0)       |
| Unearned premiums                              |             |             | (0.3)                         | (0.0)       |             |
| Premium deposit funds                          | 30.4        | 32.9        |                               |             | 592.6       |
| Participating policyholders' funds             |             |             |                               |             |             |



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|   |        |        |         |        |          |
|---|--------|--------|---------|--------|----------|
| Other policyholders' funds                    |        |        |         |        |          |
| Liab related to separate accounts             | 5217.9 | 6440.9 |         |        | 2832.9   |
|   | -----  | -----  | -----   | -----  | -----    |
| Total Insurance and Inv Contract Liabilities  | 6705.2 | 8100.3 | 35.2    | 31.4   | 3309.3   |
| Federal income taxes                          | (2.3)  | 3.1    | (234.1) | (47.5) | 33.9     |
| Short-term debt                               |        |        | 607.9   | 525.9  | (307.5)  |
| Long-term debt                                |        |        | 1962.4  | 1962.2 | (1250.0) |
| Minority Interest in pref. securities of sub. |        |        | 305.0   | 745.0  |          |
| Other liabilities                             | 148.3  | 167.4  | 1506.3  | 941.2  | (856.7)  |
|   | -----  | -----  | -----   | -----  | -----    |
| Total Liabilities                             | 6851.2 | 8270.8 | 4182.6  | 4158.2 | 929.1    |
|   | -----  | -----  | -----   | -----  | -----    |
| Net unrealized gains (losses) on securities   | 11.7   | 52.6   | 8.2     | 39.7   | 5.4      |
| Gains (losses) on derivatives                 |        |        | (4.0)   |        |          |
| Other shareholders' equity                    | 582.8  | 440.2  | 3515.8  | 3521.8 | (5354.0) |
| Cumulative effect of accounting change        |        |        | 3.7     |        |          |
|   | -----  | -----  | -----   | -----  | -----    |
| Shareholders' Equity                          | 594.5  | 492.8  | 3523.6  | 3561.5 | (5348.6) |
|   | -----  | -----  | -----   | -----  | -----    |
| Total Liabilities and S/Hs' Equity            | 7445.7 | 8763.7 | 7706.2  | 7719.7 | (4419.6) |
|   | -----  | -----  | -----   | -----  | -----    |

9/30/01

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

| ASSETS                        | 1996    | 1997    | 1998    |
|-------------------------------|---------|---------|---------|
|                               | -----   | -----   | -----   |
| Investments                   |         |         |         |
| Corporate bonds               | 15451.0 | 16633.3 | 22505.2 |
| U.S. government bonds         | 1305.1  | 662.4   | 1134.6  |
| Foreign government bonds      | 1781.4  | 1804.4  | 1321.2  |
| Mortgage backed securities    | 5144.5  | 4529.3  | 5080.5  |
| State and municipal bonds     | 237.2   | 241.4   | 16.7    |
| Preferred stocks-redeemable   | 177.4   | 195.5   | 174.6   |
| Common stocks                 | 486.3   | 572.3   | 463.1   |
| Preferred stocks-equity       | 71.2    | 88.2    | 79.8    |
| Mortgage loans                | 3240.7  | 3288.1  | 4393.1  |
| Real estate                   | 655.0   | 576.0   | 488.7   |
| Policy loans                  | 734.8   | 763.1   | 1840.0  |
| Other long-term investments   | 445.3   | 464.8   | 432.0   |
|                               | -----   | -----   | -----   |
| Total Investments             | 29730.0 | 29818.8 | 37929.5 |
|                               | -----   | -----   | -----   |
| Invest in unconsol affiliates | 21.0    | 21.0    | 18.8    |

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|   |         |         |         |
|---|---------|---------|---------|
| Cash and invested cash                          | 1144.8  | 3794.7  | 2433.4  |
| Property and equipment                          | 196.0   | 189.8   | 174.8   |
| Premiums and fees receivable                    | 237.3   | 197.5   | 246.2   |
| Accrued investment income                       | 417.6   | 423.0   | 528.5   |
| Assets held in separate accounts                | 28809.1 | 37138.8 | 43408.9 |
| Federal income taxes recoverable                |         |         | 204.1   |
| Amounts recoverable from reinsurers             | 2328.5  | 2350.8  | 3127.1  |
| Deferred acquisition costs                      | 1689.7  | 1623.8  | 1964.4  |
| Other intangible assets                         | 708.4   | 613.9   | 1848.4  |
| Goodwill  | 351.7   | 457.7   | 1484.3  |
| Other   | 596.4   | 544.8   | 468.0   |
| Discontinued operations - assets                | 5482.7  |         |         |
|   | -----   | -----   | -----   |
| Total Assets                                    | 71713.4 | 77174.7 | 93836.3 |
|   | =====   | =====   | =====   |
| LIABILITIES and SHAREHOLDERS' EQUITY            |         |         |         |
| Liabilities                                     |         |         |         |
| Insurance and Inv Contract Liabilities:         |         |         |         |
| Life and annuity reserves                       | 7812.4  | 8228.7  | 16434.2 |
| Health reserves                                 | 2153.0  | 2300.4  | 2600.1  |
| Unpaid claims-life and health                   | 438.8   | 682.0   | 1043.4  |
| Unearned premiums                               | 53.7    | 55.3    | 62.3    |
| Premium deposit funds                           | 20894.6 | 19803.0 | 20171.9 |
| Participating policyholders' funds              | 81.9    | 79.8    | 142.7   |
| Other policyholders' funds                      | 188.9   | 180.6   | 438.4   |
| Liab related to separate accounts               | 28809.1 | 37138.8 | 43408.9 |
|   | -----   | -----   | -----   |
| Total Ins and Inv Contr Liabilities             | 60432.4 | 68468.5 | 84301.9 |
|   |         |         |         |
| Federal income taxes                            | 161.5   | 487.8   |         |
| Short-term debt                                 | 189.0   | 297.2   | 314.6   |
| Long-term debt                                  | 626.3   | 511.0   | 712.2   |
| Minority Interest - pref sec of a sub           | 315.0   | 315.0   | 745.0   |
| Other liabilities                               | 1417.4  | 2112.2  | 2374.6  |
| Discontinued operations - liabilities           | 4101.9  |         |         |
|   | -----   | -----   | -----   |
| Total Liabilities                               | 67243.5 | 72191.8 | 88448.3 |
|   | -----   | -----   | -----   |
| S/Hs' equity-unrealized gains (losses)-cont op. | 276.4   | 436.0   | 552.4   |
| S/Hs' equity-unrealized gains (losses)-disc op. | 136.4   |         |         |
| S/Hs' equity-foreign currency                   | 66.4    | 46.2    | 50.0    |
| S/Hs' equity-other                              | 3990.7  | 4500.7  | 4785.6  |
|   | -----   | -----   | -----   |
| Total Shareholders' Equity                      | 4470.0  | 4982.9  | 5387.9  |
|   | -----   | -----   | -----   |
| Total Liabilities<br>and Shareholders' Equity   | 71713.4 | 77174.7 | 93836.3 |
|   | =====   | =====   | =====   |
| Shareholders' Equity Per Share                  |         |         |         |
| [Book Value, Securities at Cost]                | \$19.51 | \$22.48 | \$23.86 |
| Common shares outstanding                       | 207.9   | 202.3   | 202.6   |

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9/30/2001

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

|   | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 |       |
|---|-------------|-------------|-------------|-------------|-------|
|   | -----       | -----       | -----       | -----       | ----- |
| <b>ASSETS</b>                               |             |             |             |             |       |
| Investments                                 |             |             |             |             |       |
| Corporate bonds                             | 22505.2     | 22450.1     | 21888.5     | 21560.5     | 21    |
| U.S. government bonds                       | 1134.6      | 1489.4      | 1367.8      | 991.0       |       |
| Foreign government bonds                    | 1321.2      | 1373.7      | 1339.7      | 1369.6      | 1     |
| Mortgage backed securities                  | 5080.5      | 5068.6      | 4788.5      | 4601.2      | 4     |
| State and municipal bonds                   | 16.7        | 16.2        | 19.1        | 14.8        |       |
| Preferred stocks - redeemable               | 174.6       | 179.8       | 175.8       | 171.3       |       |
| Common stocks                               | 463.1       | 399.5       | 419.0       | 423.9       |       |
| Preferred stocks-equity                     | 79.8        | 81.3        | 86.7        | 82.7        |       |
| Mortgage loans                              | 4393.1      | 4344.6      | 4570.5      | 4772.7      | 4     |
| Real estate                                 | 488.7       | 471.8       | 449.8       | 280.3       |       |
| Policy loans                                | 1840.0      | 1842.4      | 1847.4      | 1863.2      | 1     |
| Other long-term investments                 | 432.0       | 411.9       | 409.9       | 401.2       |       |
|   | -----       | -----       | -----       | -----       | ----- |
| Total Investments                           | 37929.5     | 38129.4     | 37362.6     | 36532.4     | 35    |
|   | -----       | -----       | -----       | -----       | ----- |
| Invest in unconsol affiliates               | 18.8        | 20.5        | 22.3        | 23.4        |       |
| Cash and invested cash                      | 2433.4      | 2327.0      | 2151.1      | 2342.9      | 1     |
| Property and equipment                      | 174.8       | 178.0       | 180.7       | 191.9       |       |
| Premiums and fees receivable                | 246.2       | 241.8       | 269.0       | 296.0       |       |
| Accrued investment income                   | 528.5       | 585.6       | 569.1       | 602.9       |       |
| Assets held in separate accounts            | 43408.9     | 44339.4     | 47864.3     | 46228.8     | 53    |
| Federal income taxes recoverable            | 204.1       | 286.0       | 478.4       | 457.3       |       |
| Amount recoverable from reinsurers          | 3127.1      | 3124.5      | 3121.3      | 3315.6      | 3     |
| Deferred acquisition costs                  | 1964.4      | 2112.2      | 2398.3      | 2614.5      | 2     |
| Other intangible assets                     | 1848.4      | 1845.4      | 1764.9      | 1760.6      | 1     |
| Goodwill                                    | 1484.3      | 1404.6      | 1428.3      | 1435.0      | 1     |
| Other                                       | 468.0       | 755.8       | 651.1       | 699.3       |       |
|   | -----       | -----       | -----       | -----       | ----- |
| Total Assets                                | 93836.3     | 95350.3     | 98261.4     | 96500.7     | 103   |
|   | =====       | =====       | =====       | =====       | ===== |
| <b>LIABILITIES and SHAREHOLDERS' EQUITY</b> |             |             |             |             |       |
| Liabilities                                 |             |             |             |             |       |
| Insurance and Inv Contract Liabilities:     |             |             |             |             |       |
| Life and annuity reserves                   | 16434.2     | 16590.3     | 16536.4     | 16760.5     | 17    |
| Health reserves                             | 2600.1      | 2562.3      | 2528.2      | 2511.3      | 2     |
| Unpaid claims-life and health               | 1043.4      | 1022.9      | 1064.9      | 1162.6      | 1     |
| Unearned premiums                           | 62.3        | 68.8        | 68.7        | 62.5        |       |
| Premium deposit funds                       | 20171.9     | 20027.8     | 20012.6     | 19988.9     | 19    |
| Participating policyholders' funds          | 142.7       | 132.6       | 125.7       | 120.2       |       |
| Other policyholders' funds                  | 438.4       | 440.4       | 441.2       | 445.9       |       |
| Liab related to separate accounts           | 43408.9     | 44339.4     | 47864.3     | 46228.8     | 53    |
|   | -----       | -----       | -----       | -----       | ----- |
| Total Ins and Inv Contr Liabilities         | 84301.9     | 85184.6     | 88642.1     | 87280.8     | 94    |
|   | -----       | -----       | -----       | -----       | ----- |
| Federal income taxes                        |             |             |             |             |       |

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|   |         |         |         |         |     |
|---|---------|---------|---------|---------|-----|
| Short-term debt                               | 314.6   | 281.8   | 380.2   | 367.7   |     |
| Long-term debt                                | 712.2   | 712.1   | 712.1   | 712.0   |     |
| Minority Interest - pref sec of a sub         | 745.0   | 745.0   | 745.0   | 745.0   |     |
| Other liabilities                             | 2374.6  | 3319.3  | 2964.7  | 2733.0  | 2   |
|   | -----   | -----   | -----   | -----   | --- |
| Total Liabilities                             | 88448.3 | 90242.9 | 93444.1 | 91838.5 | 98  |
|   | -----   | -----   | -----   | -----   | --- |
| S/Hs' equity-unrealized gns (losses)- inv.    | 552.4   | 254.6   | (1.1)   | (103.8) | (   |
| S/Hs' equity- gains (losses)-derivatives      |         |         |         |         |     |
| S/Hs' equity-foreign currency                 | 50.0    | 30.1    | 20.6    | 40.2    |     |
| S/Hs' equity-other                            | 4785.6  | 4822.6  | 4797.9  | 4725.8  | 4   |
| Cumulative effect of accounting change        |         |         |         |         |     |
|   | -----   | -----   | -----   | -----   | --- |
| Total Shareholders' Equity                    | 5387.9  | 5107.4  | 4817.4  | 4662.2  | 4   |
|   | -----   | -----   | -----   | -----   | --- |
| Total Liabilities<br>and Shareholders' Equity | 93836.3 | 95350.3 | 98261.4 | 96500.7 | 103 |
|   | =====   | =====   | =====   | =====   | === |
| Shareholders' Equity Per Share                |         |         |         |         |     |
| [Book Value, Securities at Cost]              | \$23.86 | \$24.04 | \$24.18 | \$24.28 | \$  |
| Common shares outstanding                     | 202.6   | 201.8   | 199.3   | 196.3   |     |

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

|                                    | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 |     |
|------------------------------------|-------------|-------------|-------------|-------------|-----|
|                                    | -----       | -----       | -----       | -----       | --- |
| ASSETS                             |             |             |             |             |     |
| Investments                        |             |             |             |             |     |
| Corporate bonds                    | 20719.1     | 21064.7     | 21249.7     | 21855.2     | 22  |
| U.S. government bonds              | 566.2       | 575.5       | 542.9       | 536.6       |     |
| Foreign government bonds           | 1377.4      | 1277.7      | 1321.1      | 1240.8      | 1   |
| Mortgage backed securities         | 4242.4      | 4172.5      | 4160.4      | 4009.8      | 3   |
| State and municipal bonds          | 14.1        | 14.3        | 14.6        | 14.7        |     |
| Preferred stocks - redeemable      | 159.2       | 159.5       | 161.2       | 154.1       |     |
| Common stocks                      | 467.8       | 479.9       | 436.6       | 388.6       |     |
| Preferred stocks-equity            | 92.2        | 90.3        | 113.1       | 170.9       |     |
| Mortgage loans                     | 4783.8      | 4767.3      | 4663.0      | 4641.2      | 4   |
| Real estate                        | 282.1       | 297.6       | 282.0       | 308.1       |     |
| Policy loans                       | 1914.7      | 1935.6      | 1960.9      | 1947.0      | 1   |
| Other long-term investments        | 438.2       | 470.5       | 463.3       | 477.4       |     |
|                                    | -----       | -----       | -----       | -----       | --- |
| Total Investments                  | 35057.2     | 35305.4     | 35368.6     | 35744.5     | 35  |
|                                    | -----       | -----       | -----       | -----       | --- |
| Invest in unconsol affiliates      | (0.9)       | 5.8         | 6.4         | 7.3         |     |
| Cash and invested cash             | 1619.3      | 1435.9      | 1927.4      | 2015.2      | 1   |
| Property and equipment             | 205.5       | 213.8       | 228.2       | 242.1       |     |
| Premiums and fees receivable       | 247.8       | 240.8       | 296.7       | 282.8       |     |
| Accrued investment income          | 544.0       | 569.2       | 546.4       | 581.9       |     |
| Assets held in separate accounts   | 54924.2     | 54410.9     | 50579.9     | 44506.2     | 47  |
| Federal income taxes recoverable   | 246.1       | 267.3       | 207.5       | 106.6       |     |
| Amount recoverable from reinsurers | 3775.3      | 3774.7      | 3747.7      | 3706.4      | 3   |
| Deferred acquisition costs         | 2968.0      | 3048.0      | 3070.5      | 2963.4      | 3   |

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|   |          |          |         |         |       |
|---|----------|----------|---------|---------|-------|
| Other intangible assets                       | 1646.7   | 1598.4   | 1557.0  | 1505.3  | 1     |
| Goodwill                                      | 1335.4   | 1296.6   | 1286.0  | 1274.5  | 1     |
| Other   | 1279.1   | 1076.4   | 1021.6  | 1186.3  | 1     |
|   | -----    | -----    | -----   | -----   | ----- |
| Total Assets                                  | 103847.6 | 103243.1 | 99844.1 | 94122.4 | 96    |
|   | =====    | =====    | =====   | =====   | ===== |
| LIABILITIES and SHAREHOLDERS' EQUITY          |          |          |         |         |       |
| Liabilities                                   |          |          |         |         |       |
| Insurance and Inv Contract Liabilities:       |          |          |         |         |       |
| Life and annuity reserves                     | 17247.3  | 17500.0  | 17841.2 | 17733.0 | 17    |
| Health reserves                               | 2494.2   | 2520.2   | 2523.8  | 2534.8  | 2     |
| Unpaid claims-life and health                 | 1204.1   | 1202.8   | 1316.6  | 1255.3  | 1     |
| Unearned premiums                             | 52.8     | 51.8     | 46.5    | 45.9    |       |
| Premium deposit funds                         | 18407.2  | 18072.1  | 17715.5 | 17667.1 | 17    |
| Participating policyholders' funds            | 130.4    | 135.4    | 139.4   | 145.0   |       |
| Other policyholders' funds                    | 490.6    | 500.7    | 522.2   | 532.1   |       |
| Liab related to separate accounts             | 54924.2  | 54410.9  | 50579.9 | 44506.2 | 47    |
|   | -----    | -----    | -----   | -----   | ----- |
| Total Ins and Inv Contr Liabilities           | 94950.8  | 94394.0  | 90685.1 | 84419.3 | 87    |
| Federal income taxes                          |          |          |         |         |       |
| Short-term debt                               | 355.7    | 330.3    | 312.9   | 415.3   |       |
| Long-term debt                                | 712.1    | 712.2    | 712.2   | 712.3   |       |
| Minority Interest - pref sec of a sub         | 745.0    | 745.0    | 745.0   | 745.0   |       |
| Other liabilities                             | 2860.3   | 2522.9   | 2434.7  | 2734.2  | 2     |
|   | -----    | -----    | -----   | -----   | ----- |
| Total Liabilities                             | 99623.9  | 98704.5  | 94890.0 | 89026.0 | 91    |
|   | -----    | -----    | -----   | -----   | ----- |
| S/Hs' equity-unrealized gns (losses)- inv.    | (556.6)  | (337.7)  | 12.0    | 190.4   |       |
| S/Hs' equity- gains (losses)-derivatives      |          |          |         | 5.7     |       |
| S/Hs' equity-foreign currency                 | 21.8     | 19.9     | 21.9    | 4.1     |       |
| S/Hs' equity-other                            | 4758.5   | 4856.4   | 4920.1  | 4878.6  | 4     |
| Cumulative effect of accounting change        |          |          |         | 17.6    |       |
|   | -----    | -----    | -----   | -----   | ----- |
| Total Shareholders' Equity                    | 4223.7   | 4538.6   | 4954.1  | 5096.4  | 5     |
|   | -----    | -----    | -----   | -----   | ----- |
| Total Liabilities<br>and Shareholders' Equity | 103847.6 | 103243.1 | 99844.1 | 94122.4 | 96    |
|   | =====    | =====    | =====   | =====   | ===== |
| Shareholders' Equity Per Share                |          |          |         |         |       |
| [Book Value, Securities at Cost]              | \$25.01  | \$25.43  | \$25.85 | \$25.96 | \$    |
| Common shares outstanding                     | 191.1    | 191.8    | 191.2   | 188.1   |       |

9/30/2001

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

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| For the Year Ended December 31                             | 1996   | 1997   | 1998   | 1999   |
|--|--------|--------|--------|--------|
| -----  |        |        |        |        |
| Operating Revenue  |        |        |        |        |
| Premiums   | 69.8   | 84.2   | 53.9   | 65.2   |
| Surrender charges  | 26.3   | 29.8   | 33.5   | 37.9   |
| Expense assessments  | 276.7  | 367.2  | 459.9  | 536.2  |
| Other revenue and fees                                     | 0.8    | 1.2    | 1.7    | 14.5   |
| Net investment income                                      | 1385.9 | 1477.1 | 1501.6 | 1474.2 |
|  | -----  | -----  | -----  | -----  |
| Operating Revenue  | 1759.5 | 1959.5 | 2050.6 | 2128.0 |
|  | -----  | -----  | -----  | -----  |
| Operating Benefits and Expenses                            |        |        |        |        |
| Benefits paid or provided:                                 |        |        |        |        |
| Benefits   | 270.1  | 292.6  | 271.6  | 259.1  |
| Interest credited to policy bal.                           | 910.3  | 974.4  | 955.2  | 925.2  |
| Underwriting, acquisition,<br>insurance and other expenses | 348.5  | 415.0  | 498.8  | 560.8  |
| Goodwill amortization                                      | 0.0    | 0.0    | 2.2    | 2.0    |
|  | -----  | -----  | -----  | -----  |
| Operating Benefits and Expenses                            | 1528.9 | 1682.0 | 1727.8 | 1747.1 |
|  | -----  | -----  | -----  | -----  |
| Income from Operations Before Tax                          | 230.6  | 277.5  | 322.8  | 380.9  |
| Federal income taxes                                       | 56.0   | 54.5   | 60.4   | 81.4   |
|  | -----  | -----  | -----  | -----  |
| Income from Operations                                     | 174.6  | 223.0  | 262.4  | 299.4  |
|  | -----  | -----  | -----  | -----  |
| Realized gains (losses) on investments                     | 29.6   | 40.3   | 11.4   | (7.9)  |
| Gains(losses) on derivatives                               | 0.0    | 0.0    | 0.0    | 0.0    |
| Restructuring Charge                                       | 0.0    | 0.0    | 0.0    | 0.0    |
|  | -----  | -----  | -----  | -----  |
| Income before Accounting Changes                           | 204.3  | 263.3  | 273.8  | 291.5  |
| Cumulative effect of accounting changes                    | 0.0    | 0.0    | 0.0    | 0.0    |
|  | -----  | -----  | -----  | -----  |
| Net Income   | 204.3  | 263.3  | 273.8  | 291.5  |
|  | =====  | =====  | =====  | =====  |
| Inc from Oper -before Goodwill Amort.                      | 174.6  | 223.0  | 264.6  | 301.5  |
| Effective tax rate   | 24.3%  | 19.6%  | 18.7%  | 21.4%  |
| Operating Revenue  | 1759.5 | 1959.5 | 2050.6 | 2128.0 |
| Realized gains (losses) on investments                     | 45.6   | 63.5   | 17.5   | (12.1) |
| Gains(losses) on derivatives                               | 0.0    | 0.0    | 0.0    | 0.0    |
|  | -----  | -----  | -----  | -----  |
| Total Revenue  | 1805.0 | 2023.0 | 2068.1 | 2115.8 |
|  | =====  | =====  | =====  | =====  |
| Average capital  | 1334.3 | 1373.0 | 1592.6 | 1562.0 |
| Return on average capital                                  | 13.1%  | 16.2%  | 16.5%  | 19.2%  |

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9/30/2001

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

|  | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 | Mar<br>2000 | Jun<br>2000 | Sep<br>2000 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating Revenue  |             |             |             |             |             |             |             |             |
| Premiums   | 16.3        | 14.9        | 16.2        | 13.1        | 21.0        | 13.3        | 16.8        | 18.0        |
| Surrender charges  | 7.6         | 8.6         | 9.3         | 10.1        | 9.8         | 11.1        | 11.2        | 10.4        |
| Expense assessments  | 112.6       | 119.8       | 133.3       | 142.6       | 140.5       | 155.1       | 155.7       | 163.4       |
| Other revenue and fees                                     | 1.2         | 3.9         | 3.2         | 0.9         | 6.4         | 2.2         | 0.6         | 4.6         |
| Net investment income                                      | 372.5       | 373.4       | 370.2       | 364.5       | 366.0       | 362.9       | 345.8       | 349.8       |
| Operating Revenue  | 510.2       | 520.7       | 532.3       | 531.2       | 543.7       | 544.6       | 530.1       | 546.2       |
| Operating Benefits and Expenses                            |             |             |             |             |             |             |             |             |
| Benefits paid or provided:                                 |             |             |             |             |             |             |             |             |
| Benefits   | 68.9        | 61.9        | 65.0        | 55.0        | 77.2        | 61.6        | 65.7        | 68.4        |
| Interest credited to<br>policy balances                    | 233.6       | 228.2       | 232.9       | 230.1       | 234.1       | 228.2       | 219.4       | 205.4       |
| Underwriting, acquisition,<br>insurance and other expenses | 128.1       | 138.5       | 141.0       | 146.5       | 134.7       | 144.5       | 139.8       | 147.9       |
| Goodwill amortization                                      | 1.1         | 0.5         | 0.4         | 0.6         | 0.5         | (1.5)       | 0.3         | 0.3         |
| Operating Benefits and<br>Expenses                         | 431.6       | 429.1       | 439.2       | 432.2       | 446.5       | 432.8       | 425.2       | 421.9       |
| Income from Operations<br>Before Tax                       | 78.6        | 91.6        | 93.0        | 99.0        | 97.2        | 111.8       | 104.8       | 124.2       |
| Federal income taxes                                       | 15.4        | 17.2        | 17.1        | 23.6        | 23.5        | 23.3        | 20.7        | 21.3        |
| Income from Operations                                     | 63.2        | 74.4        | 75.9        | 75.4        | 73.7        | 88.5        | 84.1        | 102.9       |
| Realized gains (losses) on<br>investments                  | 1.8         | 2.4         | 0.5         | (7.0)       | (3.7)       | 2.7         | 0.3         | (9.1)       |
| Gains (losses) on derivatives                              | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Restructuring charges                                      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Income before Accounting<br>Changes                        | 64.9        | 76.8        | 76.4        | 68.4        | 69.9        | 91.2        | 84.4        | 93.8        |
| Cumulative effect of<br>accounting changes                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Net Income   | 64.9        | 76.8        | 76.4        | 68.4        | 69.9        | 91.2        | 84.4        | 93.8        |
| Inc from Oper-before<br>Goodwill Amortization              | 64.3        | 75.0        | 76.3        | 76.0        | 74.2        | 87.0        | 84.4        | 103.2       |
| Effective tax rate   | 19.6%       | 18.8%       | 18.4%       | 23.8%       | 24.2%       | 20.8%       | 19.7%       | 17.1%       |
| Operating Revenue  | 510.2       | 520.7       | 532.3       | 531.2       | 543.7       | 544.6       | 530.1       | 546.2       |

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|  |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Realized gains (losses) on investments | 2.7    | 3.7    | 0.7    | (10.7) | (5.8)  | 4.2    | 0.4    | (14.1) |
| Gains (losses) on derivatives          | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Total Revenue                          | 512.9  | 524.4  | 533.0  | 520.5  | 538.0  | 548.7  | 530.5  | 532.1  |
| Average capital                        | 1521.5 | 1615.3 | 1602.4 | 1471.2 | 1559.0 | 1438.4 | 1647.7 | 1635.2 |
| Return on average capital              | 16.6%  | 18.4%  | 19.0%  | 20.5%  | 18.9%  | 24.6%  | 20.4%  | 25.2%  |

9/30/01

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

|   | 1996    | 1997    | 1998    | 1999    | 2000    |
|---|---------|---------|---------|---------|---------|
| Fixed Annuities- Bal Beg-of-Year          | 14.645  | 17.634  | 17.214  | 18.111  | 18.210  |
| Gross Deposits                            | 1.852   | 1.632   | 1.452   | 2.563   | 2.074   |
| Withdrawals (incl charges) & deaths       | (1.916) | (2.220) | (2.468) | (2.521) | (3.283) |
| Net cash flows                            | (0.063) | (0.588) | (1.016) | 0.042   | (1.209) |
| Transfer from (to) var annuities          | (0.688) | (1.336) | (0.356) | (0.783) | (1.329) |
| Interest credited                         | 0.871   | 0.978   | 0.994   | 0.840   | 0.944   |
| Acq of new business/companies             | 2.869   | 0.527   | 1.274   |         |         |
| Fixed Annuities-Gross                     | 17.634  | 17.214  | 18.111  | 18.210  | 16.615  |
| Reinsurance Ceded                         | (1.816) | (1.757) | (1.606) | (1.419) | (1.173) |
| Fixed Annuities-Bal End -of-Year          | 15.818  | 15.458  | 16.505  | 16.791  | 15.442  |
| Fixed Annuities Incremental Deposits *    | 1.410   | 1.412   | 1.265   | 2.310   | 1.918   |
| Variable Annuities-Bal Beg-of-Year        | 15.673  | 20.383  | 27.346  | 33.358  | 41.493  |
| Gross Deposits                            | 2.746   | 2.695   | 2.791   | 2.553   | 3.165   |
| Withdrawals (incl charges) & deaths       | (1.454) | (2.038) | (3.019) | (3.760) | (4.830) |
| Net cash flows                            | 1.292   | 0.657   | (0.228) | (1.207) | (1.665) |
| Transfer from (to) fixed annuities        | 0.689   | 1.335   | 0.389   | 0.787   | 1.320   |
| Invest inc & change in mkt value          | 2.729   | 4.971   | 5.414   | 8.555   | (1.721) |
| Acq(sale) of new business/companies       |         |         | 0.437   |         |         |
| Var Annuities-Bal End-of-Year             | 20.383  | 27.346  | 33.358  | 41.493  | 39.427  |
| Variable Annuities Incremental Deposits * | 2.626   | 2.585   | 2.641   | 2.409   | 2.667   |



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|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Total Annuities - Bal Beg-of-Year                | 30.318  | 38.017  | 44.561  | 51.469  | 59.704  |
| Gross Deposits                                   | 4.598   | 4.327   | 4.244   | 5.116   | 5.239   |
| Withdrawals (incl charges) & deaths              | (3.369) | (4.258) | (5.487) | (6.281) | (8.113) |
| Net cash flows                                   | 1.229   | 0.069   | (1.244) | (1.165) | (2.874) |
| Transfers  | 0.001   | (0.001) | 0.033   | 0.004   | (0.009) |
| Interest credited & change in mkt value          | 3.600   | 5.949   | 6.408   | 9.395   | (0.777) |
| Acq of new business/companies                    | 2.869   | 0.527   | 1.711   |         |         |
| Total Gross Annuities-Bal End-of-Year            | 38.017  | 44.561  | 51.469  | 59.704  | 56.043  |
| Reinsurance Ceded                                | (1.816) | (1.757) | (1.606) | (1.419) | (1.173) |
| Total Annuities (Net of Ceded) - Bal End-of-Year | 36.202  | 42.804  | 49.863  | 58.284  | 54.869  |
| Total Annuities Incremental Deposits *           | 4.036   | 3.997   | 3.906   | 4.719   | 4.585   |
| Var Ann Under Agree - Included above             |         |         | 0.649   | 0.719   | 0.941   |

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

9/30/01

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

|  | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 |
|--|-------------|-------------|-------------|-------------|-------------|
| Fixed Annuities-Bal Beg-of-Quarter     | 18.123      | 18.111      | 18.225      | 18.303      | 18.406      |
| Gross Deposits                         | 0.335       | 0.489       | 0.654       | 0.678       | 0.741       |
| Withdrawals (incl charges) & deaths    | (0.608)     | (0.579)     | (0.593)     | (0.567)     | (0.782)     |
| Net cash flows                         | (0.273)     | (0.090)     | 0.061       | 0.111       | (0.040)     |
| Transfer from (to) var annuities       | 0.011       | (0.034)     | (0.211)     | (0.238)     | (0.300)     |
| Interest credited                      | 0.249       | 0.238       | 0.228       | 0.231       | 0.144       |
| Acq of new business/companies          | 0.001       |             |             |             |             |
| Fixed Annuities-Gross                  | 18.111      | 18.225      | 18.303      | 18.406      | 18.210      |
| Reinsurance Ceded                      | (1.606)     | (1.569)     | (1.524)     | (1.473)     | (1.419)     |
| Fixed Annuities-Bal End-of-Quarter     | 16.505      | 16.656      | 16.779      | 16.934      | 16.791      |
| Fixed Annuities Incremental Deposits * | 0.304       | 0.462       | 0.622       | 0.644       | 0.582       |
| Variable Annuities-Bal Beg-of-Quarter  | 29.476      | 33.358      | 34.148      | 37.233      | 35.613      |
| Gross Deposits                         | 0.633       | 0.635       | 0.651       | 0.634       | 0.634       |
| Withdrawals (incl charges) & deaths    | (0.801)     | (0.827)     | (0.912)     | (0.938)     | (1.084)     |

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|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Net cash flows  | (0.168) | (0.192) | (0.261) | (0.304) | (0.450) |
| Transfer from (to) fixed annuities  | 0.028   | 0.034   | 0.213   | 0.237   | 0.303   |
| Invest inc & change in mkt value  | 5.405   | 0.948   | 3.133   | (1.553) | 6.027   |
| Acq(sale) of new business/companies   | (1.383) |         |         |         |         |
| Var Annuities-Bal End-of-Quarter  | 33.358  | 34.148  | 37.233  | 35.613  | 41.493  |
| Variable Annuities Incremental Deposits   | 0.585   | 0.606   | 0.622   | 0.589   | 0.592   |
| Total Annuities -Bal Beg-of-Quarter   | 47.599  | 51.469  | 52.373  | 55.536  | 54.020  |
| Gross Deposits  | 0.968   | 1.124   | 1.305   | 1.312   | 1.375   |
| Withdrawals (incl charges) & deaths   | (1.409) | (1.406) | (1.505) | (1.505) | (1.865) |
| Net cash flows  | (0.441) | (0.282) | (0.200) | (0.193) | (0.490) |
| Transfers   | 0.039   |         | 0.002   | (0.001) | 0.003   |
| Interest credited & change in mkt value   | 5.654   | 1.186   | 3.361   | (1.322) | 6.171   |
| Acq of new business/companies   | (1.382) |         |         |         |         |
| Total Gross Annuities-Bal End-of-Quarter  | 51.469  | 52.373  | 55.536  | 54.020  | 59.704  |
| Reinsurance Ceded   | (1.606) | (1.569) | (1.524) | (1.473) | (1.419) |
| Total Annuities (Net of Ceded) - Bal End-of-Qtr   | 49.863  | 50.804  | 54.012  | 52.547  | 58.284  |
| Total Annuities Incremental Deposits *  | 0.889   | 1.068   | 1.244   | 1.233   | 1.174   |
| Var Ann Under Agree - Included above  | 0.649   | 0.651   | 0.685   | 0.639   | 0.719   |
| * Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products. |         |         |         |         |         |
| Fixed Annuities - excluding fixed portion of variable contracts   |         |         |         |         |         |
| Deposits  | 0.132   | 0.136   | 0.151   | 0.147   | 0.275   |
| Withdrawals   | (0.278) | (0.292) | (0.318) | (0.329) | (0.428) |
| Net Flows   | (0.146) | (0.156) | (0.167) | (0.182) | (0.152) |
| Variable Annuities - included fixed portion of variable contracts   |         |         |         |         |         |
| Deposits  | 0.836   | 0.988   | 1.154   | 1.165   | 1.100   |
| Withdrawals   | (1.131) | (1.114) | (1.187) | (1.176) | (1.438) |
| Net Flows   | (0.295) | (0.126) | (0.033) | (0.011) | (0.338) |
| Fixed Portion of Variable Contracts   |         |         |         |         |         |
| Deposits  | 0.203   | 0.353   | 0.503   | 0.531   | 0.466   |
| Withdrawals   | (0.330) | (0.287) | (0.275) | (0.238) | (0.354) |
| Net Flows   | (0.127) | 0.066   | 0.228   | 0.293   | 0.112   |

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

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

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|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Fixed Annuities-Bal Beg-of-Quarter  | 17.615  | 17.200  | 16.930  | 16.615  | 16.599  |
| Gross Deposits  | 0.490   | 0.513   | 0.482   | 0.560   | 0.668   |
| Withdrawals (incl charges) & deaths   | (0.796) | (0.802) | (0.810) | (0.787) | (0.574) |
| Net cash flows  | (0.307) | (0.288) | (0.328) | (0.227) | 0.094   |
| Transfer from (to) var annuities  | (0.346) | (0.217) | (0.216) | (0.014) | (0.222) |
| Interest credited   | 0.238   | 0.235   | 0.230   | 0.225   | 0.226   |
| Acq of new business/companies   |         |         |         |         |         |
| Fixed Annuities-Gross   | 17.200  | 16.930  | 16.615  | 16.599  | 16.697  |
| Reinsurance Ceded   | (1.291) | (1.230) | (1.173) | (1.115) | (1.069) |
| Fixed Annuities-Bal End-of-Quarter  | 15.909  | 15.700  | 15.442  | 15.484  | 15.628  |
| Fixed Annuities Incremental Deposits *  | 0.447   | 0.464   | 0.447   | 0.536   | 0.611   |
| Variable Annuities-Bal Beg-of-Quarter   | 44.640  | 43.097  | 42.743  | 39.427  | 34.733  |
| Gross Deposits  | 0.793   | 0.729   | 0.846   | 0.887   | 0.703   |
| Withdrawals (incl charges) & deaths   | (1.168) | (1.253) | (1.199) | (1.250) | (0.993) |
| Net cash flows  | (0.375) | (0.524) | (0.353) | (0.363) | (0.290) |
| Transfer from (to) fixed annuities  | 0.343   | 0.216   | 0.212   | 0.011   | 0.227   |
| Invest inc & change in mkt value  | (1.511) | (0.046) | (3.175) | (4.342) | 2.291   |
| Acq(sale) of new business/companies   |         |         |         |         |         |
| Var Annuities-Bal End-of-Quarter  | 43.097  | 42.743  | 39.427  | 34.733  | 36.961  |
| Variable Annuities Incremental Deposits   | 0.699   | 0.586   | 0.650   | 0.683   | 0.612   |
| Total Annuities -Bal Beg-of-Quarter   | 62.255  | 60.297  | 59.673  | 56.043  | 51.332  |
| Gross Deposits  | 1.283   | 1.242   | 1.328   | 1.447   | 1.371   |
| Withdrawals (incl charges) & deaths   | (1.964) | (2.055) | (2.009) | (2.037) | (1.567) |
| Net cash flows  | (0.682) | (0.812) | (0.681) | (0.590) | (0.196) |
| Transfers   | (0.003) | (0.001) | (0.004) | (0.003) | 0.005   |
| Interest credited & change in mkt value   | (1.273) | 0.189   | (2.945) | (4.117) | 2.517   |
| Acq of new business/companies   |         |         |         |         |         |
| Total Gross Annuities-Bal End-of-Quarter  | 60.297  | 59.673  | 56.043  | 51.332  | 53.658  |
| Reinsurance Ceded   | (1.291) | (1.230) | (1.173) | (1.115) | (1.069) |
| Total Annuities (Net of Ceded) - Bal End-of-Qtr   | 59.006  | 58.443  | 54.869  | 50.217  | 52.589  |
| Total Annuities Incremental Deposits *  | 1.145   | 1.050   | 1.097   | 1.219   | 1.223   |
| Var Ann Under Agree - Included above  | 0.868   | 0.962   | 0.941   | 0.904   | 0.975   |
| * Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products. |         |         |         |         |         |
| Fixed Annuities - excluding fixed portion of variable contracts   |         |         |         |         |         |
| Deposits  | 0.126   | 0.114   | 0.085   | 0.160   | 0.329   |
| Withdrawals   | (0.557) | (0.532) | (0.570) | (0.556) | (0.356) |
| Net Flows   | (0.431) | (0.417) | (0.485) | (0.396) | (0.027) |
| Variable Annuities - included fixed   |         |         |         |         |         |

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|                                     |         |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|---------|
| portion of variable contracts       |         |         |         |         |         |
| Deposits                            | 1.157   | 1.128   | 1.243   | 1.287   | 1.042   |
| Withdrawals                         | (1.408) | (1.523) | (1.439) | (1.481) | (1.211) |
| Net Flows                           | (0.251) | (0.395) | (0.196) | (0.194) | (0.169) |
| Fixed Portion of Variable Contracts |         |         |         |         |         |
| Deposits                            | 0.364   | 0.399   | 0.397   | 0.400   | 0.339   |
| Withdrawals                         | (0.240) | (0.270) | (0.240) | (0.231) | (0.218) |
| Net Flows                           | 0.124   | 0.129   | 0.157   | 0.169   | 0.121   |

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

|  | 1996  | 1997  | 1998   | 1999   | 2000   |
|--|-------|-------|--------|--------|--------|
| Operating Revenue  |       |       |        |        |        |
| Premiums   | 62.4  | 64.8  | 185.9  | 235.8  | 227.3  |
| Surrender charges  | 10.5  | 9.8   | 52.1   | 66.3   | 66.4   |
| Mortality assessments                                      | 159.7 | 161.2 | 350.1  | 444.6  | 465.2  |
| Expense assessments  | 27.8  | 28.6  | 146.2  | 165.8  | 191.8  |
| Other revenue and fees                                     | 6.7   | 9.0   | 2.6    | 9.8    | 14.2   |
| Net investment income                                      | 260.6 | 268.2 | 642.6  | 840.1  | 871.5  |
| Operating Revenue  | 527.6 | 541.5 | 1379.5 | 1762.6 | 1836.4 |
| Operating Benefits and Expenses                            |       |       |        |        |        |
| Benefits paid or provided:                                 |       |       |        |        |        |
| Benefits   | 136.5 | 143.6 | 371.2  | 430.5  | 411.5  |
| Div accum & div to policyholders                           | 24.1  | 20.4  | 70.7   | 81.5   | 80.8   |
| Interest credited to policy bal.                           | 151.9 | 153.0 | 393.1  | 493.8  | 525.4  |
| Underwriting, acquisition,<br>insurance and other expenses | 154.1 | 172.1 | 293.1  | 399.1  | 384.8  |
| Goodwill amortization                                      | 0.1   | 0.1   | 19.7   | 23.4   | 23.7   |
| Interest expense   |       |       |        | 0.0    | 0.0    |
| Operating Benefits and Expenses                            | 466.8 | 489.3 | 1147.8 | 1428.2 | 1426.3 |
| Income from Operations Before Tax                          | 60.8  | 52.3  | 231.6  | 334.3  | 410.1  |
| Federal income taxes                                       | 19.6  | 12.4  | 82.4   | 122.3  | 150.1  |
| Income from Operations*                                    | 41.2  | 39.9  | 149.2  | 212.0  | 259.9  |
| Realized gains (losses) on investments                     | 10.5  | (0.8) | (1.7)  | (0.5)  | (10.7) |
| Gains(losses) on derivatives                               |       |       |        |        |        |
| Restructuring charges                                      |       |       | (20.0) |        |        |
| Income before Accounting Changes                           | 51.8  | 39.1  | 127.5  | 211.5  | 249.3  |

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|  |        |        |         |         |         |
|--|--------|--------|---------|---------|---------|
| Cumulative effect of accounting changes        | 0.0    | 0.0    | 0.0     | 0.0     | 0.0     |
| Net Income*                                    | 51.8   | 39.1   | 127.5   | 211.5   | 249.3   |
| Inc from Oper -before Goodwill Amort.          | 41.4   | 40.0   | 168.9   | 235.4   | 283.6   |
| Effective tax rate                             | 32.2%  | 23.7%  | 35.6%   | 36.6%   | 36.6%   |
| Operating Revenue                              | 527.6  | 541.5  | 1,379.5 | 1762.6  | 1836.4  |
| Realized gains (losses) on investments         | 21.6   | 3.2    | (1.0)   | (2.2)   | (17.4)  |
| Gains(losses) on derivatives                   |        |        |         |         |         |
| Total Revenue                                  | 549.2  | 544.8  | 1,378.5 | 1760.4  | 1819.0  |
| Average capital                                | 388.2  | 384.9  | 1948.0  | 2712.3  | 2640.2  |
| Return on average capital                      | 10.6%  | 10.4%  | 7.7%    | 7.8%    | 9.8%    |
| First Year Premiums by Product (Billions)      |        |        |         |         |         |
| Lincoln Life                                   |        |        |         |         |         |
| Universal Life                                 | 0.021  | 0.013  | 0.125   | 0.225   | 0.190   |
| Variable Universal Life                        | 0.054  | 0.053  | 0.086   | 0.129   | 0.209   |
| Whole Life                                     | 0.007  | 0.005  | 0.020   | 0.024   | 0.022   |
| Term   | 0.000  | 0.000  | 0.003   | 0.004   | 0.003   |
| Subtotal                                       | 0.082  | 0.071  | 0.234   | 0.381   | 0.423   |
| Corporate Owned Life Insurance (COLI)          | 0.000  | 0.000  | 0.004   | 0.015   | 0.087   |
| Total Lincoln Life                             | 0.082  | 0.071  | 0.238   | 0.396   | 0.510   |
| First Penn-Pacific                             |        |        |         |         |         |
| Universal Life                                 | 0.111  | 0.101  | 0.108   | 0.114   | 0.094   |
| Term   | 0.023  | 0.033  | 0.046   | 0.047   | 0.045   |
| Total First Penn-Pacific                       | 0.134  | 0.134  | 0.154   | 0.160   | 0.139   |
| Total Segment by Product                       | 0.216  | 0.205  | 0.391   | 0.556   | 0.649   |
| First Year Premiums by Distribution (Billions) |        |        |         |         |         |
| Lincoln Financial Advisors                     |        |        |         | 0.181   | 0.195   |
| Lincoln Financial Distributors                 |        |        |         | 0.375   | 0.455   |
| Total by Distribution                          | 0.216  | 0.205  | 0.391   | 0.556   | 0.649   |
| Individual Life Insurance In-Force (Billions)  |        |        |         |         |         |
| Universal Life & Other                         | 32.876 | 32.827 | 105.837 | 109.288 | 115.872 |
| Term Insurance                                 | 16.284 | 30.337 | 67.076  | 85.701  | 100.130 |
| Total Life Segment In-Force                    | 49.160 | 63.164 | 172.914 | 194.988 | 216.002 |

\* Year-to-date 2001 income from operations and net income include special charges of \$1.9 million (million pre-tax) recorded in the 3rd quarter of 2001 related to the events of September 11, 2001

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

| For the Quarter Ended                                      | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 |
|--|-------------|-------------|-------------|-------------|-------------|
| Operating Revenue  |             |             |             |             |             |
| Premiums   | 80.2        | 54.5        | 57.8        | 52.4        | 71.1        |
| Surrender charges  | 17.6        | 14.7        | 16.5        | 17.1        | 18.0        |
| Mortality assessments                                      | 121.8       | 108.8       | 111.4       | 110.5       | 113.9       |
| Expense assessments  | 50.8        | 39.6        | 35.4        | 42.8        | 48.0        |
| Other revenue and fees                                     | 2.5         | 1.9         | 1.6         | 2.4         | 3.9         |
| Net investment income                                      | 207.5       | 207.9       | 207.8       | 209.6       | 214.8       |
| Operating Revenue  | 480.4       | 427.4       | 430.6       | 434.9       | 469.6       |
| Operating Benefits and Expenses                            |             |             |             |             |             |
| Benefits paid or provided:                                 |             |             |             |             |             |
| Benefits   | 134.9       | 103.6       | 108.7       | 105.4       | 112.8       |
| Div accum & div to policyholders                           | 26.3        | 20.3        | 21.0        | 19.2        | 21.0        |
| Interest credited to policy bal.                           | 122.0       | 125.8       | 123.0       | 122.8       | 122.3       |
| Underwriting, acquisition,<br>insurance and other expenses | 106.6       | 95.7        | 86.5        | 99.1        | 117.8       |
| Goodwill amortization                                      | 7.1         | 5.9         | 5.0         | 6.4         | 6.0         |
| Operating Benefits and Expenses                            | 396.9       | 351.2       | 344.1       | 353.0       | 379.9       |
| Income from Operations Before Tax                          | 83.5        | 76.1        | 86.5        | 82.0        | 89.8        |
| Federal income taxes                                       | 31.6        | 28.1        | 32.0        | 29.4        | 32.8        |
| Income from Operations*                                    | 51.9        | 48.1        | 54.4        | 52.6        | 57.0        |
| Realized gains (losses) on investments                     | (6.1)       | (1.8)       | (2.9)       | 1.4         | 2.8         |
| Gains (losses) on derivatives                              |             |             |             |             |             |
| Restructuring charges                                      |             |             |             |             |             |
| Income before Accounting Changes                           | 45.8        | 46.3        | 51.5        | 54.0        | 59.7        |
| Cumulative effect of accounting changes                    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Net Income*  | 45.8        | 46.3        | 51.5        | 54.0        | 59.7        |
| Inc from Oper -before<br>Goodwill Amortization             | 59.0        | 54.0        | 59.5        | 59.0        | 63.0        |
| Effective tax rate   | 37.9%       | 36.9%       | 37.0%       | 35.9%       | 36.5%       |
| Operating Revenue  | 480.4       | 427.4       | 430.6       | 434.9       | 469.6       |
| Realized gains (losses) on investments                     | (9.7)       | (3.4)       | (4.4)       | 2.1         | 3.4         |
| Gains (losses) on derivatives                              |             |             |             |             |             |
| Total Revenue  | 470.7       | 424.0       | 426.3       | 437.1       | 473.1       |
| Average capital  | 2527.0      | 2716.6      | 2739.4      | 2707.4      | 2686.0      |
| Return on average capital                                  | 8.2%        | 7.1%        | 7.9%        | 7.8%        | 8.5%        |

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First Year Premiums by Product (Billions)

|                                       |       |       |       |       |       |
|---------------------------------------|-------|-------|-------|-------|-------|
| Lincoln Life                          |       |       |       |       |       |
| Universal Life                        |       |       | 0.051 | 0.044 | 0.086 |
| Variable Universal Life               |       |       | 0.024 | 0.027 | 0.052 |
| Whole Life                            |       |       | 0.005 | 0.006 | 0.008 |
| Term                                  |       |       | 0.001 | 0.001 | 0.001 |
|                                       |       |       | ----- | ----- | ----- |
| Subtotal                              |       |       | 0.081 | 0.078 | 0.147 |
| Corporate Owned Life Insurance (COLI) |       |       | 0.007 | 0.002 | 0.004 |
|                                       |       |       | ----- | ----- | ----- |
| Total Lincoln Life                    | 0.103 | 0.077 | 0.088 | 0.081 | 0.151 |
|                                       | ----- | ----- | ----- | ----- | ----- |
| First Penn-Pacific                    |       |       |       |       |       |
| Universal Life                        |       |       | 0.029 | 0.030 | 0.026 |
| Term                                  |       |       | 0.012 | 0.011 | 0.011 |
|                                       |       |       | ----- | ----- | ----- |
| Total First Penn-Pacific              | 0.043 | 0.042 | 0.040 | 0.041 | 0.037 |
|                                       | ----- | ----- | ----- | ----- | ----- |
| Total Segment by Product              | 0.147 | 0.119 | 0.128 | 0.121 | 0.188 |
|                                       | ===== | ===== | ===== | ===== | ===== |

First Year Premiums by Distribution (Billions)

|                                |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|
| Lincoln Financial Advisors     | 0.006 | 0.039 | 0.033 | 0.038 | 0.071 |
| Lincoln Financial Distributors | 0.141 | 0.080 | 0.095 | 0.084 | 0.117 |
|                                | ----- | ----- | ----- | ----- | ----- |
| Total by Distribution          | 0.147 | 0.119 | 0.128 | 0.121 | 0.188 |
|                                | ===== | ===== | ===== | ===== | ===== |

Individual Insurance In-Force (Billions)

|                        |         |         |         |         |         |
|------------------------|---------|---------|---------|---------|---------|
| Universal Life & Other | 105.837 | 105.090 | 106.047 | 106.945 | 109.288 |
| Term Insurance         | 67.076  | 73.452  | 78.431  | 81.963  | 85.701  |
|                        | -----   | -----   | -----   | -----   | -----   |
| Total Segment In-Force | 172.914 | 178.542 | 184.478 | 188.908 | 194.988 |
|                        | =====   | =====   | =====   | =====   | =====   |

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

| For the Quarter Ended           | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | Jun<br>2001 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                 | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue               |             |             |             |             |             |
| Premiums                        | 56.3        | 50.9        | 67.1        | 50.9        | 50.7        |
| Surrender charges               | 16.5        | 13.8        | 19.9        | 17.2        | 13.5        |
| Mortality assessments           | 114.5       | 116.3       | 122.1       | 124.3       | 124.8       |
| Expense assessments             | 44.1        | 46.9        | 55.5        | 47.4        | 45.3        |
| Other revenue and fees          | 3.6         | 3.8         | 3.7         | 5.1         | 3.8         |
| Net investment income           | 215.5       | 220.6       | 219.7       | 223.0       | 227.4       |
|                                 | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue               | 450.5       | 452.4       | 488.0       | 467.9       | 465.5       |
|                                 | -----       | -----       | -----       | -----       | -----       |
| Operating Benefits and Expenses |             |             |             |             |             |
| Benefits paid or provided:      |             |             |             |             |             |
| Benefits                        | 96.3        | 95.8        | 121.0       | 99.9        | 103.5       |

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|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Div accum & div to policyholders                           | 18.7   | 16.4   | 25.3   | 17.5   | 19.0   |
| Interest credited to policy bal.                           | 128.7  | 134.0  | 136.5  | 138.3  | 141.2  |
| Underwriting, acquisition,<br>insurance and other expenses | 100.9  | 94.9   | 89.6   | 98.8   | 92.0   |
| Goodwill amortization                                      | 5.9    | 5.9    | 5.9    | 5.9    | 5.9    |
| Operating Benefits and Expenses                            | 350.6  | 347.0  | 378.4  | 360.5  | 361.7  |
| Income from Operations Before Tax                          | 99.9   | 105.4  | 109.6  | 107.4  | 103.8  |
| Federal income taxes                                       | 37.4   | 38.9   | 39.0   | 38.8   | 36.7   |
| Income from Operations*                                    | 62.4   | 66.5   | 70.6   | 68.6   | 67.1   |
| Realized gains (losses) on investments                     | (4.0)  | 1.0    | (5.2)  | (5.4)  | (6.4)  |
| Gains (losses) on derivatives                              |        |        |        | (0.0)  | 0.1    |
| Restructuring charges                                      |        |        |        |        | (2.0)  |
| Income before Accounting Changes                           | 58.4   | 67.4   | 65.4   | 63.2   | 58.8   |
| Cumulative effect of accounting changes                    | 0.0    | 0.0    | 0.0    | (0.2)  | (5.3)  |
| Net Income*  | 58.4   | 67.4   | 65.4   | 62.9   | 53.5   |
| Inc from Oper -before<br>Goodwill Amortization             | 68.4   | 72.4   | 76.5   | 74.5   | 73.0   |
| Effective tax rate   | 37.5%  | 36.9%  | 35.6%  | 36.1%  | 35.3%  |
| Operating Revenue  | 450.5  | 452.4  | 488.0  | 467.9  | 465.5  |
| Realized gains (losses) on investments                     | (6.3)  | 0.8    | (8.1)  | (8.2)  | (10.0) |
| Gains (losses) on derivatives                              |        |        |        | (0.0)  | 0.2    |
| Total Revenue  | 444.2  | 453.2  | 479.9  | 459.6  | 455.7  |
| Average capital  | 2615.0 | 2650.5 | 2640.0 | 2729.8 | 2715.7 |
| Return on average capital                                  | 9.6%   | 10.0%  | 10.7%  | 10.1%  | 9.9%   |
| First Year Premiums by Product (Billions)                  |        |        |        |        |        |
| Lincoln Life   |        |        |        |        |        |
| Universal Life   | 0.042  | 0.047  | 0.056  | 0.035  | 0.045  |
| Variable Universal Life                                    | 0.043  | 0.052  | 0.072  | 0.053  | 0.050  |
| Whole Life   | 0.005  | 0.006  | 0.008  | 0.004  | 0.005  |
| Term   | 0.001  | 0.000  | 0.001  | 0.000  | 0.000  |
| Subtotal   | 0.089  | 0.105  | 0.137  | 0.093  | 0.101  |
| Corporate Owned Life Insurance (COLI)                      | 0.019  | 0.006  | 0.049  | 0.007  | 0.021  |
| Total Lincoln Life   | 0.109  | 0.111  | 0.186  | 0.100  | 0.122  |
| First Penn-Pacific   |        |        |        |        |        |
| Universal Life   | 0.021  | 0.024  | 0.023  | 0.022  | 0.023  |
| Term   | 0.013  | 0.010  | 0.009  | 0.007  | 0.008  |
| Total First Penn-Pacific                                   | 0.034  | 0.035  | 0.032  | 0.029  | 0.031  |
| Total Segment by Product                                   | 0.142  | 0.145  | 0.218  | 0.129  | 0.154  |
| First Year Premiums by Distribution (Billions)             |        |        |        |        |        |
| Lincoln Financial Advisors                                 | 0.035  | 0.050  | 0.065  | 0.035  | 0.046  |



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|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Lincoln Financial Distributors           | 0.107   | 0.095   | 0.153   | 0.093   | 0.108   |         |
|  | -----   | -----   | -----   | -----   | -----   | -----   |
| Total by Distribution                    | 0.142   | 0.145   | 0.218   | 0.129   | 0.154   |         |
|  | =====   | =====   | =====   | =====   | =====   | =====   |
| Individual Insurance In-Force (Billions) |         |         |         |         |         |         |
| Universal Life & Other                   | 110.448 | 112.884 | 115.872 | 116.747 | 118.007 | 119.884 |
| Term Insurance                           | 97.039  | 98.424  | 100.130 | 102.467 | 105.265 | 107.142 |
|  | -----   | -----   | -----   | -----   | -----   | -----   |
| Total Segment In-Force                   | 207.487 | 211.308 | 216.002 | 219.214 | 223.272 | 227.026 |
|  | =====   | =====   | =====   | =====   | =====   | =====   |

\* Third quarter 2001 income from operations and net income include special charges of \$1.9 million pre-tax (\$2.9 million pre-tax) related to the events of September 11, 2001.

9/30/2001

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

|   | 1996    | 1997    | 1998    | 1999    |
|---|---------|---------|---------|---------|
|   | -----   | -----   | -----   | -----   |
| Lincoln Life                                    |         |         |         |         |
| Universal Life-Bal Beg-of-Year                  | 1.507   | 1.538   | 1.479   | 5.093   |
| Deposits  | 0.160   | 0.136   | 0.527   | 0.861   |
| Withdrawals & deaths                            | (0.221) | (0.284) | (0.575) | (0.385) |
|   | -----   | -----   | -----   | -----   |
| Net cash flows                                  | (0.061) | (0.148) | (0.048) | 0.475   |
| Policyholder assessments                        |         |         |         | (0.483) |
| Interest credited                               | 0.092   | 0.088   | 0.285   | 0.300   |
| Acq of new business/companies                   | 0.000   | 0.000   | 3.378   | 0.000   |
|   | -----   | -----   | -----   | -----   |
| Universal Life-Bal End of Year (1)              | 1.538   | 1.479   | 5.093   | 5.385   |
| Variable Universal Life-Bal Beg-of-Year         | 0.239   | 0.339   | 0.480   | 1.200   |
| Deposits  | 0.095   | 0.106   | 0.193   | 0.326   |
| Withdrawals & deaths                            | (0.030) | (0.040) | (0.100) | (0.099) |
|   | -----   | -----   | -----   | -----   |
| Net cash flows                                  | 0.065   | 0.065   | 0.093   | 0.228   |
| Policyholder assessments                        |         |         |         | (0.084) |
| Invest inc & chg in mkt value                   | 0.035   | 0.076   | 0.105   | 0.370   |
| Acq of new business/transfers between segments  | 0.000   | 0.000   | 0.522   | (0.110) |
|   | -----   | -----   | -----   | -----   |
| Variable Universal Life -Bal End-of-Year        | 0.339   | 0.480   | 1.200   | 1.605   |
| Interest Sensitive Whole Life - Bal Beg-of-Year |         |         |         | 1.784   |
| Deposits  |         |         | 0.340   | 0.355   |
| Withdrawals & deaths                            |         |         | (0.294) | (0.162) |
|   | -----   | -----   | -----   | -----   |

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|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Net cash flows                                 |         |         | 0.046   | 0.193   |
| Policyholder assessments                       |         |         |         | (0.168) |
| Interest credited                              |         |         | 0.096   | 0.109   |
| Acq of new business/companies                  |         |         | 1.642   | 0.045   |
|  | -----   | -----   | -----   | -----   |
| Int Sensitive Whole Life-Bal End -of -Year     |         |         | 1.784   | 1.963   |
|  | -----   | -----   | -----   | -----   |
| Total Lincoln Life -Bal Beg-of-Year            | 1.746   | 1.877   | 1.959   | 8.077   |
| Deposits                                       | 0.255   | 0.242   | 1.059   | 1.542   |
| Withdrawals & deaths                           | (0.251) | (0.324) | (0.968) | (0.646) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                 | 0.004   | (0.082) | 0.091   | 0.896   |
| Policyholder assessments                       |         |         |         | (0.734) |
| Invest inc & chg in mkt value                  | 0.127   | 0.164   | 0.486   | 0.778   |
| Acq of new business/transfers between segments |         |         | 5.542   | (0.065) |
|  | -----   | -----   | -----   | -----   |
| Total Lincoln Life - Bal End -of -Year         | 1.877   | 1.959   | 8.077   | 8.952   |
|  | -----   | -----   | -----   | -----   |
| VUL Under Agree -included above                |         |         | 0.631   | 0.704   |
|  |         |         |         |         |
| First Penn-Pacific (FPP)                       |         |         |         |         |
| Universal Life-Bal Beg-of-Year                 | 0.883   | 0.992   | 1.079   | 1.166   |
| Deposits                                       | 0.150   | 0.142   | 0.148   | 0.156   |
| Withdrawals & deaths                           | (0.098) | (0.115) | (0.126) | (0.067) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                 | 0.052   | 0.027   | 0.022   | 0.089   |
| Policyholder assessments                       |         |         |         | (0.060) |
| Interest credited                              | 0.056   | 0.061   | 0.065   | 0.071   |
|  | -----   | -----   | -----   | -----   |
| FPP Universal Life-Bal End-of-Year             | 0.992   | 1.079   | 1.166   | 1.265   |
|  | -----   | -----   | -----   | -----   |
| Total Segment- Life Insurance Account Values   |         |         |         |         |
| Bal Beg-of-Year                                | 2.629   | 2.869   | 3.038   | 9.243   |
| Deposits                                       | 0.405   | 0.384   | 1.207   | 1.698   |
| Withdrawals & deaths                           | (0.349) | (0.439) | (1.095) | (0.713) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                 | 0.056   | (0.056) | 0.113   | 0.985   |
| Policyholder assessments                       |         |         |         | (0.795) |
| Invest inc & change in market value            | 0.183   | 0.225   | 0.551   | 0.849   |
| Acq(sale) of new business/companies            |         |         | 5.542   | (0.065) |
|  | -----   | -----   | -----   | -----   |
| Total Segment -Bal End-of-Year                 | 2.869   | 3.038   | 9.243   | 10.217  |
|  | =====   | =====   | =====   | =====   |

9/30/2001

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

For the Quarter Ended

Dec

Mar

Jun

Sep

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|  | 1998    | 1999    | 1999    | 1999    |
|--|---------|---------|---------|---------|
| -----  |         |         |         |         |
| Lincoln Life                                       |         |         |         |         |
| Universal Life-Bal Beg-of-Quarter                  | 3.013   | 5.093   | 5.183   | 5.219   |
| Deposits   | 0.223   | 0.194   | 0.199   | 0.198   |
| Withdrawals & deaths                               | (0.236) | (0.050) | (0.135) | (0.091) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | (0.013) | 0.144   | 0.064   | 0.107   |
| Policyholder assessments                           | 0.000   | (0.116) | (0.118) | (0.121) |
| Interest credited                                  | 0.152   | 0.062   | 0.089   | 0.073   |
| Acq of new business/companies                      | 1.941   |         |         | 0.000   |
|  | -----   | -----   | -----   | -----   |
| Universal Life-Bal End-of-Quarter (1)              | 5.093   | 5.183   | 5.219   | 5.279   |
|  | -----   | -----   | -----   | -----   |
| Variable Universal Life-Bal Beg of Quarter         | 0.561   | 1.200   | 1.177   | 1.298   |
| Deposits   | 0.095   | 0.077   | 0.068   | 0.074   |
| Withdrawals & deaths                               | (0.063) | (0.011) | (0.013) | (0.049) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.032   | 0.066   | 0.055   | 0.025   |
| Policyholder assessments                           | 0.000   | (0.020) | (0.020) | (0.020) |
| Invest inc & chg in mkt value                      | 0.103   | 0.040   | 0.087   | (0.018) |
| Acq of new business/transfers between segments     | 0.504   | (0.110) |         | 0.000   |
|  | -----   | -----   | -----   | -----   |
| Variable Universal Life -Bal End-of-Quarter        | 1.200   | 1.177   | 1.298   | 1.285   |
|  | -----   | -----   | -----   | -----   |
| Interest Sensitive Whole Life - Bal Beg-of-Quarter | 1.730   | 1.784   | 1.865   | 1.895   |
| Deposits   | 0.116   | 0.083   | 0.073   | 0.086   |
| Withdrawals & deaths                               | (0.085) | (0.039) | (0.030) | (0.044) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.031   | 0.044   | 0.044   | 0.043   |
| Policyholder assessments                           |         | (0.039) | (0.039) | (0.042) |
| Interest credited                                  | 0.024   | 0.030   | 0.025   | 0.027   |
| Acq of new business/companies                      |         | 0.045   |         |         |
|  | -----   | -----   | -----   | -----   |
| Int Sensitive Whole Life-Bal End-of-Quarter        | 1.784   | 1.865   | 1.895   | 1.922   |
|  | -----   | -----   | -----   | -----   |
| Total Lincoln Life -Bal Beg-of-Quarter             | 5.304   | 8.077   | 8.225   | 8.412   |
| Deposits   | 0.433   | 0.354   | 0.340   | 0.358   |
| Withdrawals & deaths                               | (0.383) | (0.100) | (0.178) | (0.184) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.050   | 0.254   | 0.163   | 0.175   |
| Policyholder assessments                           |         | (0.174) | (0.176) | (0.183) |
| Invest inc & chg in mkt value                      | 0.279   | 0.132   | 0.201   | 0.082   |
| Acq of new business/transfers between segments     | 2.445   | (0.065) |         |         |
|  | -----   | -----   | -----   | -----   |
| Total Lincoln Life - Bal End-of-Quarter            | 8.077   | 8.225   | 8.412   | 8.485   |
|  | -----   | -----   | -----   | -----   |
| VUL Under Agree -included above                    | 0.631   | 0.699   | 0.770   | 0.681   |
|  | -----   | -----   | -----   | -----   |
| First Penn-Pacific (FPP)                           |         |         |         |         |
| Universal Life-Bal Beg-of-Quarter                  | 1.140   | 1.166   | 1.191   | 1.215   |

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|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Deposits   | 0.041   | 0.040   | 0.039   | 0.041   |
| Withdrawals & deaths                               | (0.032) | (0.017) | (0.017) | (0.019) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.009   | 0.023   | 0.022   | 0.022   |
| Policyholder assessments                           |         |         |         | (0.015) |
| Interest credited                                  | 0.017   | 0.017   | 0.017   | 0.018   |
|  | -----   | -----   | -----   | -----   |
| FPP Universal Life-Bal End-of-Quarter              | 1.166   | 1.191   | 1.215   | 1.240   |
|  | -----   | -----   | -----   | -----   |
| Total Segment- Life Insurance Account Values       |         |         |         |         |
| Bal Beg-of-Quarter                                 | 6.444   | 9.243   | 9.416   | 9.628   |
| Deposits   | 0.475   | 0.394   | 0.379   | 0.399   |
| Withdrawals & deaths                               | (0.415) | (0.117) | (0.195) | (0.202) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.060   | 0.277   | 0.185   | 0.197   |
| Policyholder assessments                           |         |         |         | (0.198) |
| Invest inc & change in market value                | 0.295   | 0.149   | 0.219   | 0.100   |
| Acq(sale) of new business/companies                | 2.445   | (0.065) | 0.000   | 0.000   |
|  | -----   | -----   | -----   | -----   |
| Total Segment -Bal End-of-Quarter                  | 9.243   | 9.416   | 9.628   | 9.726   |
|  | =====   | =====   | =====   | =====   |
| For the Quarter Ended                              |         |         |         |         |
|  | Jun     | Sep     | Dec     | Mar     |
|  | 2000    | 2000    | 2000    | 2001    |
| -----  |         |         |         |         |
| Lincoln Life                                       |         |         |         |         |
| Universal Life-Bal Beg-of-Quarter                  | 5.449   | 5.486   | 5.562   | 5.645   |
| Deposits   | 0.181   | 0.192   | 0.231   | 0.194   |
| Withdrawals & deaths                               | (0.093) | (0.064) | (0.093) | (0.069) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.088   | 0.128   | 0.139   | 0.125   |
| Policyholder assessments                           | (0.127) | (0.129) | (0.133) | (0.131) |
| Interest credited                                  | 0.076   | 0.077   | 0.078   | 0.078   |
| Acq of new business/companies                      | 0.000   |         |         |         |
|  | -----   | -----   | -----   | -----   |
| Universal Life-Bal End-of-Quarter (1)              | 5.486   | 5.562   | 5.645   | 5.718   |
|  | -----   | -----   | -----   | -----   |
| Variable Universal Life-Bal Beg of Quarter         | 1.771   | 1.764   | 1.812   | 1.808   |
| Deposits   | 0.128   | 0.123   | 0.245   | 0.136   |
| Withdrawals & deaths                               | (0.028) | (0.037) | (0.048) | (0.049) |
|  | -----   | -----   | -----   | -----   |
| Net cash flows                                     | 0.100   | 0.085   | 0.197   | 0.087   |
| Policyholder assessments                           | (0.033) | (0.036) | (0.041) | (0.041) |
| Invest inc & chg in mkt value                      | (0.074) | (0.001) | (0.160) | (0.221) |
| Acq of new business/transfers between segments     | 0.000   | 0.000   |         |         |
|  | -----   | -----   | -----   | -----   |
| Variable Universal Life -Bal End-of-Quarter        | 1.764   | 1.812   | 1.808   | 1.633   |
|  | -----   | -----   | -----   | -----   |
| Interest Sensitive Whole Life - Bal Beg-of-Quarter | 1.970   | 1.993   | 2.026   | 2.062   |
| Deposits   | 0.071   | 0.079   | 0.113   | 0.056   |
| Withdrawals & deaths                               | (0.037) | (0.033) | (0.056) | (0.041) |

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|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Net cash flows                                 | 0.034   | 0.045   | 0.057   | 0.014   |
| Policyholder assessments                       | (0.040) | (0.040) | (0.050) | (0.037) |
| Interest credited                              | 0.028   | 0.027   | 0.029   | 0.028   |
| Acq of new business/companies                  |         |         |         |         |
| Int Sensitive Whole Life-Bal End-of-Quarter    | 1.993   | 2.026   | 2.062   | 2.068   |
| Total Lincoln Life -Bal Beg-of-Quarter         | 9.190   | 9.242   | 9.400   | 9.516   |
| Deposits                                       | 0.380   | 0.393   | 0.589   | 0.386   |
| Withdrawals & deaths                           | (0.158) | (0.135) | (0.196) | (0.159) |
| Net cash flows                                 | 0.222   | 0.258   | 0.392   | 0.226   |
| Policyholder assessments                       | (0.200) | (0.205) | (0.224) | (0.209) |
| Invest inc & chg in mkt value                  | 0.030   | 0.104   | (0.053) | (0.114) |
| Acq of new business/transfers between segments |         |         |         |         |
| Total Lincoln Life - Bal End-of-Quarter        | 9.242   | 9.400   | 9.516   | 9.419   |
| VUL Under Agree -included above                | 0.707   | 0.698   | 0.609   | 0.527   |
| First Penn-Pacific (FPP)                       |         |         |         |         |
| Universal Life-Bal Beg-of-Quarter              | 1.280   | 1.296   | 1.317   | 1.331   |
| Deposits                                       | 0.031   | 0.035   | 0.033   | 0.032   |
| Withdrawals & deaths                           | (0.018) | (0.016) | (0.021) | (0.022) |
| Net cash flows                                 | 0.013   | 0.019   | 0.012   | 0.011   |
| Policyholder assessments                       | (0.016) | (0.017) | (0.017) | (0.016) |
| Interest credited                              | 0.019   | 0.019   | 0.019   | 0.020   |
| FPP Universal Life-Bal End-of-Quarter          | 1.296   | 1.317   | 1.331   | 1.345   |
| Total Segment- Life Insurance Account Values   |         |         |         |         |
| Bal Beg-of-Quarter                             | 10.470  | 10.538  | 10.716  | 10.847  |
| Deposits                                       | 0.411   | 0.428   | 0.622   | 0.418   |
| Withdrawals & deaths                           | (0.176) | (0.151) | (0.218) | (0.181) |
| Net cash flows                                 | 0.235   | 0.277   | 0.404   | 0.237   |
| Policyholder assessments                       | (0.216) | (0.221) | (0.241) | (0.225) |
| Invest inc & change in market value            | 0.048   | 0.123   | (0.033) | (0.094) |
| Acq(sale) of new business/companies            | 0.000   | 0.000   | 0.000   | 0.000   |
| Total Segment -Bal End-of-Quarter              | 10.538  | 10.716  | 10.847  | 10.764  |

(1) Includes fixed investment option of VUL products.

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9/30/01

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

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

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

- (1) 1999 and 1997 income includes special charges of \$65.4 million and \$243.7 million, respectively from operations and net income include special charges of \$31.3 million after-tax (\$48.2 million) from events of September 11, 2001.
- (2) Exited Businesses Under Mgmt incl. disability inc., HMO excess-of-loss, carrier medical, pers Serfin Lincoln (through March 2000).
- (3) Risk premium is an internal measure used to gauge the earnings power of the Individual Market total operating revenue less commissions, investment income on surplus, and that portion of risk policy reserves.

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9/30/01

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

| For the Quarter Ended                                      | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 |
|--|-------------|-------------|-------------|-------------|-------------|
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue  |             |             |             |             |             |
| Life and annuity premiums                                  | 200.1       | 172.0       | 173.1       | 166.2       | 231.9       |
| Health premiums  | 163.5       | 153.3       | 158.7       | 148.3       | 232.0       |
| Surrender charges  | 0.9         | 1.2         | 0.4         | 0.6         | 0.7         |
| Mortality assessments                                      | 0.7         | 0.7         | 0.1         | 0.0         | (0.2)       |
| Expense assessments  | 0.3         | 0.4         | (0.0)       | 0.0         | (0.2)       |
| Other revenue and fees                                     | 12.0        | 10.6        | 13.3        | 6.6         | 32.0        |
| Net investment income                                      | 80.3        | 79.6        | 79.2        | 80.8        | 77.0        |
| Equity earnings in unconsol affiliates                     | 1.3         | 1.6         | 1.1         | 1.2         | 1.8         |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue  | 459.1       | 419.4       | 425.8       | 403.7       | 575.1       |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Benefits and Expenses                            |             |             |             |             |             |
| Benefits paid or provided:                                 |             |             |             |             |             |
| Life and annuity policy benefits                           | 192.4       | 124.3       | 123.0       | 108.8       | 174.5       |
| Div accum & div to policyholders                           | 1.6         | 1.3         | 1.5         | 1.9         | 2.2         |
| Interest credited to policy bal.                           | 12.2        | 8.9         | 10.9        | 6.0         | 21.5        |
| Health policy benefits                                     | 129.0       | 143.5       | 161.7       | 187.4       | 153.9       |
| Underwriting, acquisition,<br>insurance and other expenses | 85.2        | 89.1        | 92.9        | 94.9        | 254.8       |
| Goodwill amortization                                      | 0.0         | (0.0)       | (0.8)       | 0.8         | 0.4         |
| Interest on notes payable                                  | 0.0         | 0.0         | 0.0         | 0.0         | 1.0         |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Benefits and Expenses                            | 420.5       | 367.1       | 389.2       | 399.7       | 608.4       |
|  | -----       | -----       | -----       | -----       | -----       |
| Income from Operations Before Tax                          | 38.6        | 52.4        | 36.7        | 3.9         | (33.3)      |
|  | -----       | -----       | -----       | -----       | -----       |
| Federal income taxes                                       | 13.3        | 18.6        | 13.0        | 1.7         | (13.7)      |
|  | -----       | -----       | -----       | -----       | -----       |
| Income from Operations (1)                                 | 25.3        | 33.8        | 23.7        | 2.2         | (19.5)      |
|  | -----       | -----       | -----       | -----       | -----       |
| Realized gains (losses) on investments                     | (1.4)       | 0.7         | 0.3         | 0.3         | 2.4         |
| Gains (losses) on derivatives                              |             |             |             |             |             |
| Restructuring charges                                      |             |             |             |             |             |
|  | -----       | -----       | -----       | -----       | -----       |
| Income before Accounting Changes                           | 23.9        | 34.5        | 24.0        | (0.7)       | (17.1)      |
|  | -----       | -----       | -----       | -----       | -----       |
| Cumulative effect of accounting changes                    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Net Income (1)   | 23.9        | 34.5        | 24.0        | (0.7)       | (17.1)      |
|  | =====       | =====       | =====       | =====       | =====       |
| Inc from Oper -before<br>Goodwill Amortization             | 25.3        | 33.7        | 22.8        | 3.0         | (19.1)      |
| Effective tax rate   | 34.5%       | 35.5%       | 35.5%       | 43.3%       | 41.3%       |



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|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Operating Revenue                                     | 459.1  | 419.4  | 425.8  | 403.7  | 575.1  |
| Realized gains (losses) on investments                | (1.8)  | 1.2    | 0.4    | 0.4    | 3.6    |
| Gains (losses) on derivatives                         |        |        |        |        |        |
|   | -----  | -----  | -----  | -----  | -----  |
| Total Revenue   | 457.2  | 420.6  | 426.2  | 404.1  | 578.8  |
|   | =====  | =====  | =====  | =====  | =====  |
| Revenue by Source (Including Investment Gains/Losses) |        |        |        |        |        |
| Individual Markets                                    | 214.3  | 187.9  | 191.4  | 182.0  | 252.9  |
| Group Markets   | 33.0   | 36.5   | 37.1   | 38.4   | 56.0   |
| Financial Reinsurance                                 | 58.4   | 80.6   | 81.9   | 72.5   | 109.5  |
| Other   | (1.4)  | (2.7)  | (1.6)  | (1.0)  | 0.3    |
|   | -----  | -----  | -----  | -----  | -----  |
| Total Revenue, Excl Exited Businesses                 | 304.4  | 302.2  | 308.8  | 291.9  | 418.7  |
| Exited Businesses Under Management (2)                | 152.9  | 118.4  | 117.4  | 112.2  | 160.0  |
|   | -----  | -----  | -----  | -----  | -----  |
| Total Revenue   | 457.2  | 420.6  | 426.2  | 404.1  | 578.8  |
|   | =====  | =====  | =====  | =====  | =====  |
| Income from Operations by Source                      |        |        |        |        |        |
| Individual Markets                                    | 26.6   | 25.4   | 21.3   | 24.9   | 20.2   |
| Group Markets   | 0.1    | 0.9    | 0.4    | (1.3)  | (1.7)  |
| Financial Reinsurance                                 | 5.5    | 7.3    | 4.7    | 4.2    | 5.5    |
| Other   | (0.5)  | (1.1)  | (1.1)  | (0.7)  | (1.4)  |
|   | -----  | -----  | -----  | -----  | -----  |
| Inc from Oper, Excl Exited Businesses                 | 31.6   | 32.5   | 25.4   | 27.1   | 22.6   |
| Exited Businesses Under Management (2)                | (6.3)  | 1.3    | (1.7)  | (24.8) | (42.2) |
|   | -----  | -----  | -----  | -----  | -----  |
| Income from Operations                                | 25.3   | 33.8   | 23.7   | 2.2    | (19.5) |
|   | =====  | =====  | =====  | =====  | =====  |
| Risk Premium (3)                                      | 144.1  | 130.4  | 128.4  | 129.0  | 155.8  |
| Individual Life Sales                                 |        |        |        |        |        |
| [Billions of Dollars]                                 | 40.2   | 18.5   | 20.0   | 28.8   | 49.6   |
| Ind Life In-Force                                     | 213.6  | 225.1  | 240.0  | 261.5  | 306.6  |
| Group Life In-Force                                   | 36.7   | 38.3   | 38.5   | 35.6   | 34.2   |
|   | -----  | -----  | -----  | -----  | -----  |
| Total Life In-Force                                   | 250.3  | 263.4  | 278.5  | 297.1  | 340.8  |
|   | =====  | =====  | =====  | =====  | =====  |
| [Billions of Dollars]                                 |        |        |        |        |        |
| Ratios [Percentages]                                  |        |        |        |        |        |
| Individual Life Mortality                             |        |        |        |        |        |
| Actual to Expected Loss Ratio                         | 94.3   | 85.8   | 88.9   | 81.7   | 97.2   |
| Employer Stop Loss-                                   |        |        |        |        |        |
| Loss Ratio  | 114.3  | 68.5   | 81.0   | 100.8  | 84.5   |
| Combined Ratio  | 141.8  | 100.8  | 119.1  | 133.1  | 111.8  |
| Average Capital                                       | 1019.6 | 1094.8 | 1064.9 | 1056.6 | 1060.9 |
| Average Capital, Excl Exited Business                 | 507.8  | 571.4  | 577.8  | 615.1  | 648.0  |
| Return on Average Capital,                            |        |        |        |        |        |
| Excluding Exited Business                             | 24.9%  | 22.8%  | 17.6%  | 17.6%  | 14.0%  |

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|  | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | Jun<br>2001 |
|--|-------------|-------------|-------------|-------------|-------------|
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue                                      |             |             |             |             |             |
| Life and annuity premiums                              | 229.1       | 238.9       | 273.2       | 320.0       | 261.9       |
| Health premiums  | 142.6       | 116.5       | 88.6        | 104.2       | 94.9        |
| Surrender charges                                      | 1.4         | 0.9         | 0.8         | 0.9         | 0.4         |
| Mortality assessments                                  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Expense assessments                                    | (0.0)       | (0.0)       | (0.0)       | (0.0)       | (0.0)       |
| Other revenue and fees                                 | 11.9        | 22.9        | 20.8        | 11.3        | 15.0        |
| Net investment income                                  | 73.7        | 78.5        | 77.2        | 77.9        | 79.2        |
| Equity earnings in unconsol affiliates                 | 0.2         | 0.2         | 0.6         | 0.9         | 0.0         |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Revenue                                      | 458.9       | 457.9       | 461.0       | 515.1       | 451.4       |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Benefits and Expenses                        |             |             |             |             |             |
| Benefits paid or provided:                             |             |             |             |             |             |
| Life and annuity policy benefits                       | 173.5       | 178.0       | 199.2       | 229.4       | 181.6       |
| Div accum & div to policyholders                       | 1.5         | 1.8         | 2.1         | 1.4         | 1.2         |
| Interest credited to policy bal.                       | 8.6         | 12.8        | 11.9        | 9.1         | 8.7         |
| Health policy benefits                                 | 116.8       | 119.7       | 88.2        | 97.5        | 89.6        |
| Underwriting, acquisition insurance and other expenses | 117.2       | 100.1       | 103.1       | 103.7       | 115.8       |
| Goodwill amortization                                  | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |
| Interest on notes payable                              | 2.7         | 3.0         | 3.2         | 2.8         | 2.3         |
|  | -----       | -----       | -----       | -----       | -----       |
| Operating Benefits and Expenses                        | 420.6       | 415.9       | 408.1       | 444.5       | 399.7       |
|  | -----       | -----       | -----       | -----       | -----       |
| Income from Operations Before Tax                      | 38.2        | 42.0        | 52.9        | 70.6        | 51.7        |
| Federal income taxes                                   | 12.4        | 13.8        | 16.3        | 23.8        | 17.6        |
|  | -----       | -----       | -----       | -----       | -----       |
| Income from Operations (1)                             | 25.8        | 28.2        | 36.6        | 46.8        | 34.1        |
|  | -----       | -----       | -----       | -----       | -----       |
| Realized gains (losses) on investments                 | (1.1)       | (2.2)       | 1.2         | (4.6)       | (1.7)       |
| Gains (losses) on derivatives                          |             |             |             | 0.0         | (0.0)       |
| Restructuring charges                                  |             |             | 0.7         |             |             |
|  | -----       | -----       | -----       | -----       | -----       |
| Income before Accounting Changes                       | 24.7        | 26.0        | 38.5        | 42.2        | 32.4        |
| Cumulative effect of accounting changes                | 0.0         | 0.0         | 0.0         | (0.1)       | (2.2)       |
| Net Income (1)   | 24.7        | 26.0        | 38.5        | 42.0        | 30.2        |
|  | =====       | =====       | =====       | =====       | =====       |
| Inc from Oper -before                                  |             |             |             |             |             |
| Goodwill Amortization                                  | 26.3        | 28.6        | 37.0        | 47.2        | 34.6        |
| Effective tax rate                                     | 32.5%       | 32.9%       | 30.8%       | 33.8%       | 34.0%       |
| Operating Revenue                                      | 458.9       | 457.9       | 461.0       | 515.1       | 451.4       |
| Realized gains (losses) on investments                 | (1.7)       | (3.5)       | 2.2         | (7.1)       | (2.7)       |
| Gains (losses) on derivatives                          |             |             |             | 0.0         | 0.0         |
|  | -----       | -----       | -----       | -----       | -----       |
| Total Revenue  | 457.2       | 454.4       | 463.2       | 508.0       | 448.7       |
|  | =====       | =====       | =====       | =====       | =====       |

Revenue by Source (Including Investment

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|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Gains/Losses)                          |        |        |        |        |        |
| Individual Markets                     | 249.2  | 262.4  | 295.0  | 340.7  | 284.9  |
| Group Markets                          | 75.6   | 77.5   | 77.2   | 84.9   | 87.1   |
| Financial Reinsurance                  | 29.8   | 29.4   | 33.6   | 24.8   | 28.7   |
| Other                                  | 2.5    | 3.9    | 3.2    | 3.8    | 2.9    |
|  | -----  | -----  | -----  | -----  | -----  |
| Total Revenue, Excl Exited Businesses  | 357.1  | 373.1  | 409.0  | 454.2  | 403.5  |
| Exited Businesses Under Management (2) | 100.1  | 81.3   | 54.2   | 53.8   | 45.2   |
|  | -----  | -----  | -----  | -----  | -----  |
| Total Revenue                          | 457.2  | 454.4  | 463.2  | 508.0  | 448.7  |
|  | =====  | =====  | =====  | =====  | =====  |
| <br>                                   |        |        |        |        |        |
| Income from Operations by Source       |        |        |        |        |        |
| Individual Markets                     | 22.6   | 20.5   | 28.3   | 39.5   | 24.8   |
| Group Markets                          | 1.2    | 1.5    | 3.7    | 2.5    | 3.2    |
| Financial Reinsurance                  | 4.0    | 4.5    | 4.6    | 3.7    | 6.8    |
| Other                                  | (1.6)  | (1.1)  | (3.3)  | (1.1)  | (1.3)  |
|  | -----  | -----  | -----  | -----  | -----  |
| Inc from Oper, Excl Exited Businesses  | 26.3   | 25.4   | 33.4   | 44.6   | 33.4   |
| Exited Businesses Under Management (2) | (0.4)  | 2.8    | 3.2    | 2.2    | 0.7    |
|  | -----  | -----  | -----  | -----  | -----  |
| Income from Operations                 | 25.8   | 28.2   | 36.6   | 46.8   | 34.1   |
|  | =====  | =====  | =====  | =====  | =====  |
| <br>                                   |        |        |        |        |        |
| Risk Premium (3)                       | 158.5  | 179.0  | 185.1  | 229.0  | 194.3  |
| <br>                                   |        |        |        |        |        |
| Individual Life Sales                  |        |        |        |        |        |
| [Billions of Dollars]                  | 37.2   | 37.2   | 35.2   | 30.9   | 28.3   |
| <br>                                   |        |        |        |        |        |
| Ind Life In-Force                      | 354.0  | 381.4  | 407.4  | 426.2  | 447.8  |
| Group Life In-Force                    | 30.5   | 31.2   | 29.3   | 27.2   | 27.9   |
|  | -----  | -----  | -----  | -----  | -----  |
| Total Life In-Force                    | 384.4  | 412.6  | 436.7  | 453.4  | 475.7  |
|  | =====  | =====  | =====  | =====  | =====  |
| [Billions of Dollars]                  |        |        |        |        |        |
| <br>                                   |        |        |        |        |        |
| Ratios [Percentages]                   |        |        |        |        |        |
| Individual Life Mortality              |        |        |        |        |        |
| Actual to Expected Loss Ratio          | 96.9   | 101.2  | 93.9   | 88.7   | 97.4   |
| Employer Stop Loss-                    |        |        |        |        |        |
| Loss Ratio                             | 72.6   | 76.5   | 72.0   | 71.4   | 73.8   |
| Combined Ratio                         | 100.8  | 100.9  | 95.9   | 95.8   | 96.9   |
| <br>                                   |        |        |        |        |        |
| Average Capital                        | 1039.0 | 1075.0 | 1124.3 | 1100.0 | 1062.7 |
| Average Capital, Excl Exited Business  | 732.7  | 761.1  | 790.1  | 773.5  | 791.1  |
| Return on Average Capital,             |        |        |        |        |        |
| Excluding Exited Business              | 14.3%  | 13.3%  | 16.9%  | 23.0%  | 16.9%  |

(1) Third quarter 1999 and fourth quarter 1999 income includes special charges of \$25.0 million million, respectively. The first quarter 2001 includes \$25.5 million for a change in estimate of receivable. Third quarter 2001 income from operations and net income include special charges of million after-tax (\$48.2 million pre-tax) related to the events of September 11, 2001.

(2) Exited Businesses Under Mgmt incl. disability inc., HMO excess-of-loss, carrier medical, pers accident and Seguros Serfin Lincoln (through March 2000).

(3) Risk premium is an internal measure used to gauge the earnings power of the Individual Market segment and is equal to total operating revenue less commissions, investment income on surplus, and that portion of revenue required to fund policy reserves. The risk premium for the first quarter 2001, includes the effect of the change in estimate for premiums receivable.

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9/30/2001

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Investment Management  
Income Statements  
Unaudited [Millions of Dollars]

|  |       |
|--|-------|
| For the Year Ended December 31                             | 1996  |
| -----  |       |
| Operating Revenue  |       |
| Investment advisory fees - External                        | 199.8 |
| Investment advisory fees - Insurance Assets                | 65.7  |
| Other revenue and fees                                     | 59.3  |
| Net investment income                                      | 75.8  |
|  | ----- |
| Operating Revenue  | 400.6 |
|  | ----- |
| Operating Benefits and Expenses                            |       |
| Underwriting, acquisition,<br>insurance and other expenses | 350.1 |
| Goodwill amortization                                      | 13.7  |
| Interest on notes payable                                  | 0.0   |
|  | ----- |
| Operating Benefits and Expenses                            | 363.8 |
|  | ----- |
| Income from Operations Before Tax                          | 36.8  |
|  | ----- |
| Federal income taxes                                       | 18.2  |
|  | ----- |
| Income from Operations                                     | 18.6  |
|  | ----- |
| Realized gains (losses) on investments                     | 6.4   |
| Gains(losses) on derivatives                               |       |
| Restructuring Charges                                      | 0.0   |
|  | ----- |
| Income before Accounting Changes                           | 25.0  |
| Cumulative effect of accounting changes                    |       |
|  | ----- |
| Net Income   | 25.0  |
|  | ===== |
| Income from Operations- before Goodwill Amortization       | 32.4  |
| Income from Operations - before Goodwill & Intang. Amort   | 42.6  |
|  | ----- |
| Operating Revenue  | 400.6 |
| Realized gains (losses) on investments                     | 9.9   |
| Gains(losses) on derivatives                               |       |
|  | ----- |
| Total Revenue  | 410.5 |
|  | ===== |
| Average Capital (Securities at Cost)                       | 646.1 |
| Return on Capital  | 2.9%  |

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

Operating Revenue

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|   |       |        |       |       |       |       |
|---|-------|--------|-------|-------|-------|-------|
| Investment advisory fees - External                     | 62.5  | 65.1   | 62.5  | 60.7  | 60.3  | 60.0  |
| Investment advisory fees - Insurance Assets             | 20.8  | 21.0   | 20.7  | 19.9  | 22.1  | 21.0  |
| Other revenue and fees                                  | 24.9  | 25.6   | 26.3  | 24.9  | 29.8  | 31.9  |
| Net investment income                                   | 16.7  | 14.9   | 14.1  | 13.9  | 13.9  | 13.0  |
| Operating Revenue                                       | 124.9 | 126.6  | 123.6 | 119.3 | 126.1 | 126.0 |
| Operating Benefits and Expenses                         |       |        |       |       |       |       |
| Underwriting, acquisition, insurance and other expenses | 98.5  | 97.8   | 97.3  | 92.8  | 96.3  | 102.5 |
| Goodwill amortization                                   | 4.1   | 4.1    | 4.1   | 4.1   | 4.1   | 4.1   |
| Interest on notes payable                               | 0.0   | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| Operating Benefits & Expenses                           | 102.6 | 101.9  | 101.4 | 96.8  | 100.4 | 106.6 |
| Income from Operations Before Tax                       | 22.3  | 24.7   | 22.2  | 22.5  | 25.7  | 19.4  |
| Federal income taxes                                    | 7.7   | 9.4    | 7.9   | 7.7   | 9.1   | 7.0   |
| Income from Operations                                  | 14.6  | 15.4   | 14.3  | 14.7  | 16.5  | 12.4  |
| Realized gains (losses) on investments                  | 1.8   | 0.2    | (0.3) | (0.3) | 0.4   | (0.1) |
| Gains (losses) on derivatives                           | 0.0   | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| Restructuring Charges                                   | 0.0   | (12.1) | 0.0   | 0.0   | 2.9   | 0.0   |
| Income before Accounting Changes                        | 16.4  | 3.4    | 14.0  | 14.4  | 19.8  | 12.3  |
| Cumulative effect of accounting changes                 | 0.0   | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| Net Income  | 16.4  | 3.4    | 14.0  | 14.4  | 19.8  | 12.3  |
| Inc from Oper -before                                   |       |        |       |       |       |       |
| Goodwill Amortization                                   | 18.7  | 19.4   | 18.4  | 18.8  | 20.6  | 16.5  |
| Inc from Oper -before                                   |       |        |       |       |       |       |
| Goodwill & Intang. Amort                                | 21.9  | 22.4   | 21.3  | 21.7  | 23.3  | 19.4  |
| Operating Revenue                                       | 124.9 | 126.6  | 123.6 | 119.3 | 126.1 | 126.0 |
| Realized gains (losses) on investments                  | 3.0   | 0.2    | (0.4) | (0.5) | 0.6   | (0.2) |
| Gains (losses) on derivatives                           | 0.0   | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| Total Revenue   | 127.9 | 126.8  | 123.2 | 118.8 | 126.6 | 125.8 |
| Average Capital (Securities at Cost)                    | 635.3 | 612.6  | 591.6 | 587.2 | 584.2 | 581.5 |
| Return on Capital                                       | 9.2%  | 10.0%  | 9.7%  | 10.0% | 11.3% | 8.6%  |
|   |       |        |       |       | YTD   | YTD   |
|   |       |        |       |       | Sep   | Sep   |
| For the Year Ended December 31                          | 1997  | 1998   | 1999  | 2000  | 2000  | 2001  |
| -----   |       |        |       |       |       |       |
| Operating Revenue                                       |       |        |       |       |       |       |
| Investment advisory fees - External                     | 229.9 | 249.0  | 248.6 | 231.6 | 174.8 | 147.8 |
| Investment advisory fees - Insurance Assets             | 68.5  | 82.5   | 83.6  | 88.9  | 65.8  | 65.4  |
| Other revenue and fees                                  | 76.3  | 92.5   | 106.6 | 115.9 | 89.4  | 75.9  |
| Net investment income                                   | 72.8  | 67.0   | 56.9  | 57.7  | 43.9  | 40.8  |
| Operating Revenue                                       | 447.5 | 491.0  | 495.6 | 494.2 | 374.0 | 329.9 |
| -----   |       |        |       |       |       |       |
| Operating Benefits and Expenses                         |       |        |       |       |       |       |

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|  |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Underwriting, acquisition,<br>insurance and other expenses | 396.1       | 401.5       | 384.3       | 408.7       | 305.7       | 301.5       |
| Goodwill amortization                                      | 15.5        | 16.3        | 16.2        | 16.2        | 12.2        | 12.2        |
| Interest on notes payable                                  | 0.2         | 0.3         | 0.0         | 0.0         | 0.0         | 0.0         |
| Operating Benefits and Expenses                            | 411.8       | 418.2       | 400.5       | 425.0       | 317.9       | 313.6       |
| Income from Operations Before Tax                          | 35.8        | 72.8        | 95.1        | 69.2        | 56.1        | 16.2        |
| Federal income taxes                                       | 17.7        | 28.9        | 34.1        | 25.1        | 20.7        | 6.7         |
| Income from Operations                                     | 18.1        | 43.9        | 61.0        | 44.1        | 35.4        | 9.6         |
| Realized gains (losses) on investments                     | 7.0         | 0.5         | (0.1)       | (2.5)       | (2.4)       | (1.7)       |
| Gains(losses) on derivatives                               |             |             |             |             |             |             |
| Restructuring Charges                                      | 0.0         | 0.0         | (9.2)       | (4.6)       | (2.7)       | 0.0         |
| Income before Accounting Changes                           | 25.1        | 44.4        | 51.6        | 37.0        | 30.4        | 7.9         |
| Cumulative effect of accounting changes                    |             |             |             |             |             | (0.1)       |
| Net Income   | 25.1        | 44.4        | 51.6        | 37.0        | 30.4        | 7.8         |
| Income from Operations- before<br>Goodwill Amortization    | 33.6        | 60.3        | 77.2        | 60.3        | 47.6        | 21.7        |
| Income from Operations - before<br>Goodwill & Intang.Amort | 45.2        | 72.6        | 88.7        | 70.9        | 55.7        | 27.3        |
| Operating Revenue  | 447.5       | 491.0       | 495.6       | 494.2       | 374.0       | 329.9       |
| Realized gains (losses) on investments                     | 11.6        | 0.9         | (0.1)       | (3.9)       | (3.6)       | (2.6)       |
| Gains(losses) on derivatives                               |             |             |             |             |             |             |
| Total Revenue  | 459.1       | 491.9       | 495.5       | 490.3       | 370.3       | 327.2       |
| Average Capital (Securities at Cost)                       | 653.3       | 642.3       | 593.9       | 575.2       | 580.7       | 544.8       |
| Return on Capital  | 2.8%        | 6.8%        | 10.3%       | 7.7%        | 8.1%        | 2.3%        |
| For the Quarter Ended                                      | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | Jun<br>2001 | Sep<br>2001 |
| Operating Revenue  |             |             |             |             |             |             |
| Investment advisory fees - External                        | 57.9        | 56.9        | 56.7        | 50.5        | 51.1        | 46.2        |
| Investment advisory fees - Insurance Assets                | 22.3        | 22.5        | 23.1        | 22.1        | 21.6        | 21.8        |
| Other revenue and fees                                     | 31.0        | 26.4        | 26.6        | 26.3        | 25.7        | 23.9        |
| Net investment income                                      | 12.6        | 18.3        | 13.8        | 14.1        | 13.0        | 13.6        |
| Operating Revenue  | 123.8       | 124.1       | 120.2       | 113.0       | 111.4       | 105.5       |
| Operating Benefits and Expenses                            |             |             |             |             |             |             |
| Underwriting, acquisition,<br>insurance and other expenses | 99.3        | 103.9       | 103.0       | 104.7       | 101.6       | 95.1        |
| Goodwill amortization                                      | 4.1         | 4.1         | 4.1         | 4.1         | 4.1         | 4.1         |
| Interest on notes payable                                  | 0.0         | 0.0         | (0.0)       | 0.0         | 0.0         | 0.0         |
| Operating Benefits & Expenses                              | 103.3       | 107.9       | 107.1       | 108.8       | 105.7       | 99.2        |
| Income from Operations Before Tax                          | 20.5        | 16.2        | 13.1        | 4.2         | 5.7         | 6.3         |
| Federal income taxes                                       | 7.4         | 6.3         | 4.4         | 1.8         | 2.0         | 2.9         |
| Income from Operations                                     | 13.1        | 9.9         | 8.7         | 2.4         | 3.7         | 3.5         |
| Realized gains (losses) on investments                     | (2.0)       | (0.2)       | (0.2)       | (0.5)       | (0.7)       | (0.5)       |

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|   |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|
| Gains (losses) on derivatives           | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Restructuring Charges                   | (2.7) | 0.0   | (1.9) | 0.0   | 0.0   | 0.0   |
| Income before Accounting Changes        | 8.4   | 9.7   | 6.6   | 2.0   | 3.0   | 2.9   |
| Cumulative effect of accounting changes | 0.0   | 0.0   | 0.0   | 0.0   | (0.1) | 0.0   |
| Net Income                              | 8.4   | 9.7   | 6.6   | 2.0   | 2.9   | 2.9   |
| Inc from Oper -before                   |       |       |       |       |       |       |
| Goodwill Amortization                   | 17.1  | 14.0  | 12.7  | 6.5   | 7.7   | 7.5   |
| Inc from Oper -before                   |       |       |       |       |       |       |
| Goodwill & Intang. Amort                | 19.7  | 16.6  | 15.2  | 9.1   | 9.2   | 9.0   |
| Operating Revenue                       | 123.8 | 124.1 | 120.2 | 113.0 | 111.4 | 105.5 |
| Realized gains (losses) on investments  | (3.1) | (0.4) | (0.3) | (0.7) | (1.1) | (0.8) |
| Gains (losses) on derivatives           | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Total Revenue                           | 120.7 | 123.8 | 120.0 | 112.3 | 110.3 | 104.7 |
| Average Capital (Securities at Cost)    | 593.0 | 567.7 | 558.5 | 548.3 | 542.8 | 543.1 |
| Return on Capital                       | 8.8%  | 7.0%  | 6.2%  | 1.8%  | 2.7%  | 2.5%  |

9/30/01

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

|                                 | 1996    | 1997    | 1998    | 1999    |
|---------------------------------|---------|---------|---------|---------|
| Retail Fixed - Bal Beg-of-Year  | 6.094   | 5.853   | 8.125   | 8.217   |
| Fund Sales                      | 0.764   | 0.961   | 1.165   | 0.991   |
| Redemptions                     | (0.986) | (1.271) | (1.235) | (1.424) |
| Net Money Market                | (0.079) | (0.069) | (0.140) | (0.110) |
| Transfers                       | (0.114) | (0.220) | 0.132   | 0.177   |
| Net Cash Flows                  | (0.415) | (0.599) | (0.078) | (0.366) |
| Income Retained                 | 0.237   | 0.276   | 0.291   | 0.276   |
| Market Apprec/Deprec            | (0.062) | 0.049   | (0.121) | (0.704) |
| Acq of New Company/Business     |         | 2.547   |         |         |
| Balance End-of-Year             | 5.853   | 8.125   | 8.217   | 7.424   |
| Retail Equity - Bal Beg-of-Year | 9.974   | 13.152  | 17.754  | 22.080  |
| Fund Sales                      | 2.175   | 2.953   | 3.581   | 3.271   |
| Redemptions                     | (1.037) | (1.926) | (2.460) | (4.971) |
| Net Money Market                |         | 0.000   | (0.002) | (0.001) |
| Transfers                       | 0.188   | 0.209   | 0.730   | (0.143) |

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|  |         |         |         |         |   |
|--|---------|---------|---------|---------|---|
| Net Cash Flows                         | 1.327   | 1.236   | 1.849   | (1.844) | ( |
| Income Retained                        | 0.039   | 0.005   | 0.220   | 0.120   | ( |
| Market Apprec/Deprec                   | 1.812   | 3.317   | 2.256   | 3.028   | ( |
| Acq of New Company/Business            |         | 0.043   |         |         | ( |
| Balance at End-of-Year                 | 13.152  | 17.754  | 22.080  | 23.383  | 2 |
| Total Retail - Bal Beg-of-Year         | 16.068  | 19.006  | 25.879  | 30.297  | 3 |
| Retail Sales-Annuities                 | 1.638   | 2.163   | 2.238   | 1.561   |   |
| Retail Sales-Mutual Funds              | 0.849   | 1.218   | 1.913   | 2.153   |   |
| Retail Sales-Wrap & Other              | 0.454   | 0.533   | 0.596   | 0.550   |   |
| Total Retail Sales                     | 2.940   | 3.914   | 4.745   | 4.264   |   |
| Redemptions                            | (2.023) | (3.197) | (3.694) | (6.396) | ( |
| Net Money Market                       | (0.079) | (0.068) | (0.141) | (0.111) | ( |
| Transfers                              | 0.074   | (0.011) | 0.862   | 0.034   | ( |
| Net Cash Flows                         | 0.912   | 0.637   | 1.772   | (2.209) | ( |
| Income Retained                        | 0.276   | 0.281   | 0.511   | 0.396   | ( |
| Market Apprec/Deprec                   | 1.750   | 3.366   | 2.136   | 2.324   | ( |
| Acq of New Company/Business            |         | 2.590   |         |         | ( |
| Balance at End-of-Year                 | 19.006  | 25.879  | 30.297  | 30.807  | 2 |
| Institutional Fixed - Bal Beg-of-Year  | 2.956   | 3.580   | 5.708   | 6.955   |   |
| Inflows                                | 1.516   | 2.509   | 2.169   | 2.000   |   |
| Withdrawals/Terminations               | (1.155) | (0.787) | (1.242) | (1.699) | ( |
| Transfers                              | 0.015   | 0.013   | (0.074) | (0.001) | ( |
| Net Cash Flows                         | 0.376   | 1.735   | 0.853   | 0.300   | ( |
| Income Retained                        | 0.145   | 0.225   | 0.333   | 0.346   |   |
| Market Apprec/Deprec                   | 0.104   | 0.118   | 0.061   | (0.665) |   |
| Acq of New Company/Business            |         | 0.051   |         |         |   |
| Balance at End-of-Year                 | 3.580   | 5.708   | 6.955   | 6.937   |   |
| Institutional Equity - Bal Beg-of-Year | 21.619  | 22.886  | 24.871  | 24.235  | 2 |
| Inflows                                | 1.974   | 2.465   | 3.840   | 5.248   |   |
| Withdrawals/Terminations               | (4.772) | (6.447) | (7.441) | (7.801) | ( |
| Transfers                              | (0.007) | (0.068) | 0.047   | 0.011   | ( |
| Net Cash Flows                         | (2.805) | (4.049) | (3.555) | (2.542) | ( |
| Income Retained                        | 0.557   | 0.491   | 0.473   | 0.482   |   |
| Market Apprec/Deprec                   | 3.514   | 5.544   | 2.446   | 1.453   | ( |
| Acq of New Company/Business            |         |         |         |         |   |
| Balance at End-of-Year                 | 22.886  | 24.871  | 24.235  | 23.630  | 1 |
| Total Institutional - Bal Beg-of-Year  | 24.575  | 26.465  | 30.579  | 31.191  | 3 |
| Inflows                                | 3.490   | 4.975   | 6.009   | 7.249   |   |
| Withdrawals/Terminations               | (5.928) | (7.234) | (8.683) | (9.500) | ( |
| Transfers                              | 0.008   | (0.055) | (0.027) | 0.011   | ( |



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|   |         |         |         |         |   |
|---|---------|---------|---------|---------|---|
| Net Cash Flows                                  | (2.429) | (2.314) | (2.702) | (2.240) | ( |
| Income Retained                                 | 0.702   | 0.716   | 0.806   | 0.829   | ( |
| Market Apprec/Deprec                            | 3.618   | 5.662   | 2.508   | 0.789   | ( |
| Acq of New Company/Business                     |         | 0.051   |         |         |   |
| Balance at End-of-Year                          | 26.465  | 30.579  | 31.191  | 30.567  | 2 |
| Total Retail/Institutional - At End-of-Year     | 45.471  | 56.458  | 61.488  | 61.374  | 5 |
| Insurance Assets - At End-of-Year               | 37.453  | 35.684  | 39.432  | 35.934  | 3 |
| Total Assets Under Management<br>At End-of-Year | 82.924  | 92.142  | 100.920 | 97.308  | 8 |

9/30/01

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

|                                | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 |
|--------------------------------|-------------|-------------|-------------|-------------|
| Retail Fixed - Bal-Beg-of-Qtr  | 8.287       | 8.217       | 8.233       | 7.945       |
| Fund Sales                     | 0.246       | 0.316       | 0.263       | 0.231       |
| Redemptions                    | (0.387)     | (0.313)     | (0.366)     | (0.342)     |
| Net Money Market               | (0.000)     | (0.019)     | (0.033)     | (0.029)     |
| Transfers                      | 0.007       | 0.032       | (0.043)     | 0.034       |
| Net Cash Flows                 | (0.134)     | 0.016       | (0.179)     | (0.106)     |
| Income Retained                | 0.076       | 0.066       | 0.074       | 0.069       |
| Market Apprec/Deprec           | (0.012)     | (0.067)     | (0.185)     | (0.228)     |
| Balance at End-of-Qtr          | 8.217       | 8.233       | 7.945       | 7.680       |
| Retail Equity - Bal-Beg-of-Qtr | 18.785      | 22.080      | 21.798      | 22.340      |
| Fund Sales                     | 0.802       | 0.856       | 0.790       | 0.730       |
| Redemptions                    | (0.915)     | (1.030)     | (1.957)     | (0.865)     |
| Net Money Market               | 0.000       | 0.000       | (0.001)     | 0.000       |
| Transfers                      | (0.011)     | (0.034)     | 0.036       | (0.060)     |
| Net Cash Flows                 | (0.124)     | (0.208)     | (1.132)     | (0.195)     |
| Income Retained                | (0.001)     | 0.053       | 0.061       | 0.007       |
| Market Apprec/Deprec           | 3.420       | (0.128)     | 1.614       | (1.279)     |

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|                                       |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|
| Balance at End-of-Qtr                 | 22.080  | 21.798  | 22.340  | 20.873  |
| Total Retail - Bal-Beg-of-Qtr         | 27.072  | 30.297  | 30.031  | 30.285  |
| Retail Sales-Annuities                | 0.507   | 0.428   | 0.393   | 0.332   |
| Retail Sales-Mutual Funds             | 0.403   | 0.565   | 0.487   | 0.514   |
| Retail Sales-Wrap & Other             | 0.136   | 0.182   | 0.173   | 0.116   |
| Total Retail Sales                    | 1.046   | 1.175   | 1.053   | 0.962   |
| Redemptions                           | (1.302) | (1.343) | (2.323) | (1.207) |
| Net Money Market                      | 0.000   | (0.019) | (0.033) | (0.029) |
| Transfers                             | (0.004) | (0.001) | (0.006) | (0.027) |
| Net Cash Flows                        | (0.260) | (0.188) | (1.309) | (0.301) |
| Income Retained                       | 0.075   | 0.119   | 0.134   | 0.076   |
| Market Apprec/Deprec                  | 3.409   | (0.196) | 1.429   | (1.507) |
| Balance at End-of-Qtr                 | 30.297  | 30.031  | 30.285  | 28.553  |
| Institutional Fixed - Bal-Beg-of-Qtr  | 6.769   | 6.955   | 6.984   | 7.264   |
| Inflows                               | 0.170   | 0.657   | 0.478   | 0.446   |
| Withdrawals/Terminations              | (0.225) | (0.415) | (0.210) | (0.294) |
| Transfers                             | 0.008   | (0.003) | 0.003   | (0.002) |
| Net Cash Flows                        | (0.047) | 0.239   | 0.271   | 0.150   |
| Income Retained                       | 0.060   | 0.089   | 0.079   | 0.110   |
| Market Apprec/Deprec                  | 0.173   | (0.300) | (0.070) | (0.306) |
| Balance at End-of-Qtr                 | 6.955   | 6.984   | 7.264   | 7.218   |
| Institutional Equity - Bal-Beg-of-Qtr | 21.702  | 24.235  | 22.927  | 23.962  |
| Inflows                               | 1.165   | 1.297   | 1.179   | 1.839   |
| Withdrawals/Terminations              | (2.072) | (2.540) | (2.052) | (1.165) |
| Transfers                             | 0.013   | 0.011   | 0.019   | (0.008) |
| Net Cash Flows                        | (0.895) | (1.232) | (0.854) | 0.666   |
| Income Retained                       | 0.098   | 0.104   | 0.118   | 0.167   |
| Market Apprec/Deprec                  | 3.330   | (0.180) | 1.771   | (1.697) |
| Balance at End-of-Qtr                 | 24.235  | 22.927  | 23.962  | 23.098  |
| Total Institutional - Bal-Beg-of-Qtr  | 28.471  | 31.191  | 29.910  | 31.226  |
| Inflows                               | 1.335   | 1.953   | 1.656   | 2.284   |
| Withdrawals/Terminations              | (2.297) | (2.955) | (2.262) | (1.458) |
| Transfers                             | 0.021   | 0.008   | 0.022   | (0.010) |
| Net Cash Flows                        | (0.942) | (0.994) | (0.584) | 0.816   |
| Income Retained                       | 0.158   | 0.193   | 0.197   | 0.277   |
| Market Apprec/Deprec                  | 3.504   | (0.480) | 1.702   | (2.003) |
| Balance at End-of-Qtr                 | 31.191  | 29.910  | 31.226  | 30.316  |
| Total Retail/Inst - At End-of-Qtr     | 61.488  | 59.941  | 61.511  | 58.869  |

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|                                      | 39.432  | 38.516  | 37.391  | 36.820  |
|--------------------------------------|---------|---------|---------|---------|
| Insurance Assets-End-of-Qtr          |         |         |         |         |
| Total Assets Under Management        |         |         |         |         |
| At End-of-Qtr                        | 100.920 | 98.457  | 98.902  | 95.689  |
|                                      | =====   | =====   | =====   | =====   |
|                                      | Jun     | Sep     | Dec     | Mar     |
|                                      | 2000    | 2000    | 2000    | 2001    |
| -----                                |         |         |         |         |
| Retail Fixed - Bal-Beg-of-Qtr        | 6.964   | 6.667   | 6.531   | 6.499   |
| Fund Sales                           | 0.152   | 0.213   | 0.200   | 0.235   |
| Redemptions                          | (0.328) | (0.321) | (0.272) | (0.255) |
| Net Money Market                     | (0.058) | (0.031) | (0.051) | 0.010   |
| Transfers                            | (0.045) | (0.033) | 0.013   | 0.042   |
|                                      | -----   | -----   | -----   | -----   |
| Net Cash Flows                       | (0.279) | (0.171) | (0.109) | 0.032   |
| Income Retained                      | 0.063   | 0.059   | 0.057   | 0.054   |
| Market Apprec/Deprec                 | (0.082) | (0.023) | 0.021   | 0.046   |
|                                      | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                | 6.667   | 6.531   | 6.499   | 6.631   |
|                                      | -----   | -----   | -----   | -----   |
| Retail Equity - Bal-Beg-of-Qtr       | 24.102  | 23.129  | 23.680  | 21.174  |
| Fund Sales                           | 0.868   | 0.904   | 1.055   | 0.888   |
| Redemptions                          | (0.971) | (1.027) | (0.820) | (0.899) |
| Net Money Market                     | 0.000   | 0.001   | 0.000   | 0.000   |
| Transfers                            | 0.018   | (0.033) | (0.068) | (0.068) |
|                                      | -----   | -----   | -----   | -----   |
| Net Cash Flows                       | (0.085) | (0.154) | 0.167   | (0.079) |
| Income Retained                      | 0.021   | 0.005   | 0.025   | 0.007   |
| Market Apprec/Deprec                 | (0.908) | 0.701   | (2.698) | (3.168) |
|                                      | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                | 23.129  | 23.680  | 21.174  | 17.935  |
|                                      | -----   | -----   | -----   | -----   |
| Total Retail - Bal-Beg-of-Qtr        | 31.066  | 29.796  | 30.211  | 27.673  |
| Retail Sales-Annuities               | 0.358   | 0.453   | 0.536   | 0.455   |
| Retail Sales-Mutual Funds            | 0.556   | 0.521   | 0.535   | 0.442   |
| Retail Sales-Wrap & Other            | 0.106   | 0.143   | 0.184   | 0.227   |
|                                      | -----   | -----   | -----   | -----   |
| Total Retail Sales                   | 1.020   | 1.118   | 1.255   | 1.124   |
| Redemptions                          | (1.299) | (1.348) | (1.092) | (1.154) |
| Net Money Market                     | (0.058) | (0.030) | (0.051) | 0.010   |
| Transfers                            | (0.026) | (0.065) | (0.054) | (0.026) |
|                                      | -----   | -----   | -----   | -----   |
| Net Cash Flows                       | (0.363) | (0.326) | 0.058   | (0.047) |
| Income Retained                      | 0.083   | 0.063   | 0.082   | 0.061   |
| Market Apprec/Deprec                 | (0.989) | 0.677   | (2.677) | (3.122) |
|                                      | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                | 29.796  | 30.211  | 27.674  | 24.566  |
|                                      | -----   | -----   | -----   | -----   |
| Institutional Fixed - Bal-Beg-of-Qtr | 6.873   | 6.484   | 6.275   | 6.111   |

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|                                       |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|
| Inflows                               | 0.148   | 0.308   | 0.135   | 0.310   |
| Withdrawals/Terminations              | (0.520) | (0.532) | (0.568) | (0.432) |
| Transfers                             | (0.001) | 0.000   | 0.001   | 0.003   |
|                                       | -----   | -----   | -----   | -----   |
| Net Cash Flows                        | (0.373) | (0.224) | (0.433) | (0.119) |
| Income Retained                       | 0.066   | 0.089   | 0.050   | 0.066   |
| Market Apprec/Deprec                  | (0.081) | (0.074) | 0.219   | (0.168) |
|                                       | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                 | 6.484   | 6.275   | 6.111   | 5.890   |
|                                       | -----   | -----   | -----   | -----   |
| Institutional Equity - Bal-Beg-of-Qtr | 20.303  | 20.239  | 19.041  | 19.111  |
|                                       |         |         |         |         |
| Inflows                               | 0.669   | 0.407   | 0.750   | 0.881   |
| Withdrawals/Terminations              | (1.354) | (1.154) | (1.368) | (1.199) |
| Transfers                             | 0.002   | (0.013) | 0.007   | 0.019   |
|                                       | -----   | -----   | -----   | -----   |
| Net Cash Flows                        | (0.683) | (0.760) | (0.611) | (0.299) |
| Income Retained                       | 0.132   | 0.108   | 0.102   | 0.094   |
| Market Apprec/Deprec                  | 0.488   | (0.545) | 0.579   | (1.596) |
|                                       | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                 | 20.239  | 19.041  | 19.111  | 17.311  |
|                                       | -----   | -----   | -----   | -----   |
| Total Institutional - Bal-Beg-of-Qtr  | 27.175  | 26.722  | 25.316  | 25.222  |
|                                       |         |         |         |         |
| Inflows                               | 0.817   | 0.715   | 0.885   | 1.191   |
| Withdrawals/Terminations              | (1.874) | (1.686) | (1.936) | (1.631) |
| Transfers                             | 0.000   | (0.012) | 0.008   | 0.022   |
|                                       | -----   | -----   | -----   | -----   |
| Net Cash Flows                        | (1.057) | (0.983) | (1.043) | (0.418) |
| Income Retained                       | 0.197   | 0.196   | 0.151   | 0.160   |
| Market Apprec/Deprec                  | 0.407   | (0.619) | 0.798   | (1.764) |
|                                       | -----   | -----   | -----   | -----   |
| Balance at End-of-Qtr                 | 26.722  | 25.316  | 25.222  | 23.201  |
|                                       | -----   | -----   | -----   | -----   |
| Total Retail/Inst - At End-of-Qtr     | 56.518  | 55.527  | 52.895  | 47.766  |
|                                       |         |         |         |         |
| Insurance Assets-End-of-Qtr           | 34.891  | 34.981  | 35.686  | 36.324  |
|                                       |         |         |         |         |
| Total Assets Under Management         |         |         |         |         |
|                                       | -----   | -----   | -----   | -----   |
| At End-of-Qtr                         | 91.409  | 90.508  | 88.581  | 84.090  |
|                                       | =====   | =====   | =====   | =====   |

9/30/2001

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

|                                |      |      |      |      |
|--------------------------------|------|------|------|------|
|                                | Dec  | Dec  | Dec  | Dec  |
| For the Year Ended December 31 | 1996 | 1997 | 1998 | 1999 |

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|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Operating Revenue  |         |         |         |         |
| Premiums   | 131.8   | 145.4   | 156.6   | 145.1   |
| Surrender charges  |         |         |         |         |
| Mortality assessments                                      | 21.1    | 25.2    | 29.3    | 27.1    |
| Expense assessments  | 153.4   | 166.1   | 153.6   | 182.3   |
| Other revenue and fees                                     | 5.1     | 3.3     | 11.2    | 13.8    |
| Net investment income                                      | 82.0    | 85.1    | 87.9    | 75.3    |
|  | -----   | -----   | -----   | -----   |
| Operating Revenue  | 393.3   | 425.2   | 438.6   | 443.6   |
|  | -----   | -----   | -----   | -----   |
| Operating Benefits and Expenses                            |         |         |         |         |
| Benefits paid or provided:                                 |         |         |         |         |
| Benefits   | 133.9   | 339.6   | 151.0   | 306.2   |
| Underwriting, acquisition,<br>insurance and other expenses | 157.7   | 184.5   | 175.6   | 223.5   |
| Goodwill amortization                                      | 0.0     | 0.0     | 6.3     | 7.0     |
|  | -----   | -----   | -----   | -----   |
| Operating Benefits and Expenses                            | 291.7   | 524.1   | 332.9   | 536.7   |
|  | -----   | -----   | -----   | -----   |
| Income from Operations Before Tax                          | 101.7   | (99.0)  | 105.8   | (93.1)  |
| Federal income taxes                                       | 35.7    | 9.3     | 34.8    | (79.2)  |
|  | -----   | -----   | -----   | -----   |
| Income from Operations                                     | 66.0    | (108.3) | 70.9    | (13.9)  |
|  | -----   | -----   | -----   | -----   |
| Realized gains (losses) on investments                     | 0.0     | 1.5     | 0.8     | 2.1     |
| Gains(losses) on derivatives                               | 0.0     | 0.0     | 0.0     | 0.0     |
| Restructuring charges                                      |         |         |         | (6.5)   |
|  | -----   | -----   | -----   | -----   |
| Income before Accounting Changes                           | 66.0    | (106.8) | 71.7    | (18.2)  |
| Cumulative effect of accounting changes                    | 0.0     | 0.0     | 0.0     | 0.0     |
|  | -----   | -----   | -----   | -----   |
| Net Income   | 66.0    | (106.8) | 71.7    | (18.2)  |
|  | =====   | =====   | =====   | =====   |
| Inc from Oper -before Goodwill Amort.                      | 66.0    | (108.3) | 77.2    | (6.9)   |
| Effective tax rate   | 35.1%   | (9.4%)  | 32.9%   | 85.1%   |
| Operating revenue  | 393.3   | 425.2   | 438.6   | 443.6   |
| Realized gains (losses) on investments                     | (0.2)   | 2.1     | 1.1     | 3.0     |
| Gains(losses) on derivatives                               | 0.0     | 0.0     | 0.0     | 0.0     |
|  | -----   | -----   | -----   | -----   |
| Total Revenue  | 393.2   | 427.3   | 439.7   | 446.6   |
|  | =====   | =====   | =====   | =====   |
| Average capital  | 601.1   | 618.1   | 517.7   | 551.2   |
| Return on average capital                                  | 11.0%   | (17.5%) | 13.7%   | (2.5%)  |
| Unit Linked Assets - Beg-of-Year                           | 4.307   | 5.074   | 5.643   | 6.265   |
| Deposits   | 0.446   | 0.569   | 0.473   | 0.537   |
| Withdrawals (incl. chgs) & Deaths                          | (0.420) | (0.503) | (0.547) | (0.566) |
|  | -----   | -----   | -----   | -----   |
| Net Cash Flows   | 0.026   | 0.066   | (0.074) | (0.029) |
| Inv Inc & Chg in Mkt Val                                   | 0.269   | 0.682   | 0.662   | 1.154   |

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|                                     |        |         |        |         |
|-------------------------------------|--------|---------|--------|---------|
| Acq of new business/companies       | 0.000  | 0.000   | 0.000  | 0.000   |
| Foreign currency adjustment         | 0.472  | (0.179) | 0.035  | (0.170) |
|                                     | -----  | -----   | -----  | -----   |
| Unit Linked Assets - End-of-Year    | 5.074  | 5.643   | 6.265  | 7.220   |
|                                     | =====  | =====   | =====  | =====   |
| Individual Life In-force (Billions) | 23.835 | 25.026  | 25.002 | 25.698  |
| Exchange Rate - Dollars to Pounds   |        |         |        |         |
| For-the-Year                        | 1.567  | 1.644   | 1.658  | 1.617   |
| End-of-Year                         | 1.713  | 1.651   | 1.660  | 1.615   |

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PAGE

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

| For the Quarter Ended                                      | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 | M<br>2000 |
|--|-------------|-------------|-------------|-------------|-------------|-----------|
| -----  | -----       | -----       | -----       | -----       | -----       | -----     |
| Operating Revenue  |             |             |             |             |             |           |
| Premiums   | 52.3        | 43.9        | 29.0        | 33.5        | 38.7        | 39.0      |
| Surrender charges  |             |             |             |             |             |           |
| Mortality assessments                                      | 7.6         | 6.7         | 7.7         | 7.7         | 5.0         | 6.0       |
| Expense assessments  | 23.7        | 43.9        | 51.9        | 49.3        | 37.2        | 46.0      |
| Other revenue and fees                                     | 1.6         | 2.9         | 3.5         | 3.6         | 3.8         | 2.0       |
| Net investment income                                      | 23.6        | 21.7        | 19.6        | 16.2        | 17.7        | 18.0      |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Operating Revenue  | 108.7       | 119.2       | 111.8       | 110.3       | 102.4       | 113.0     |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Operating Benefits and Expenses                            |             |             |             |             |             |           |
| Benefits paid or provided:                                 |             |             |             |             |             |           |
| Benefits   | 45.7        | 35.7        | 31.5        | 27.2        | 211.8       | 35.0      |
| Underwriting, acquisition,<br>insurance and other expenses | 33.6        | 55.3        | 55.2        | 61.6        | 51.4        | 56.0      |
| Goodwill amortization                                      | 3.7         | 1.2         | 1.2         | 1.2         | 3.3         | 1.0       |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Operating Benefits and Expenses                            | 83.0        | 92.2        | 87.9        | 90.1        | 266.6       | 92.0      |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Income from Operations Before Tax                          | 25.7        | 27.0        | 23.9        | 20.2        | (164.2)     | 20.0      |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Federal income taxes                                       | 6.9         | 8.9         | 4.9         | 4.0         | (97.1)      | 4.0       |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Income from Operations                                     | 18.8        | 18.1        | 19.0        | 16.2        | (67.1)      | 15.0      |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Realized gains (losses) on investments                     | 0.4         | (0.0)       | 1.0         | 0.2         | 1.0         | (0.0)     |
| Gains (losses) on derivatives                              |             |             |             |             |             |           |
| Restructuring charges                                      |             |             |             |             | (6.5)       |           |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Income before Accounting Changes                           | 19.2        | 18.0        | 20.0        | 16.4        | (72.6)      | 15.0      |
| Cumulative effect of accounting changes                    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0       |
|  | -----       | -----       | -----       | -----       | -----       | -----     |
| Net Income   | 19.2        | 18.0        | 20.0        | 16.4        | (72.6)      | 15.0      |
|  | =====       | =====       | =====       | =====       | =====       | =====     |

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|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Inc from Oper -before                                   |              |              |              |              |              |              |
| Goodwill Amortization                                   | 22.5         | 19.3         | 20.2         | 17.4         | (63.8)       | 17.4         |
| Effective tax rate                                      | 27.0%        | 33.0%        | 20.4%        | 20.0%        | 59.1%        | 22.4%        |
| Operating revenue                                       | 108.7        | 119.2        | 111.8        | 110.3        | 102.4        | 113.1        |
| Realized gains (losses) on investments                  | 0.5          | (0.1)        | 1.4          | 0.3          | 1.4          | (0.1)        |
| Gains (losses) on derivatives                           |              |              |              |              |              |              |
| Total Revenue   | <u>109.2</u> | <u>119.1</u> | <u>113.1</u> | <u>110.5</u> | <u>103.8</u> | <u>112.0</u> |
| Average capital   | 533.8        | 519.2        | 526.9        | 573.5        | 585.0        | 516.0        |
| Return on average capital                               | 14.1%        | 13.9%        | 14.4%        | 11.3%        | (45.9%)      | 12.1%        |
| Unit Linked Assets                                      |              |              |              |              |              |              |
| Balance-Beg-of-Quarter (Billions)                       | 5.711        | 6.265        | 6.348        | 6.503        | 6.568        | 7.200        |
| Deposits  | 0.136        | 0.131        | 0.119        | 0.130        | 0.156        | 0.130        |
| Withdrawals (incl. chgs) & Deaths                       | (0.139)      | (0.136)      | (0.137)      | (0.136)      | (0.158)      | (0.130)      |
| Net Cash Flows  | (0.003)      | (0.005)      | (0.017)      | (0.005)      | (0.002)      | (0.001)      |
| Inv Inc & Chg in Mkt Val                                | 0.696        | 0.271        | 0.314        | (0.214)      | 0.784        | (0.001)      |
| Acq of new business/companies                           | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        |
| Foreign currency adjustment                             | (0.139)      | (0.184)      | (0.141)      | 0.284        | (0.130)      | (0.130)      |
| Unit Linked Assets - End-of-Quarter                     | <u>6.265</u> | <u>6.348</u> | <u>6.503</u> | <u>6.568</u> | <u>7.220</u> | <u>7.000</u> |
| Individual Life In-force (Billions)                     | 25.002       | 25.246       | 25.107       | 26.235       | 25.698       | 26.500       |
| Exchange Rate - Dollars to Pounds                       |              |              |              |              |              |              |
| For-the-Quarter   | 1.661        | 1.631        | 1.602        | 1.614        | 1.625        | 1.580        |
| End-of-Quarter  | 1.660        | 1.612        | 1.577        | 1.647        | 1.615        | 1.580        |
| For the Quarter Ended                                   | Jun          | Sep          | Dec          | Mar          | Jun          | Sep          |
|   | 2000         | 2000         | 2000         | 2001         | 2001         | 2001         |
| Operating Revenue                                       |              |              |              |              |              |              |
| Premiums  | 36.3         | 32.5         | 40.5         | 12.8         | 9.6          | 11.0         |
| Surrender charges                                       |              |              |              |              |              |              |
| Mortality assessments                                   | 8.0          | 9.6          | 7.5          | 9.4          | 8.9          | 8.0          |
| Expense assessments                                     | 44.3         | 52.6         | 34.6         | 43.7         | 31.4         | 35.0         |
| Other revenue and fees                                  | 1.3          | 2.0          | 1.3          | 0.6          | 0.1          | 0.0          |
| Net investment income                                   | 18.5         | 16.1         | 16.7         | 17.9         | 16.9         | 14.0         |
| Operating Revenue                                       | <u>108.4</u> | <u>112.8</u> | <u>100.6</u> | <u>84.4</u>  | <u>66.9</u>  | <u>70.0</u>  |
| Operating Benefits and Expenses                         |              |              |              |              |              |              |
| Benefits paid or provided:                              |              |              |              |              |              |              |
| Benefits  | 37.4         | 51.9         | 54.2         | 24.0         | 17.9         | 20.0         |
| Underwriting, acquisition, insurance and other expenses | 43.5         | 45.2         | 34.9         | 41.1         | 29.7         | 40.0         |
| Goodwill amortization                                   | 1.3          | 1.2          | 0.2          | 0.2          | 0.2          | 0.0          |
| Operating Benefits and Expenses                         | <u>82.2</u>  | <u>98.3</u>  | <u>89.3</u>  | <u>65.3</u>  | <u>47.7</u>  | <u>61.0</u>  |
| Income from Operations Before Tax                       | 26.2         | 14.5         | 11.3         | 19.1         | 19.1         | 9.0          |
| Federal income taxes                                    | 6.9          | 3.9          | (4.2)        | 4.7          | 2.9          | (0.0)        |

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|   |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|
| Income from Operations                  | 19.3    | 10.6    | 15.5    | 14.4    | 16.2    | 10.0    |
| Realized gains (losses) on investments  | (0.1)   | (0.0)   | 2.6     | 0.4     | 1.4     | 3.0     |
| Gains (losses) on derivatives           |         |         |         |         |         |         |
| Restructuring charges                   |         | (40.5)  | (36.1)  |         |         |         |
| Income before Accounting Changes        | 19.1    | (29.9)  | (17.9)  | 14.8    | 17.6    | 14.0    |
| Cumulative effect of accounting changes | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Net Income                              | 19.1    | (29.9)  | (17.9)  | 14.8    | 17.6    | 14.0    |
| Inc from Oper -before                   |         |         |         |         |         |         |
| Goodwill Amortization                   | 20.5    | 11.8    | 15.7    | 14.5    | 16.4    | 10.0    |
| Effective tax rate                      | 26.4%   | 27.2%   | (37.1%) | (37.1%) | 15.3%   | (5.0%)  |
| Operating revenue                       | 108.4   | 112.8   | 100.6   | 84.4    | 66.9    | 70.0    |
| Realized gains (losses) on investments  | (0.2)   | (0.0)   | 3.8     | 0.6     | 2.0     | 5.0     |
| Gains (losses) on derivatives           |         |         |         |         |         |         |
| Total Revenue                           | 108.2   | 112.8   | 104.3   | 84.9    | 68.9    | 76.0    |
| Average capital                         | 500.8   | 486.5   | 448.9   | 548.7   | 553.2   | 575.0   |
| Return on average capital               | 15.4%   | 8.7%    | 13.8%   | 10.5%   | 11.7%   | 7.0%    |
| Unit Linked Assets                      |         |         |         |         |         |         |
| Balance-Beg-of-Quarter (Billions)       | 7.031   | 6.726   | 6.499   | 6.441   | 5.677   | 5.700   |
| Deposits                                | 0.134   | 0.145   | 0.116   | 0.132   | 0.111   | 0.100   |
| Withdrawals (incl. chgs) & Deaths       | (0.162) | (0.159) | (0.153) | (0.147) | (0.131) | (0.100) |
| Net Cash Flows                          | (0.028) | (0.014) | (0.037) | (0.015) | (0.020) | (0.000) |
| Inv Inc & Chg in Mkt Val                | 0.047   | (0.025) | (0.100) | (0.421) | 0.115   | (0.700) |
| Acq of new business/companies           | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Foreign currency adjustment             | (0.324) | (0.189) | 0.078   | (0.328) | (0.004) | 0.200   |
| Unit Linked Assets - End-of-Quarter     | 6.726   | 6.499   | 6.441   | 5.677   | 5.768   | 5.200   |
| Individual Life In-force (Billions)     | 25.225  | 24.535  | 24.290  | 21.894  | 21.519  | 21.200  |
| Exchange Rate - Dollars to Pounds       |         |         |         |         |         |         |
| For-the-Quarter                         | 1.536   | 1.482   | 1.454   | 1.455   | 1.421   | 1.400   |
| End-of-Quarter                          | 1.517   | 1.475   | 1.493   | 1.416   | 1.415   | 1.400   |

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PAGE

Other Operations  
Unaudited [Millions of Dollars]

For the Year Ended December 31

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Revenue



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|  |        |
|--|--------|
| Lincoln Financial Advisors                     | 111.   |
| Lincoln Financial Distributors                 | 25.    |
|  | -----  |
| Total Distribution                             | 136.   |
| Other [Including<br>Consolidating Adjustments] | (119.) |
|  | -----  |
| Operating Revenue                              | 16.    |
|  | -----  |
| Realized gains (losses) on investments         | (3.)   |
|  | -----  |
| Total Revenue                                  | 13.    |
|  | =====  |
| Income (Loss)                                  |        |
| Lincoln Financial Advisors                     | (10.)  |
| Lincoln Financial Distributors                 | (4.)   |
|  | -----  |
| Total Distribution                             | (14.)  |
| LNC Financing                                  | (49.)  |
| LNC Operations *                               | (14.)  |
| Other Corporate                                | 2.     |
|  | -----  |
| Inc (Loss) from Operations                     | (76.)  |
|  | -----  |
| Realized gains (losses) on investments         | (1.)   |
| Gains(losses) on derivatives                   |        |
| Restructuring charges                          |        |
|  | -----  |
| Income before Accounting Changes               | (77.)  |
| Cumulative effect of accounting changes        |        |
|  | -----  |
| Total Net Income (Loss)                        | (77.)  |
|  | =====  |

Other Operations (Continued)  
Unaudited [Millions of Dollars]

| For the Year Ended December 31                 | 1997    | 1998    | 1999    | 2000    | YTD<br>Sep<br>2000 | YTD<br>Sep<br>2000 |
|--|---------|---------|---------|---------|--------------------|--------------------|
|  | -----   | -----   | -----   | -----   | -----              | -----              |
| Revenue  |         |         |         |         |                    |                    |
| Lincoln Financial Advisors                     | 130.1   | 292.9   | 325.2   | 394.2   | 276.3              | 244.               |
| Lincoln Financial Distributors                 | 20.5    | 33.5    | 107.5   | 119.9   | 84.9               | 88.                |
|  | -----   | -----   | -----   | -----   | -----              | -----              |
| Total Distribution                             | 150.6   | 326.4   | 432.6   | 514.0   | 361.1              | 332.               |
| Other [Including<br>Consolidating Adjustments] | (110.7) | (199.2) | (285.7) | (309.2) | (242.0)            | (271.)             |
|  | -----   | -----   | -----   | -----   | -----              | -----              |
| Operating Revenue                              | 39.9    | 127.2   | 147.0   | 204.8   | 119.2              | 60.                |
|  | -----   | -----   | -----   | -----   | -----              | -----              |

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|   |        |         |         |         |         |         |
|---|--------|---------|---------|---------|---------|---------|
| Realized gains (losses) on investments  | 16.9   | 4.0     | 8.7     | (3.7)   | (1.9)   | (4.0)   |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Revenue                           | 56.8   | 131.1   | 155.7   | 201.1   | 117.3   | 55.0    |
|   | =====  | =====   | =====   | =====   | =====   | =====   |
| Income (Loss)                           |        |         |         |         |         |         |
| Lincoln Financial Advisors              | (5.3)  | (23.7)  | (20.8)  | (11.7)  | (13.4)  | (23.0)  |
| Lincoln Financial Distributors          | (11.2) | (8.2)   | (14.0)  | (18.5)  | (13.4)  | (26.0)  |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Distribution                      | (16.5) | (31.9)  | (34.8)  | (30.2)  | (26.8)  | (49.0)  |
| LNC Financing                           | (31.6) | (51.5)  | (83.5)  | (84.9)  | (65.1)  | (63.0)  |
| LNC Operations *                        | (18.4) | (18.5)  |         |         |         |         |
| Other Corporate                         | (6.7)  | 1.0     | (5.0)   | (15.4)  | (5.5)   | 3.0     |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Inc (Loss) from Operations              | (73.2) | (100.9) | (123.2) | (130.5) | (97.4)  | (109.0) |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Realized gains (losses) on investments  | 8.6    | 5.3     | 6.5     | (2.3)   | (2.3)   | (3.0)   |
| Gains(losses) on derivatives            |        |         |         |         |         | 0.0     |
| Restructuring charges                   |        | (14.3)  |         | 0.3     |         | (1.0)   |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Income before Accounting Changes        | (64.6) | (109.9) | (116.7) | (132.5) | (99.7)  | (114.0) |
| Cumulative effect of accounting changes |        |         |         |         |         | (0.0)   |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Net Income (Loss)                 | (64.6) | (109.9) | (116.7) | (132.5) | (99.7)  | (114.0) |
|   | =====  | =====   | =====   | =====   | =====   | =====   |
|   | Dec    | Mar     | Jun     | Sep     | Dec     | Ma      |
| For the Quarter Ended                   | 1998   | 1999    | 1999    | 1999    | 1999    | 2000    |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Revenue                                 |        |         |         |         |         |         |
| Lincoln Financial Advisors              | 81.7   | 67.0    | 73.9    | 78.0    | 106.3   | 89.0    |
| Lincoln Financial Distributors          | 9.8    | 20.7    | 26.2    | 26.4    | 34.2    | 29.0    |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Distribution                      | 91.5   | 87.6    | 100.1   | 104.4   | 140.5   | 118.0   |
| Other [Including                        |        |         |         |         |         |         |
| Consolidating Adjustments]              | (57.2) | (27.5)  | (41.9)  | (67.1)  | (149.2) | (70.0)  |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Operating Revenue                       | 34.3   | 60.1    | 58.2    | 37.3    | (8.7)   | 48.0    |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Realized gains (losses) on investments  | 1.6    | 0.2     | (1.7)   | 13.8    | (3.6)   | (2.0)   |
| Gains (losses) on derivatives           | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Revenue                           | 35.9   | 60.4    | 56.6    | 51.1    | (12.4)  | 45.0    |
|   | =====  | =====   | =====   | =====   | =====   | =====   |
| Income (Loss)                           |        |         |         |         |         |         |
| Lincoln Financial Advisors              | (6.4)  | (8.4)   | (9.7)   | (5.3)   | 2.7     | (7.0)   |
| Lincoln Financial Distributors          | (1.6)  | (3.0)   | (5.3)   | (2.1)   | (3.7)   | (3.0)   |
|   | -----  | -----   | -----   | -----   | -----   | -----   |
| Total Distribution                      | (8.0)  | (11.4)  | (15.0)  | (7.4)   | (1.0)   | (10.0)  |
| LNC Financing                           | (19.3) | (20.5)  | (21.4)  | (19.9)  | (21.6)  | (21.0)  |

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|   |        |        |        |        |         |        |
|---|--------|--------|--------|--------|---------|--------|
| LNC Operations *                        | (4.9)  | 0.0    | 0.0    | 0.0    | 0.0     | 0.0    |
| Other Corporate                         | (2.1)  | (2.1)  | 0.9    | (2.4)  | (1.4)   | (5.0)  |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Inc (Loss) from Oper                    | (34.3) | (34.0) | (35.6) | (29.7) | (23.9)  | (38.8) |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Realized gains (losses) on investments  | 4.1    | 0.1    | (2.0)  | 9.5    | (1.1)   | (1.0)  |
| Gains (losses) on derivatives           |        |        |        |        |         |        |
| Restructuring charges                   | (14.3) |        |        |        |         |        |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Income before Accounting Changes        | (44.6) | (33.9) | (37.6) | (20.2) | (25.1)  | (39.8) |
| Cumulative effect of accounting changes |        |        |        |        |         |        |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Total Net Income (Loss)                 | (44.6) | (33.9) | (37.6) | (20.2) | (25.1)  | (39.8) |
|   | =====  | =====  | =====  | =====  | =====   | =====  |
|   |        |        |        |        |         |        |
|   | Jun    | Sep    | Dec    | Mar    | Jun     | Se     |
| For the Quarter Ended                   | 2000   | 2000   | 2000   | 2001   | 2001    | 2000   |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Revenue                                 |        |        |        |        |         |        |
| Lincoln Financial Advisors              | 92.9   | 93.9   | 117.9  | 81.2   | 83.8    | 78.0   |
| Lincoln Financial Distributors          | 28.1   | 27.5   | 35.0   | 25.7   | 32.1    | 30.0   |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Total Distribution                      | 121.0  | 121.4  | 152.9  | 106.9  | 115.9   | 109.0  |
| Other [Including                        |        |        |        |        |         |        |
| Consolidating Adjustments]              | (89.6) | (81.8) | (67.2) | (80.5) | (116.6) | (74.0) |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Operating Revenue                       | 31.4   | 39.6   | 85.6   | 26.4   | (0.7)   | 35.0   |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Realized gains (losses) on investments  | 0.4    | 0.1    | (1.8)  | (2.9)  | 4.1     | (6.0)  |
| Gains (losses) on derivatives           | 0.0    | 0.0    | 0.0    | 0.0    | (0.1)   | 0.0    |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Total Revenue                           | 31.9   | 39.7   | 83.8   | 23.5   | 3.3     | 29.0   |
|   | =====  | =====  | =====  | =====  | =====   | =====  |
| Income (Loss)                           |        |        |        |        |         |        |
| Lincoln Financial Advisors              | (2.9)  | (3.1)  | 1.6    | (6.8)  | (12.3)  | (4.0)  |
| Lincoln Financial Distributors          | (5.2)  | (5.0)  | (5.1)  | (6.9)  | (11.5)  | (7.0)  |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Total Distribution                      | (8.1)  | (8.0)  | (3.4)  | (13.8) | (23.8)  | (12.0) |
| LNC Financing                           | (22.2) | (20.9) | (19.8) | (21.7) | (22.0)  | (19.0) |
| LNC Operations *                        | 0.0    | 0.0    | 0.0    | 0.0    | 0.0     | 0.0    |
| Other Corporate                         | (1.5)  | 1.6    | (9.8)  | (0.5)  | 2.0     | 1.0    |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Inc (Loss) from Oper                    | (31.7) | (27.3) | (33.1) | (35.9) | (43.8)  | (30.0) |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Realized gains (losses) on investments  | 0.3    | (1.0)  | 0.0    | (1.9)  | 2.7     | (3.0)  |
| Gains (losses) on derivatives           |        |        |        | 0.0    | (0.1)   | 0.0    |
| Restructuring charges                   |        |        | 0.3    |        | (1.2)   | 0.0    |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Income before Accounting Changes        | (31.4) | (28.3) | (32.8) | (37.8) | (42.4)  | (33.0) |
| Cumulative effect of accounting changes |        |        |        | (0.3)  |         |        |
|   | -----  | -----  | -----  | -----  | -----   | -----  |
| Total Net Income (Loss)                 | (31.4) | (28.3) | (32.8) | (38.1) | (42.4)  | (33.0) |
|   | =====  | =====  | =====  | =====  | =====   | =====  |

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

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

|   | 1996    | 1997    | 1998    | 1999    | 2000    |       |
|---|---------|---------|---------|---------|---------|-------|
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Deposits - For the Year                 |         |         |         |         |         |       |
| Annuities Segment - Fixed Annuities     | 1.852   | 1.632   | 1.452   | 2.563   | 2.074   | 1     |
| Annuities Segment - Variable Annuities  | 2.746   | 2.695   | 2.791   | 2.553   | 3.165   | 2     |
| Annuities Segment - Life Insurance      | 0.000   | 0.000   | 0.000   | 0.017   | 0.014   | 0     |
| Life Insurance Segment - Life Insurance | 0.405   | 0.384   | 1.207   | 1.698   | 1.884   | 1     |
| Inv Mgmt - Annuities                    | 1.638   | 2.163   | 2.238   | 1.561   | 1.726   | 1     |
| Inv Mgmt - Mutual Funds                 | 0.849   | 1.218   | 1.913   | 2.153   | 2.452   | 1     |
| Inv Mgmt - Wrap Fee & Other             | 0.454   | 0.533   | 0.596   | 0.550   | 0.581   | 0     |
| Consolidating Adjustments               | (0.684) | (0.966) | (1.041) | (0.499) | (0.406) | (0    |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Gross Deposits                          | 7.259   | 7.658   | 9.157   | 10.597  | 11.491  | 8     |
| Account Balances - End of Year          |         |         |         |         |         |       |
| Annuities Segment - Fixed Annuities     | 15.818  | 15.458  | 16.505  | 16.791  | 15.442  |       |
| Annuities Segment - Variable Annuities  | 20.383  | 27.346  | 33.358  | 41.493  | 39.427  |       |
| Annuities Segment - Life Insurance      |         |         |         | 0.155   | 0.160   |       |
| Life Insurance Segment - Life Insurance | 2.869   | 3.038   | 9.243   | 10.217  | 10.847  |       |
| Inv Mgmt - Annuities                    | 7.915   | 10.991  | 14.257  | 15.526  | 13.494  |       |
| Inv Mgmt - Mutual Funds                 | 9.017   | 12.484  | 13.528  | 13.632  | 12.805  |       |
| Inv Mgmt - Wrap Fee & Other             | 2.074   | 2.403   | 2.512   | 1.649   | 1.375   |       |
| Consolidating Adjustments               | (5.098) | (6.806) | (8.891) | (9.175) | (7.753) |       |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Account Balances                        | 52.978  | 64.914  | 80.512  | 90.288  | 85.797  |       |

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

|   | Dec     | Mar     | Jun     | Sep     | Dec     |       |
|---|---------|---------|---------|---------|---------|-------|
|   | 1998    | 1999    | 1999    | 1999    | 1999    |       |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Deposits - For the Quarter              |         |         |         |         |         |       |
| Annuities Segment - Fixed Annuities     | 0.335   | 0.489   | 0.654   | 0.678   | 0.741   |       |
| Annuities Segment - Variable Annuities  | 0.633   | 0.635   | 0.651   | 0.634   | 0.634   |       |
| Annuities Segment - Life Insurance      |         | 0.003   | 0.005   | 0.004   | 0.005   |       |
| Life Insurance Segment - Life Insurance | 0.475   | 0.394   | 0.379   | 0.399   | 0.526   |       |
| Inv Mgmt - Annuities                    | 0.507   | 0.428   | 0.393   | 0.332   | 0.409   |       |
| Inv Mgmt - Mutual Funds                 | 0.403   | 0.565   | 0.487   | 0.514   | 0.587   |       |
| Inv Mgmt - Wrap Fee & Other             | 0.136   | 0.182   | 0.173   | 0.116   | 0.079   |       |
| Consolidating Adjustments               | (0.254) | (0.142) | (0.143) | (0.096) | (0.118) | (     |

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|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Gross Deposits                          | 2.234   | 2.554   | 2.599   | 2.581   | 2.864   |
| Account Balances - End of Quarter       |         |         |         |         |         |
| Annuities Segment - Fixed Annuities     | 16.505  | 16.656  | 16.779  | 16.934  | 16.791  |
| Annuities Segment - Variable Annuities  | 33.358  | 34.148  | 37.233  | 35.613  | 41.493  |
| Annuities Segment - Life Insurance      |         | 0.115   | 0.130   | 0.128   | 0.155   |
| Life Insurance Segment - Life Insurance | 9.243   | 9.416   | 9.628   | 9.726   | 10.217  |
| Inv Mgmt - Annuities                    | 14.257  | 14.166  | 14.981  | 14.004  | 15.526  |
| Inv Mgmt - Mutual Funds                 | 13.528  | 13.442  | 13.654  | 12.938  | 13.632  |
| Inv Mgmt - Wrap Fee & Other             | 2.512   | 2.424   | 1.650   | 1.611   | 1.649   |
| Consolidating Adjustments               | (8.891) | (8.798) | (9.050) | (8.387) | (9.175) |
| Account Balances                        | 80.512  | 81.570  | 85.004  | 82.567  | 90.288  |

Consolidated Domestic Retail Deposits/Account Balances (Continued)

Unaudited [Billions of Dollars]

|   | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | Jun<br>2001 |
|---|-------------|-------------|-------------|-------------|-------------|
| Deposits - For the Quarter              |             |             |             |             |             |
| Annuities Segment - Fixed Annuities     | 0.490       | 0.513       | 0.482       | 0.560       | 0.668       |
| Annuities Segment - Variable Annuities  | 0.793       | 0.729       | 0.846       | 0.887       | 0.703       |
| Annuities Segment - Life Insurance      | 0.003       | 0.004       | 0.004       | 0.003       | 0.004       |
| Life Insurance Segment - Life Insurance | 0.411       | 0.428       | 0.622       | 0.418       | 0.477       |
| Inv Mgmt - Annuities                    | 0.358       | 0.453       | 0.536       | 0.455       | 0.373       |
| Inv Mgmt - Mutual Funds                 | 0.556       | 0.521       | 0.535       | 0.442       | 0.324       |
| Inv Mgmt - Wrap Fee & Other             | 0.106       | 0.143       | 0.184       | 0.227       | 0.157       |
| Consolidating Adjustments               | (0.062)     | (0.100)     | (0.145)     | (0.262)     | (0.202)     |
| Gross Deposits                          | 2.655       | 2.691       | 3.064       | 2.729       | 2.504       |
| Account Balances - End of Quarter       |             |             |             |             |             |
| Annuities Segment - Fixed Annuities     | 15.909      | 15.700      | 15.442      | 15.484      | 15.628      |
| Annuities Segment - Variable Annuities  | 43.097      | 42.743      | 39.427      | 34.733      | 36.961      |
| Annuities Segment - Life Insurance      | 0.165       | 0.166       | 0.160       | 0.147       | 0.157       |
| Life Insurance Segment - Life Insurance | 10.538      | 10.716      | 10.847      | 10.764      | 11.066      |
| Inv Mgmt - Annuities                    | 14.861      | 14.824      | 13.494      | 11.787      | 12.483      |
| Inv Mgmt - Mutual Funds                 | 13.604      | 14.102      | 12.805      | 11.091      | 11.748      |
| Inv Mgmt - Wrap Fee & Other             | 1.331       | 1.285       | 1.375       | 1.688       | 1.823       |
| Consolidating Adjustments               | (8.419)     | (8.644)     | (7.753)     | (6.834)     | (7.007)     |
| Account Balances                        | 91.086      | 90.893      | 85.797      | 78.860      | 82.860      |

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

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|                               | Mar<br>2000    | Jun<br>2000    | Sep<br>2000    | Dec<br>2000    | Mar<br>2001    | Jun<br>2001  |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Annuities Segment             | (0.700)        | (0.682)        | (0.812)        | (0.681)        | (0.590)        | (0.196)      |
| Investment Management Segment | (3.497)        | (1.420)        | (1.309)        | (0.985)        | (0.465)        | 0.285        |
| Consolidating Adjustments     | 0.717          | 0.342          | 0.194          | 0.152          | 0.019          | (0.034)      |
| <b>Total Net Flows</b>        | <b>(3.480)</b> | <b>(1.761)</b> | <b>(1.927)</b> | <b>(1.514)</b> | <b>(1.037)</b> | <b>0.055</b> |

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

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

| December 31              | 1996         | 1997         | 1998         | 1999         |
|--------------------------|--------------|--------------|--------------|--------------|
| Annuities Segment        |              |              |              | 0            |
| Life Insurance Segment   | 49.2         | 63.2         | 172.9        | 195.1        |
| Reinsurance              | 130.8        | 153.1        | 213.6        | 306.1        |
| Lincoln UK               | 23.8         | 25.0         | 25.0         | 25.0         |
| Consolidating Adjustment |              | (5.6)        | (9.9)        | (11.4)       |
| <b>Total</b>             | <b>203.8</b> | <b>235.7</b> | <b>401.6</b> | <b>516.6</b> |

  

| End of Quarter           | Dec<br>1998  | Mar<br>1999  | Jun<br>1999  | Sep<br>1999  | Dec<br>1999  |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Annuities Segment        |              |              |              | 0.5          | 0.5          |
| Life Insurance Segment   | 172.9        | 178.5        | 184.5        | 188.9        | 195.1        |
| Reinsurance              | 213.6        | 225.1        | 240.0        | 261.5        | 306.1        |
| Lincoln UK               | 25.0         | 25.2         | 25.1         | 26.2         | 25.0         |
| Consolidating Adjustment | (9.9)        | (10.3)       | (10.6)       | (10.9)       | (11.4)       |
| <b>Total</b>             | <b>401.6</b> | <b>418.6</b> | <b>439.0</b> | <b>466.3</b> | <b>516.6</b> |

  

| End of Quarter           | Jun<br>2000  | Sep<br>2000  | Dec<br>2000  | Mar<br>2001  | Jun<br>2001  |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Annuities Segment        | 0.6          | 0.6          | 0.7          | 0.7          | 0.7          |
| Life Insurance Segment   | 207.5        | 211.3        | 216.0        | 219.2        | 223.3        |
| Reinsurance              | 354.0        | 381.4        | 407.4        | 426.2        | 447.8        |
| Lincoln UK               | 25.2         | 24.5         | 24.3         | 21.9         | 21.5         |
| Consolidating Adjustment | (11.5)       | (11.4)       | (11.4)       | (13.1)       | (12.7)       |
| <b>Total</b>             | <b>575.8</b> | <b>606.5</b> | <b>637.0</b> | <b>654.9</b> | <b>680.5</b> |

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

| December 31  | Dec<br>1996 | Dec<br>1997 | Dec<br>1998 | Dec<br>1999 |
|--|-------------|-------------|-------------|-------------|
| Assets Managed by Source   |             |             |             |             |
| LNC's Investments and Cash:  |             |             |             |             |
| Fixed maturity securities  | 24.097      | 24.066      | 30.233      | 27.689      |
| Equity securities  | 0.558       | 0.660       | 0.543       | 0.604       |
| Other investments  | 5.076       | 5.092       | 7.154       | 7.286       |
| Total LNC Investments  | 29.730      | 29.819      | 37.929      | 35.578      |
| Separate accounts  | 28.809      | 37.139      | 43.409      | 53.654      |
| Cash and Invested Cash   | 1.145       | 3.795       | 2.433       | 1.896       |
| Discontinued Operations  | 4.402       |             |             |             |
| Total LNC  | 64.086      | 70.752      | 83.772      | 91.128      |
| Non-affiliate assets managed   | 40.968      | 48.331      | 50.061      | 49.314      |
| Total Assets Managed   | 105.054     | 119.083     | 133.833     | 140.443     |
| Assets Managed by Advisor  |             |             |             |             |
| Investment Management segment<br>(See page 24 for additional detail) | 45.471      | 56.457      | 61.488      | 61.374      |
| DLIA-Corp<br>(Assets managed internally-see page 24)                 | 37.453      | 35.684      | 39.432      | 35.934      |
| Lincoln (UK)   | 6.107       | 6.775       | 7.573       | 8.589       |
| Policy Loans (within business units)                                 | 0.758       | 0.763       | 1.840       | 1.892       |
| Non-LNC Affiliates   | 15.265      | 19.404      | 23.500      | 32.654      |
| Total Assets Managed   | 105.054     | 119.083     | 133.833     | 140.443     |

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

| End of Quarter              | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Assets Managed by Source    |             |             |             |             |             |
| LNC's Investments and Cash: |             |             |             |             |             |
| Fixed maturity securities   | 30.233      | 30.578      | 29.579      | 28.708      | 27.689      |
| Equity securities           | 0.543       | 0.481       | 0.506       | 0.507       | 0.604       |
| Other investments           | 7.154       | 7.071       | 7.278       | 7.317       | 7.286       |
| Total LNC Investments       | 37.929      | 38.129      | 37.363      | 36.532      | 35.578      |
| Separate accounts           | 43.409      | 44.339      | 47.864      | 46.229      | 53.654      |
| Cash and invested cash      | 2.433       | 2.327       | 2.151       | 2.343       | 1.896       |

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|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Total LNC  | 83.772  | 84.796  | 87.378  | 85.104  | 91.128  | 94.128  |
| Non-affiliate assets managed   | 50.061  | 48.690  | 49.827  | 48.068  | 49.314  | 47.814  |
| Total Assets Managed   | 133.833 | 133.486 | 137.205 | 133.172 | 140.443 | 141.942 |
| Assets Managed by Advisor  |         |         |         |         |         |         |
| Investment Management segment<br>(See page 25 for additional detail) | 61.488  | 59.941  | 61.511  | 58.869  | 61.374  | 58.869  |
| DLIA-Corp<br>(Assets managed internally-see page 25)                 | 39.432  | 38.516  | 37.391  | 36.820  | 35.934  | 35.934  |
| Lincoln (UK)   | 7.573   | 7.631   | 7.746   | 7.849   | 8.589   | 8.589   |
| Policy Loans (within business units)                                 | 1.840   | 1.842   | 1.847   | 1.863   | 1.892   | 1.892   |
| Non-LNC Affiliates   | 23.499  | 25.555  | 28.710  | 27.771  | 32.654  | 37.367  |
| Total Assets Managed   | 133.833 | 133.486 | 137.205 | 133.172 | 140.443 | 141.942 |

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

| End of Quarter   | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | Jun<br>2001 | 2001    |
|--|-------------|-------------|-------------|-------------|-------------|---------|
| Assets Managed by Source   |             |             |             |             |             |         |
| LNC's Investments and Cash:  |             |             |             |             |             |         |
| Fixed maturity securities  | 27.078      | 27.264      | 27.450      | 27.811      | 27.874      | 28.874  |
| Equity securities  | 0.560       | 0.570       | 0.550       | 0.560       | 0.534       | 0.534   |
| Other investments  | 7.419       | 7.471       | 7.369       | 7.374       | 7.388       | 7.388   |
| Total LNC Investments  | 35.057      | 35.305      | 35.369      | 35.744      | 35.796      | 36.796  |
| Separate accounts  | 54.924      | 54.411      | 50.580      | 44.506      | 47.140      | 39.140  |
| Cash and invested cash   | 1.619       | 1.436       | 1.927       | 2.015       | 1.502       | 1.502   |
| Total LNC  | 91.601      | 91.152      | 87.876      | 82.266      | 84.438      | 78.438  |
| Non-affiliate assets managed   | 45.945      | 45.119      | 43.397      | 41.904      | 44.069      | 39.069  |
| Total Assets Managed   | 137.546     | 136.271     | 131.273     | 124.170     | 128.507     | 117.507 |
| Assets Managed by Advisor  |             |             |             |             |             |         |
| Investment Management segment<br>(See page 25 for additional detail) | 56.518      | 55.527      | 52.895      | 47.766      | 50.268      | 44.268  |
| DLIA-Corp<br>(Assets managed internally-see page 25)                 | 34.891      | 34.981      | 35.686      | 36.324      | 36.018      | 37.018  |
| Lincoln (UK)   | 8.058       | 7.838       | 7.873       | 7.012       | 7.027       | 6.027   |
| Policy Loans (within business units)                                 | 1.915       | 1.936       | 1.961       | 1.947       | 1.947       | 1.947   |
| Non-LNC Affiliates   | 36.164      | 35.989      | 32.858      | 31.122      | 33.246      | 27.246  |
| Total Assets Managed   | 137.546     | 136.271     | 131.273     | 124.170     | 128.507     | 117.507 |



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9/30/2001

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

| For the Year Ended December 31  | 1996    | 1997    | 1998    | 1999     | 2000    |
|---|---------|---------|---------|----------|---------|
|   | -----   | -----   | -----   | -----    | -----   |
| Net Investment Income   |         |         |         |          |         |
| Fixed Maturity Securities   | 1690.1  | 1832.1  | 2065.8  | 2232.9   | 2140.0  |
| Equity Securities   | 14.4    | 19.1    | 22.8    | 20.1     | 10.0    |
| Mortgage loans on real estate   | 292.7   | 279.2   | 383.6   | 369.2    | 370.0   |
| Real estate   | 125.4   | 99.4    | 86.8    | 64.1     | 50.0    |
| Policy loans  | 40.7    | 44.5    | 99.5    | 116.5    | 120.0   |
| Invested cash   | 69.2    | 102.4   | 156.8   | 110.3    | 80.0    |
| Other investments   | 14.7    | 20.6    | 88.4    | 51.8     | 60.0    |
|   | -----   | -----   | -----   | -----    | -----   |
| Investment revenue  | 2247.2  | 2397.3  | 2903.7  | 2964.8   | 2870.0  |
| Investment expense  | 159.2   | 146.6   | 222.3   | 157.3    | 120.0   |
|   | -----   | -----   | -----   | -----    | -----   |
| Net Investment Income   | 2087.9  | 2250.8  | 2681.4  | 2807.5   | 2740.0  |
|   | -----   | -----   | -----   | -----    | -----   |
| Gross-up of Tax Exempt Income   | 9.7     | 12.7    | 11.6    | 8.1      | 0.0     |
|   | -----   | -----   | -----   | -----    | -----   |
| Adjusted Net Invest Income  | 2097.7  | 2263.5  | 2693.0  | 2815.6   | 2750.0  |
|   | =====   | =====   | =====   | =====    | =====   |
| Mean Invested Assets (Cost Basis)                                     | 27906.2 | 30337.3 | 36573.8 | 39027.5  | 37470.0 |
| Ratio of Adjusted Net Invest Inc<br>Over Mean Invested Assets         | 7.52%   | 7.46%   | 7.36%   | 7.21%    | 7.35%   |
| Investment Gains  |         |         |         |          |         |
| Realized Gains (Losses) on Investments                                | 57.6    | 72.9    | 13.7    | 3.8      | (10.0)  |
| Gains(Losses) on Derivatives  | 0.0     | 0.0     | 0.0     | 0.0      | 0.0     |
| Incr (Decr) in Unreal Gains on Sec<br>Avail-for-Sale (after DAC/Tax)  | (208.8) | 159.6   | 116.4   | (1018.1) | 470.0   |
| Incr (Decr) on Derivatives  |         |         |         |          |         |
| Incr (Decr) in Foreign Exchange                                       | 53.0    | (20.3)  | 3.8     | (19.9)   | (0.0)   |
| Securities Available-for-Sale<br>[Billions of Dollars at End of Year] |         |         |         |          |         |
| Fixed Maturity Sec (Market)   | 24.097  | 24.066  | 30.233  | 27.689   | 27.000  |
| Fixed Maturity Sec (Adjusted Cost)                                    | 23.200  | 22.624  | 28.640  | 28.357   | 27.000  |
| Equity Securities (Market)  | 0.558   | 0.660   | 0.543   | 0.604    | 0.000   |
| Equity Securities (Adjusted Cost)                                     | 0.434   | 0.518   | 0.437   | 0.482    | 0.000   |
| % of Fixed Maturity Securities (Based on Market)                      |         |         |         |          |         |
| Treasuries and AAA  | 32.8%   | 27.6%   | 25.6%   | 22.8%    | 22.0%   |
| AA or better  | 41.9%   | 35.1%   | 32.6%   | 29.8%    | 29.0%   |
| BB or less  | 7.0%    | 7.3%    | 7.0%    | 8.0%     | 6.0%    |

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| For the Quarter Ended   | Dec<br>1998 | Mar<br>1999 | Jun<br>1999 | Sep<br>1999 | Dec<br>1999 |
|---|-------------|-------------|-------------|-------------|-------------|
|   | -----       | -----       | -----       | -----       | -----       |
| Net Investment Income   |             |             |             |             |             |
| Fixed Maturity Securities   | 544.5       | 557.8       | 575.8       | 551.2       | 5.48        |
| Equity Securities   | 8.9         | 4.4         | 4.9         | 3.9         | 6.9         |
| Mortgage loans on real estate   | 107.4       | 94.5        | 85.5        | 94.7        | 94.5        |
| Real estate   | 18.4        | 19.4        | 18.4        | 13.7        | 12.5        |
| Policy loans  | 29.8        | 28.6        | 28.6        | 29.4        | 29.9        |
| Invested cash   | 44.0        | 32.4        | 23.4        | 32.4        | 22.0        |
| Other investments   | 19.3        | 7.5         | 13.4        | 9.9         | 20.9        |
|   | -----       | -----       | -----       | -----       | -----       |
| Investment revenue  | 772.4       | 744.6       | 750.1       | 735.2       | 734.9       |
| Investment expense  | 57.7        | 35.1        | 49.3        | 38.1        | 34.8        |
|   | -----       | -----       | -----       | -----       | -----       |
| Net Investment Income   | 714.7       | 709.5       | 700.8       | 697.1       | 700.1       |
|   | -----       | -----       | -----       | -----       | -----       |
| Gross-up of Tax Exempt Income   | 3.0         | 1.8         | 2.0         | 1.7         | 2.6         |
|   | -----       | -----       | -----       | -----       | -----       |
| Adjusted Net Invest Income  | 717.7       | 711.3       | 702.8       | 698.7       | 702.7       |
|   | =====       | =====       | =====       | =====       | =====       |
| Mean Invested Assets (Cost Basis)                                     | 37619.5     | 39174.2     | 39385.3     | 39111.8     | 38438.6     |
| Ratio of Adjusted Net Invest Inc<br>Over Mean Invested Assets         | 7.63%       | 7.26%       | 7.14%       | 7.15%       | 7.31%       |
| Investment Gains  |             |             |             |             |             |
| Realized Gains (Losses) on Investments                                | 0.5         | 1.5         | (3.5)       | 4.1         | 1.6         |
| Gains (Losses) on Derivatives   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Incr (Decr) in Unreal Gains on Sec<br>Avail-for-Sale (after DAC/Tax)  | (221.4)     | (297.7)     | (255.8)     | (102.7)     | (361.9)     |
| Incr (Decr) on Derivatives  |             |             |             |             |             |
| Incr (Decr) in Foreign Exchange                                       | (9.8)       | (19.9)      | (9.5)       | 19.6        | (10.2)      |
| Securities Available-for-Sale<br>[Billions of Dollars at End of Year] |             |             |             |             |             |
| Fixed Maturity Sec (Market)   | 30.233      | 30.578      | 29.579      | 28.708      | 27.689      |
| Fixed Maturity Sec (Adjusted Cost)                                    | 28.640      | 29.681      | 29.494      | 28.974      | 28.357      |
| Equity Securities (Market)  | 0.543       | 0.481       | 0.506       | 0.507       | 0.604       |
| Equity Securities (Adjusted Cost)                                     | 0.437       | 0.380       | 0.385       | 0.414       | 0.482       |
| % of Fixed Maturity Securities<br>(Based on Market)                   |             |             |             |             |             |
| Treasuries and AAA  | 25.6%       | 26.3%       | 25.5%       | 24.2%       | 22.8%       |
| AA or better  | 32.6%       | 33.2%       | 32.5%       | 31.1%       | 29.8%       |
| BB or less  | 7.0%        | 7.1%        | 7.0%        | 7.5%        | 8.0%        |

| For the Quarter Ended | Mar<br>2000 | Jun<br>2000 | Sep<br>2000 | Dec<br>2000 | Mar<br>2001 | 2     |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------|
|                       | -----       | -----       | -----       | -----       | -----       | ----- |
| Net Investment Income |             |             |             |             |             |       |

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|   |         |         |         |         |         |       |
|---|---------|---------|---------|---------|---------|-------|
| Fixed Maturity Securities   | 541.3   | 544.4   | 525.3   | 537.7   | 522.7   | 53    |
| Equity Securities   | 3.7     | 5.7     | 3.6     | 6.5     | 1.0     |       |
| Mortgage loans on real estate   | 92.0    | 95.1    | 94.4    | 92.3    | 95.7    | 9     |
| Real estate   | 11.2    | 12.5    | 11.8    | 16.3    | 12.8    | 1     |
| Policy loans  | 30.7    | 30.9    | 30.5    | 32.9    | 31.4    | 3     |
| Invested cash   | 27.2    | 15.1    | 26.5    | 18.4    | 26.7    | 1     |
| Other investments   | 35.1    | 2.0     | 26.9    | 2.9     | 19.6    | 1     |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Investment revenue  | 741.1   | 705.7   | 719.1   | 706.9   | 709.9   | 70    |
| Investment expense  | 30.0    | 31.8    | 29.0    | 34.8    | 36.1    | 3     |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Net Investment Income   | 711.1   | 673.8   | 690.0   | 672.1   | 673.7   | 67    |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Gross-up of Tax Exempt Income   | 1.5     | 2.3     | 1.4     | 2.6     | 0.5     |       |
|   | -----   | -----   | -----   | -----   | -----   | ----- |
| Adjusted Net Invest Income  | 712.6   | 676.1   | 691.5   | 674.7   | 674.2   | 67    |
|   | =====   | =====   | =====   | =====   | =====   | ===== |
| Mean Invested Assets (Cost Basis)                                     | 38237.4 | 37306.1 | 37250.8 | 37090.8 | 37238.0 | 3709  |
| Ratio of Adjusted Net Invest Inc<br>Over Mean Invested Assets         | 7.45%   | 7.25%   | 7.43%   | 7.28%   | 7.24%   | 7.    |
| Investment Gains  |         |         |         |         |         |       |
| Realized Gains (Losses) on Investments                                | (0.4)   | (6.7)   | (11.6)  | 1.2     | (13.4)  | (1    |
| Gains (Losses) on Derivatives   | 0.0     | 0.0     | 0.0     | 0.0     | (0.1)   |       |
| Incr (Decr) in Unreal Gains on Sec<br>Avail-for-Sale (after DAC/Tax)  | 54.5    | (145.4) | 218.8   | 349.8   | 178.4   | (11   |
| Incr (Decr) on Derivatives  |         |         |         |         | 23.3    |       |
| Incr (Decr) in Foreign Exchange                                       | (7.3)   | (0.9)   | (2.0)   | 2.0     | (17.8)  | (1    |
| Securities Available-for-Sale<br>[Billions of Dollars at End of Year] |         |         |         |         |         |       |
| Fixed Maturity Sec (Market)   | 27.745  | 27.078  | 27.264  | 27.450  | 27.811  | 27.   |
| Fixed Maturity Sec (Adjusted Cost)                                    | 28.295  | 27.788  | 27.727  | 27.373  | 27.367  | 27.   |
| Equity Securities (Market)  | 0.588   | 0.560   | 0.570   | 0.550   | 0.560   | 0.    |
| Equity Securities (Adjusted Cost)                                     | 0.475   | 0.446   | 0.450   | 0.458   | 0.507   | 0.    |
| % of Fixed Maturity Securities<br>(Based on Market)                   |         |         |         |         |         |       |
| Treasuries and AAA  | 22.7%   | 22.3%   | 22.3%   | 22.1%   | 20.3%   | 19    |
| AA or better  | 29.5%   | 29.3%   | 29.4%   | 29.2%   | 27.1%   | 26    |
| BB or less  | 7.4%    | 7.4%    | 6.8%    | 6.7%    | 7.2%    | 7     |

9/30/01

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

| For the Year Ended December 31 | 1990  | 1991  | 1992  | 1993  | 1994  | 1995  | 199   |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|
| -----                          | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

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Common Stock [1]

|               |        |        |        |        |        |        |       |
|---------------|--------|--------|--------|--------|--------|--------|-------|
| Highest Price | 15.338 | 13.813 | 19.032 | 24.125 | 22.188 | 26.875 | 28.50 |
| Lowest Price  | 7.688  | 9.500  | 12.625 | 17.344 | 17.313 | 17.313 | 20.37 |
| Closing Price | 10.750 | 13.688 | 18.500 | 21.750 | 17.500 | 26.875 | 26.25 |

|                           |       |       |       |       |       |       |       |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|
| Dividend Payout Ratio [2] | 63.4% | 63.5% | 38.9% | 52.6% | 51.0% | 39.7% | 38.2% |
| Yield [3]                 | 6.3%  | 5.3%  | 4.1%  | 3.8%  | 4.9%  | 3.4%  | 3.7%  |

|                                     |       |        |        |        |        |       |      |
|-------------------------------------|-------|--------|--------|--------|--------|-------|------|
| Preferred Stock Dividend (Millions) | 9.143 | 13.033 | 17.246 | 17.212 | 17.119 | 8.644 | 0.11 |
|-------------------------------------|-------|--------|--------|--------|--------|-------|------|

Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

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

Ratios

|                                  |  |  |       |       |       |       |       |
|----------------------------------|--|--|-------|-------|-------|-------|-------|
| Debt to Total Capitalization [4] |  |  | 25.7% | 21.1% | 19.9% | 22.8% | 18.8% |
| Debt to Equity [4]               |  |  | 34.7% | 26.7% | 24.9% | 29.5% | 23.1% |

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

Common Stock:

|               |        |        |        |        |        |        |        |       |
|---------------|--------|--------|--------|--------|--------|--------|--------|-------|
| Highest Price | 43.344 | 50.250 | 53.438 | 57.500 | 48.313 | 41.375 | 40.063 | 56.37 |
| Lowest Price  | 33.500 | 39.281 | 45.688 | 36.000 | 36.500 | 22.625 | 29.000 | 35.62 |
| Closing Price | 40.906 | 49.438 | 52.313 | 37.563 | 40.000 | 33.500 | 36.125 | 48.12 |

|           |      |      |      |      |      |      |      |      |
|-----------|------|------|------|------|------|------|------|------|
| Yield [3] | 2.7% | 2.2% | 2.1% | 2.9% | 2.9% | 3.5% | 3.2% | 2.4% |
|-----------|------|------|------|------|------|------|------|------|

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

Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

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

### Ratios

|                                  |       |       |       |       |       |       |       |       |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Debt to Total Capitalization [4] | 21.2% | 20.7% | 22.0% | 22.0% | 23.2% | 23.3% | 21.8% | 21.2% |
| Debt to Equity [4]               | 26.9% | 26.2% | 28.2% | 28.3% | 30.3% | 30.4% | 28.0% | 27.0% |

\* Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

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

### Return on Equity/Return on Capital:

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

1) realized security gains on investments 2) unrealized gains on equity securities over appreciation. This method eliminates amortization of goodwill related to acquisitions.

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