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LINCOLN NATIONAL CORP  
Form 8-K  
August 07, 2003

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

FORM 8-K

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

Date of Report: June 30, 2003

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number 219-448-1400

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

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

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

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

Item 12. Results of Operations and Financial Condition

See Item 9, Regulation FD Disclosure, above.

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## Lincoln Statistical Report Second Quarter 2003

### Lincoln Financial Group

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

### Table of Contents

### LFG Analyst Coverage

### Notes

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

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Retroactive Adoption of FAS 123

36

6/30/03

ii

## NOTES

### Definitions and Presentation

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

### Accounting Changes

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

Financial Highlights  
Unaudited [Amounts in Million  
except Per Share]

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

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

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

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

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

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Total Assets Under Management 127.397 119.536 7.861 6.6% 127.397

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

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

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

Financial Highlights  
Unaudited [Amounts in Millions]

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

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

Pre-Tax Realized Gains (Losses) by Segment*				
Lincoln Retirement	(0.6)	(56.3)	55.7	(78.3)
Life Insurance	(2.2)	(24.8)	22.5	(15.4)
Investment Management	0.1	(0.7)	0.7	(0.4)
Lincoln UK	0.0	4.5	(4.5)	(0.0)
Corporate and Other	0.0	(3.9)	3.9	0.0
	-----	-----	-----	-----

Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(2.7)	(81.1)	78.4	(94.1)
-------------------------------------------------------------------	-------	--------	------	--------

After-Tax Realized Gains (Losses) by Segment*				
Lincoln Retirement	(0.4)	(36.5)	36.1	(50.9)
Life Insurance	(1.5)	(16.1)	14.6	(10.0)
Investment Management	0.0	(0.4)	0.5	(0.2)
Lincoln UK	0.0	3.2	(3.2)	(0.0)
Corporate and Other	0.0	(2.4)	2.5	0.0
	-----	-----	-----	-----

After-Tax Realized Gains (Losses) on Investments and Derivatives	(1.8)	(52.4)	50.6	(61.2)
---------------------------------------------------------------------	-------	--------	------	--------

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

Financial Highlights  
Unaudited [Amounts in Millions]

As of

	June 2003 Amount	December 2002 Amount	Change
	-----	-----	-----
Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			
Fixed Maturities	35,354.5	32,767.5	2,587.0
Equities	257.3	337.2	(79.9)
Mortgage Loans on Real Estate	4,314.3	4,205.5	108.8
Real Estate	240.3	279.7	(39.4)



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

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

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

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

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Per Share Data (Diluted)

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

Shareholders' Equity Per Share

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

Return on Equity

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

Market Value of Common Stock

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

For the Year Ended December 31

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

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OTHER DATA

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

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

PAGE 6

Quarterly Summary  
Unaudited [Millions of Dollars  
except Per Share]

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

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

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

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

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

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

PAGE 7

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

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



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

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

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

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

PAGE 8

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

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

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

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Statement of Consolidated Income  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002	YTD Jun 2003
	-----	-----	-----	-----	-----	-----
Revenue						
Life and annuity premiums	985.6	1183.0	1403.3	1363.4	295.6	143.0
Surrender charges	91.5	110.2	114.7	101.5	87.8	41.0
Mortality assessments	380.1	496.4	496.5	533.3	530.3	260.0
Expense assessments	773.8	896.0	1013.1	880.1	792.7	411.0
Health premiums	635.1	698.5	409.8	340.6	20.3	10.0
Investment advisory fees	227.1	223.8	213.1	197.2	183.3	95.0
Amortization of deferred gain				20.4	75.2	46.0
Amortization of deferred gain- reserve development					(0.8)	
Other revenue and fees	261.0	344.5	441.1	328.7	299.5	145.0
Net investment income	2,710.6	2,842.5	2,784.1	2,708.7	2,631.9	1,312.0
Earnings in Unconsolidated Affiliates	3.3	5.8	(0.4)	5.7	(0.6)	(0.0)
Realized gains (losses) on investments	19.0	3.0	(28.3)	(92.4)	(280.9)	(185.0)
Gains (losses) on derivatives				(9.3)	1.2	0.0
Total Revenue	6,087.1	6,803.7	6,847.1	6,378.0	4,635.5	2,283.0
Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	1,237.7	1,546.6	1,546.4	1,517.9	811.3	367.0
Div accum & div to policyholders	78.0	88.4	87.6	83.7	76.0	36.0
Interest credited to policy bal.	1,446.2	1,510.4	1,474.2	1,506.0	1,617.1	788.0
Health policy benefits	566.9	659.7	449.0	302.1	49.7	37.0
Reserve developments on Reins. business sold					305.4	22.0
Total insurance benefits	3,328.9	3,805.0	3,557.2	3,409.7	2,859.5	1,251.0
Underwriting, acquisition, insurance and other expenses:						
Commissions	740.1	961.0	919.1	860.3	579.4	292.0
Other volume related expenses	150.7	197.1	253.8	184.8	256.8	120.0
Operating and administrative expenses	997.9	1165.3	1157.0	1114.5	928.0	440.0
Restructuring charges	52.8	27.4	104.9	38.0	(2.2)	1.0
Taxes, licenses and fees	73.1	77.9	107.5	122.9	106.8	60.0
Par policyholder interests	(4.3)	3.3	1.1			
Foreign exchange	(1.5)	1.9	(2.9)	(1.4)	0.3	0.0
Subtotal	2,008.8	2,433.8	2,540.6	2,319.1	1,869.0	915.0
Deferral of acquisition costs				(714.1)	(627.3)	(304.0)
DAC amortization				367.8	346.7	170.0
DAC deferral net of amortization	(208.2)	(314.6)	(427.5)	(346.3)	(280.6)	(133.0)
PVIF amortization	77.1	102.5	132.6	113.1	136.5	53.0
Other intangibles amortization	18.8	18.0	17.7	12.1	8.2	4.0

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Total underwriting, acquisition, insurance and other expenses	1,896.5	2,239.7	2,263.5	2,098.0	1,733.2	839.
Goodwill amortization	44.5	49.2	45.1	43.4		
Interest	117.1	133.7	139.5	121.0	96.6	49.
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	5,386.9	6,227.6	6,005.3	5,672.1	4,689.3	2,141.
	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	700.2	576.1	841.8	705.9	(53.8)	142.
Federal income taxes	190.4	115.7	220.4	144.7	(102.6)	8.
Income Before Cumulative Effect of Accounting Changes	509.8	460.4	621.4	561.2	48.8	134.
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes				(15.6)		
	-----	-----	-----	-----	-----	-----
Net Income	509.8	460.4	621.4	545.7	48.8	134.
	=====	=====	=====	=====	=====	=====
Less:						
Restructuring charges	(34.3)	(18.9)	(80.2)	(24.7)	2.0	(1.
Realized gains (losses) on investments	13.7	3.8	(17.5)	(68.7)	(177.2)	(120.
Gains (losses) on derivatives				(4.9)	0.8	0.
Reserve increase on business sold through reinsurance					(199.1)	(14.
Gain on sale of subsidiaries				15.0	(9.4)	
Cumulative Effect of Accounting Changes				(15.6)		
	-----	-----	-----	-----	-----	-----
Income from Operations	530.4	475.5	719.1	644.4	431.6	269.
	=====	=====	=====	=====	=====	=====
-----						
Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-year				3,070.5	2,885.3	2,885.
Deferral				714.1	627.3	304.
Amortization				(367.8)	(346.7)	(170.
				-----	-----	-----
Included in Total Benefits and Expenses				346.3	280.6	133.
Adjustment related to realized (gains) losses on securities available-for-sale				112.9	115.0	74.
Adjustment related to unrealized (gains) losses on securities available-for-sale				(187.2)	(338.5)	(37.
Foreign currency translation adjustment				(16.0)	56.9	29.
Disposition of business				(425.9)	0.0	0.
Other				(15.3)	(28.4)	(28.
				-----	-----	-----
Balance at end-of-year				2,885.3	2,970.9	3,056.
				=====	=====	=====
Roll Forward of Present Value of In-Force						

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Balance at beginning-of-year	1,483.3	1,362.5	1,362.
Amortization	(113.1)	(136.5)	(53.
Foreign currency translation adjustment	(7.0)	24.1	12.
Other	(0.7)	(0.0)	(0.
	-----	-----	-----
Balance at end-of-year	1,362.5	1,250.1	1,321.
	=====	=====	=====

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

PAGE 10

Statement of Consolidated Income  
Unaudited [Millions of Dollars]

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

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



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Roll Forward of Present Value of In-Force

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

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

Revenue

Life and annuity premiums	71.6	80.7	65.3	65.9
Surrender charges	22.8	23.5	18.9	21.3
Mortality assessments	134.1	135.3	138.9	135.6
Expense assessments	193.2	187.6	177.1	190.9
Health premiums	(9.6)	19.1	3.0	0.1
Investment advisory fees	42.9	44.7	44.2	49.4
Amortization of deferred gain	22.1	6.9	18.4	18.2
Amortization of deferred gain-reserve development	(1.4)	0.5	(0.2)	(0.2)
Other revenue and fees	72.1	81.5	70.6	74.5
Net investment income	652.4	667.3	654.6	660.2
Earnings in Unconsolidated Affiliates				
Realized gains (losses) on investments	(37.1)	(58.9)	(89.6)	(1.7)
Gains (losses) on derivatives	0.3	0.3	(1.9)	(1.0)
	-----	-----	-----	-----
Total Revenue	1,163.4	1,188.6	1,099.3	1,213.2
	-----	-----	-----	-----

Benefits and Expenses

Ins. benefits paid or provided:				
Life and annuity policy benefits	229.7	214.0	187.1	155.1
Div accum & div to policyholders	17.2	22.8	14.4	17.6
Interest credited to policy bal.	417.4	411.1	409.3	406.3
Health policy benefits	7.3	5.1	2.3	14.2
Reserve developments on Reins. business sold	270.0	13.2		
	-----	-----	-----	-----
Total insurance benefits	941.6	666.2	613.0	593.2
Underwriting, acquisition, insurance and other expenses:				
Commissions	124.6	162.0	125.7	132.9
Other volume related expenses	63.9	72.6	71.5	65.4
Operating and administrative expenses	228.1	259.7	217.8	235.5
Restructuring charges	(2.1)	(1.7)	5.5	13.5
Taxes, licenses and fees	24.1	22.6	30.6	23.1
Par policyholder interests				
Foreign exchange	0.4	(0.6)	(0.0)	
	-----	-----	-----	-----
Subtotal	439.1	514.6	451.2	470.3
Deferral of acquisition costs	(155.5)	(167.8)	(148.5)	(140.6)
DAC amortization	113.0	62.8	100.1	64.0
	-----	-----	-----	-----
DAC deferral net of amortization	(42.5)	(105.0)	(48.4)	(76.5)
PVIF amortization	40.2	43.0	22.7	13.6
Other intangibles amortization	2.0	2.0	2.0	2.0
	-----	-----	-----	-----

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

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

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

ASSETS	Corporate and Other Operations		Consolidating Adjustments	
	Jun 2003	Dec 2002	Jun 2003	Dec 2002
Investments				

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

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

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

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

	Corporate and Other Operations		Consolidating Adjustments	
	Jun	Dec	Jun	Dec
	2003	2002	2003	2002
	-----	-----	-----	-----
LIABILITIES and SHAREHOLDERS' EQUITY				
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves				