

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

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### FILER

#### LINCOLN NATIONAL CORP

CIK: **59558** | IRS No.: **351140070** | State of Incorporation: **IN** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-06028** | Film No.: **05791598**  
SIC: **6311** Life insurance

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

May 2, 2005

Date of Report (Date of earliest event reported)

**Lincoln National Corporation**

(Exact name of registrant as specified in its charter)

**Indiana**

**1-6028**

**35-1140070**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

**1500 Market Street, West Tower, Suite 3900, Philadelphia, Pennsylvania 19102-2112**

(Address of principal executive offices) (Zip Code)

**(215) 448-1400**

(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 2, 2005, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2005, a copy of which is attached as Exhibit 99.1 and is incorporated herein by reference, and the registrant's statistical supplement for the quarter ended March 31, 2005 is attached as Exhibit 99.2 and is incorporated herein by reference.

The information, including exhibits attached hereto, furnished under this Item 12 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits.

The following exhibits are being furnished with this Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Lincoln Financial Group press release dated May 2, 2005, announcing Lincoln National Corporation's financial results for the quarter ended March 31, 2005.
99.2	Lincoln National Corporation Statistical Supplement for the Quarter Ended March 31, 2005.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LINCOLN NATIONAL CORPORATION

By /S/ DOUGLAS N. MILLER

\_\_\_\_\_

Name: Douglas N. Miller

Title: Vice President, Controller, and Chief  
Accounting Officer

Date: May 2, 2005

**EXHIBIT INDEX**

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## NEWS RELEASE

## Lincoln Financial Group Reports First Quarter 2005 Earnings

**PHILADELPHIA, May 2, 2005** - Lincoln National Corporation (NYSE:LNC), the parent company of the Lincoln Financial Group of companies, today reported net income of \$178.9 million, or \$1.01 per diluted share for its first quarter of 2005. By comparison, net income for the first quarter of 2004 was \$130.5 million, or \$0.72 per diluted share.

Income from operations for the first quarter of 2005 was \$172.5 million, or \$0.98 per diluted share, compared with \$175.3 million, or \$0.97 per diluted share, in the first quarter of 2004. Return on equity (ROE), based on income from operations, for the quarter was 12.9%. The attached table defines and reconciles income (loss) from operations and ROE, non-GAAP measures, to net income and ROE calculated in accordance with GAAP.

Consolidated domestic retail deposits, which include annuities, mutual funds, life insurance and other personal wealth accumulation products, reached \$6.2 billion, up 27% over the first quarter of 2004. Lincoln reported consolidated retail net flows for the quarter of \$2.6 billion, up over 40% from the prior year quarter. Institutional deposits were \$1.8 billion for the quarter with \$1.2 billion in net flows, marking six consecutive quarters of institutional flows in excess of \$1 billion.

“Our management team is focused on building long-term shareholder value by investing in product innovation, investment performance, and effective wholesaling, all of which translate into growth in deposits and assets under management,” said Jon A. Boscia, chairman and chief executive officer of Lincoln Financial Group. “From a long-term value standpoint, it’s important that we do not compromise our risk management practices or pull back on investing in the build-out of our wholesaling and investment management franchises in the face of what we know to be a drag on current period earnings.”

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## Lincoln Retirement

First quarter income from operations for the retirement segment was \$98.6 million versus \$102.2 million for the same period a year ago. Income from operations for the first quarter of 2004 included \$6.5 million, after-tax, related to contingent interest received in connection with mortgage loans that were paid in full during the quarter.

Gross deposits reached a record \$2.6 billion and net flows were \$776 million in the quarter. Growth in deposits and flows was fueled by the continued popularity of the *Lincoln SmartSecurity<sup>SM</sup>* Advantage, a step-up withdrawal rider on individual variable annuity products and elected on 54% of first quarter deposits. Lincoln's three-Greek hedging program is performing within management's proscribed tolerances.

"The retirement segment's results reflect the continued solid performance of our individual products, including our *i4LIFE<sup>®</sup>* Advantage, a variable annuity rider that provides investors with an income management tool, which reported record deposits of \$177 million in the quarter," said Boscia. "We also are very pleased with our *Lincoln Alliance<sup>®</sup>* Program, an employer sponsored solution, which reported record deposits in the quarter," added Boscia.

## Life Insurance

Life insurance income from operations was \$67.7 million, compared to \$74.8 million in the first quarter of 2004. The quarter was impacted by approximately \$4 million of unfavorable mortality and higher amortization of deferred acquisition costs (DAC). Contingent interest received in the first quarter of 2004 also contributed \$3.7 million to the year-over-year variance.

First year premiums from retail life insurance declined 8% in the quarter as compared to the prior year quarter, primarily due to the competitive landscape and Lincoln's proactive stance against participating in the sale of investor-owned life insurance products. "We continue to stand by our risk management principles and pricing discipline, recognizing the importance of ensuring the long-term financial health of Lincoln to our stakeholders," said Boscia.

## Investment Management

The investment management segment reported income from operations of \$7.4 million for the quarter, compared with income from operations of \$12.5 million for the same period a year ago. The year ago quarter included \$3.5 million in income from operations from Delaware International Advisors Ltd. (DIAL), which was sold in

September 2004. In the first quarter of 2005, income from operations was primarily impacted by the effect of weak equity markets and volume related costs associated with the period' s record retail deposits.

Total deposits in the quarter for this segment were \$5.2 billion and net flows were \$2.8 billion. Strength in deposits and flows was the result of continued strong investment performance for both the institutional and retail businesses. Retail mutual fund deposits exceeded \$1 billion for the first time in a quarter, an increase in excess of 40% over both the prior year' s first quarter results and over fourth quarter 2004 results.

In April, a new large cap growth team joined Delaware Investments. "The addition of these managers fills an important gap in this critical investment style and is evidence of the attractive platform Jude Driscoll and team have built at Delaware," said Boscia.

## **Lincoln UK**

For the first quarter, the UK segment' s income from operations was \$10.0 million, which compares with \$6.2 million in the first quarter of 2004. Results reflect the positive impact of equity markets, higher investment income and the exchange rate.

## **Corporate and Other**

Corporate and Other, which includes financing, distribution expenses, and the amortization of the deferred gain from the reinsurance business sold in 2001, had an operating loss for the first quarter of \$11.2 million, versus an operating loss of \$20.4 million in the first quarter of 2004. Distribution losses were \$13.6 million in the first quarter of 2005 versus \$13.3 million a year ago. The first quarter of 2005 included a positive \$5.8 million adjustment from a reduction in the deferred tax asset valuation allowance previously established in the company' s Barbados subsidiary.

## **2005 Outlook**

Lincoln expects to continue posting strong results in core long-term drivers of franchise value, namely deposits, flows, and investment performance.

For the retirement segment, Lincoln expects income from operations, as reported in the first quarter of 2005, to benefit from continued positive variable flows recognizing adjustments for equity markets and spread compression guidance, excluding approximately \$1 million of favorable investment income. Lincoln' s outlook is dependent upon variable annuity market conditions, continued positive flows, and the absence of fluctuations in the variable annuity hedge program.

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Lincoln expects life insurance income from operations to build from results reported in the first quarter after factoring in greater than expected mortality and related DAC expenses of approximately \$3 million. Lincoln's expectations for growth in income are dependent upon modest growth in life insurance in-force and mix of business between permanent and term insurance. Lincoln expects first year premiums for 2005 to equal or modestly outperform 2004 levels. Life sales continue to be pressured by competitive market conditions coupled with the company's risk management discipline.

Outlook for the retirement and life segment assumes normalized conditions in investment income from commercial mortgage loan prepayment and bond make-whole premiums and partnership income.

For investment management, Lincoln expects income from operations to build from current levels assuming the impact of positive equity markets are offset by the acquisition costs related to significant deposit growth. This expectation excludes net expense of approximately \$3.5 to \$4.5 million, after-tax, in the second quarter and declining to \$2 million of net expense in the second half of the year related to the large cap growth team and related talent acquisitions.

Distribution results remain sensitive to life insurance and other product sales levels, the successful implementation of Lincoln Financial Advisors' new affiliation model, and the pace of wholesaler expansion in Lincoln Financial Distributors. Recognizing the impact of seasonality in life sales, Lincoln anticipates a modest improvement in distribution losses over 2004 levels.

Lincoln confirms previous 2005 guidance for the UK segment earnings of \$36 to \$37 million recognizing the effects of any change in exchange rates, as well as adhering to guidance previously provided for the reinsurance deferred gain amortization of \$49 million for the year and annual interest expense of \$93 million. Lincoln's equity market guidance remains unchanged from the sensitivity detailed in its 2004 10-K filing and management expects spread compression of 4 to 5 basis points per quarter in retirement with the life segment performing marginally better.

This outlook contains estimates that are forward-looking, and actual results may differ materially. Lincoln's actual experience in 2005 will almost certainly differ from many of the assumptions utilized in the outlook and the company's expectations for these and a large number of other factors will probably change, leading us to revise our estimates over time. These factors include, but are not limited to, legislative, regulatory or tax



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changes affecting the cost and demand of our products, the institution of legal or regulatory proceedings against us or our subsidiaries, and significant changes in estimated future earnings on investment products caused by changes in the equity markets. Please see the Forward-Looking Statements - Cautionary Language that follow for additional factors that may cause actual results to differ materially from our current expectations.

As of March 31, 2005, the book value of Lincoln National Corporation common stock, excluding accumulated other comprehensive income, was \$30.85, compared with \$27.99 a year ago. Book value, including accumulated other comprehensive income, was \$34.74, compared with \$34.36 a year ago. In the first quarter of 2005, 755,000 shares were repurchased at a total cost of \$35 million.

Lincoln National Corporation will discuss the company's first quarter results with investors in a conference call beginning at noon (EDT) on Tuesday, May 3, 2005. The company will also post its first quarter 2005 statistical supplement on its Web site, [www.LFG.com](http://www.LFG.com).

Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. With headquarters in Philadelphia, Lincoln Financial Group has consolidated assets of \$116 billion as of March 31, 2005, and had annual consolidated revenues of \$5.4 billion in 2004. Through its wealth accumulation and protection businesses, the company provides annuities, life insurance, 401(k) and 403(b) plans, 529 college savings plans, mutual funds, managed accounts, institutional investment and financial planning and advisory services.

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## Definition of Income (Loss) from Operations and ROE

Income (loss) from operations and ROE, as used in the earnings release, are non-GAAP financial measures and are not substitutes for net income (loss) and ROE, calculated using GAAP measures. Income (loss) from operations represents after-tax results excluding, as applicable, realized gains or losses on investments and derivatives, cumulative effect of accounting changes, restructuring charges, reserve changes on business sold through reinsurance, gain on sale of subsidiaries and book of business and loss on early retirement of debt. The earnings used to calculate ROE, as used in the earnings release, are income (loss) from operations. Income (loss) from operations is an internal measure used by the company in the management of its operations. Management believes that this performance measure explains the results of the company's ongoing operations in a manner that allows for a better understanding of the underlying trends in the company's current business because the excluded items are either unpredictable and/or not related to decisions regarding the underlying businesses.

	<u>For the Quarter</u> <u>Ended March 31,</u> <u>2005</u>	<u>For the Quarter</u> <u>Ended March 31,</u> <u>2004</u>
(\$in millions, except per share amounts)		
<b>Net Income</b>	<b>\$ 178.9</b>	<b>\$ 130.5</b>
Less:		
Net realized gain/loss on investments and derivatives	(1.8 )	(13.0 )
Restructuring charges	(1.3 )	(7.5 )
Reserve development and related amortization on business sold through reinsurance	0.2	0.2
Gain on sale of a subsidiary	9.3	-
Cumulative effect of accounting change	-	(24.5 )
<b>Income from Operations</b>	<b>\$ 172.5</b>	<b>\$ 175.3</b>
<b>Earnings per share (diluted)</b>		
Net Income	\$ 1.01	\$ 0.72
Income from Operations	\$ 0.98	\$ 0.97

## Average Equity

(Excluding accumulated other comprehensive income)

\$ 5,338.8

\$ 5,016.8

**Return on Equity**

Net Income

13.4

%

10.4

%

Income from Operations

12.9

%

14.0

%

**LINCOLN NATIONAL CORPORATION**  
**DIGEST OF EARNINGS**

*For the Quarter Ended March 31*

	2005	2004
<i>Revenue</i>	\$1,313,239,000	\$1,259,030,000
<i>Net Income</i>	178,936,000	130,457,000
<i>EPS - Basic</i>	\$1.03	\$0.73
<i>EPS - Diluted</i>	\$1.01	\$0.72
<i>Ave. Shares - Basic</i>	173,695,598	178,274,958
<i>Ave. Shares - Diluted</i>	176,628,890	181,214,395

## Forward-Looking Statements - Cautionary Language

Certain statements made in this presentation and in other written or oral statements made by LNC or on LNC's behalf are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: "believe", "anticipate", "expect", "estimate", "project", "will", "shall" and other words or phrases with similar meaning. LNC claims the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described within the forward-looking statements include, among others:

Legislative, regulatory or tax changes, both domestic and foreign, that affect the cost of, or demand for, LNC's products, the required amount of reserves and/or surplus, or otherwise affect our ability to conduct business, including changes to statutory reserves and/or risk-based capital requirements related to secondary guarantees under universal life and variable annuity products; restrictions on revenue sharing and 12b-1 payments; and the repeal of the federal estate tax;

The institution of legal or regulatory proceedings against LNC or its subsidiaries and the outcome of any legal or regulatory proceedings, such as: (a) adverse actions related to present or past business practices common in businesses in which LNC and its subsidiaries compete; (b) adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities, and extra-contractual and class action damage cases; (c) new decisions which change the law; and (d) unexpected trial court rulings;

Changes in interest rates causing a reduction of investment income, the margins of LNC's fixed annuity and life insurance businesses and demand for LNC's products;

A decline in the equity markets causing a reduction in the sales of LNC's products, a reduction of asset fees that LNC charges on various investment and insurance products, an acceleration of amortization of deferred acquisition costs (DAC) and an increase in liabilities related to guaranteed benefit features of LNC's variable annuity;

Ineffectiveness of LNC's various hedging strategies used to offset the impact of declines in the equity markets;

A deviation in actual experience regarding future persistency, mortality, morbidity, interest rates and equity market returns from LNC's assumptions used in pricing its products, in establishing related insurance reserves, and in the amortization of intangibles that may result in an increase in reserves and a decrease in net income;

The effect of life settlement business on persistency assumptions used in pricing life insurance business, which may cause profitability of some business to fall below expectations and could potentially result in deficient reserves;

Changes in accounting principles generally accepted in the United States that may result in unanticipated changes to LNC's net income;

Lowering of one or more of LNC's debt ratings issued by nationally recognized statistical rating organizations, and the adverse impact such action may have on LNC's ability to raise capital and on its liquidity and financial condition;

Lowering of one or more of the insurer financial strength ratings of LNC's insurance subsidiaries, and the adverse impact such action may have on the premium writings, policy retention, and profitability of its insurance subsidiaries;

Significant credit, accounting, fraud or corporate governance issues that may adversely affect the value of certain investments in the portfolios of LNC's companies requiring that LNC realize losses on such investments;

The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including LNC's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;

The adequacy and collectibility of reinsurance that LNC has purchased;

Acts of terrorism or war that may adversely affect LNC' s businesses and the cost and availability of reinsurance;

Competitive conditions that may affect the level of premiums and fees that LNC can charge for its products;

The unknown impact on LNC' s business resulting from changes in the demographics of LNC' s client base, as aging baby-boomers move from the asset-accumulation stage to the asset-distribution stage of life;

Loss of key portfolio managers in the Investment Management segment, financial planners in Lincoln Financial Advisors or wholesalers in LFD; and

Changes in general economic or business conditions, both domestic and foreign, that may be less favorable than expected and may affect foreign exchange rates, premium levels, claims experience, the level of pension benefit costs and funding, and investment results.

The risks included here are not exhaustive. LNC' s annual reports on Form 10-K, current reports on Form 8-K and other documents filed with the Securities and Exchange Commission include additional factors which could impact LNC' s business and financial performance. Moreover, LNC operates in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the impact of all risk factors on LNC' s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undo reliance on forward-looking statements as a prediction of actual results. In addition, LNC disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this report.

**Lincoln Statistical Report**

First Quarter

**2005**

Lincoln Financial Group

This document is dated May 2, 2005. It may not be accurate after such date and LNC does not undertake to update or keep it accurate after such date.



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Lincoln Financial Group  
Statistical Report  
First Quarter  
2005

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## NOTES

### **Definitions and Presentation**

“Income from Operations,” “Operating Revenue,” and “Return on Capital” are non-GAAP financial measures and do not replace GAAP net income (loss) and revenues. Detailed reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measure is included in this statistical supplement.

We exclude the after-tax effects of the following items from GAAP net income to arrive at income from operations:

- Realized gains and losses on investments and derivatives,
- Restructuring charges,
- Gains and losses related to reinsurance embedded derivatives/trading account assets,
- The cumulative effect of accounting changes,
- Reserve changes on business sold through reinsurance net of related deferred gain amortization,
- Gains and losses on the sale of subsidiaries and blocks of business,
- Loss on early retirement of debt, including subordinated debt

Operating revenue represents revenue excluding the following, as applicable:

- Realized gains or losses on investments and derivatives,
- Gains and losses related to reinsurance embedded derivatives/trading account assets,
- Gains and losses on the sale of subsidiaries and blocks of business,
- Deferred gain amortization related to reserve changes on business sold through reinsurance,

Return on capital measures the effectiveness of LNC’ s use of its total capital, which includes equity (excluding accumulated other comprehensive income), debt and junior subordinated debentures issued to affiliated trusts. 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 effect of leveraging on LNC’ s consolidated results.

Income from operations, operating revenue, and return on capital are internal measures used by LNC in the management of its operations. Management believes that these performance measures explain the results of operations of LNC’ s ongoing operations in a manner that allows for a better understanding of the underlying trends in LNC’ s current business because the excluded items are either unpredictable and/or not related to decisions regarding the underlying businesses.

Certain operating and statistical measures are included in this report to provide supplemental data regarding the performance of LNC’ s current business. These measures include deposits, sales, net flows, first year premium, inforce, spread, and assets under management.

On September 24, 2004, LNC completed the sale of its London-based international investment unit to its management. Certain metrics pages (2, 27A, 28A, 33A, 34A) have been presented excluding the investment assets managed by the London-based international investment unit to provide more consistent comparisons between periods.

Certain reclassifications have been made to the prior periods presented to conform to the March 31, 2005 presentation.

## Accounting Changes

Effective January 1, 2004 LNC Implemented the Statement of Position 03-1, "Accounting and reporting by Insurance Enterprises for certain nontraditional long-duration contracts and for Separate Accounts ("the SOP"). Among other things, the SOP establishes standards for computing reserves for products with guaranteed benefits such as GMDB and for certain riders for Universal Life contracts. The effects of implementing the SOP, including any related effects on DAC from changes in estimated gross profits resulting from implementing the provisions of the SOP were recorded as a cumulative effect adjustment. The first quarter of 2004 resulted in a cumulative effect adjustment of \$24.5 million (\$21.8 million in Lincoln Retirement and \$2.7 million in Life Insurance segments).

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, "Account 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 restated 2000, 2001, and 2002 to reflect stock-based compensation cost under the fair value method in FAS 123 for all employee awards granted, modified or settled in fiscal years beginning after December 31, 1994. Years prior to 2000 presented in this statistical report have not been restated.

3/31/2005

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

	For the Quarter Ended March 31			
	2005 Amount	2004 Amount	Change	% Change
<b>Net Income</b>	<b>\$178.9</b>	\$130.5	\$48.5	37.2 %
<i>Less:</i>				
Realized gains (losses) on investments	(6.0 )	(7.9 )	1.9	
Gains (losses) on derivatives	1.4	(2.5 )	3.8	
Net gain (loss) on reinsurance derivative/trading account securities	2.8	(2.7 )	5.6	
Reserve development/ amortization of related deferred gain	0.2	0.2		
Gain on sale of subsidiaries/ businesses	9.3		9.3	
Restructuring charges	(1.3 )	(7.5 )	6.2	
Cumulative effect of accounting change		(24.5 )	24.5	
<b>Income from Operations</b>	<b>\$172.5</b>	\$175.3	\$(2.8 )	(1.6 )%
<b>Income from Operations - By Segment</b>				
Lincoln Retirement	\$98.6	\$102.2	\$(3.6 )	(3.5 )%
Life Insurance	67.7	74.8	(7.0 )	(9.4 )%

Investment Management	7.4	12.5	(5.1 )	(40.8 )	%
Lincoln UK	10.0	6.2	3.8	61.3	%
Corporate & Other	(11.3 )	(20.3 )	9.1		
<b>Total</b>	<b>\$172.5</b>	<b>\$175.3</b>	<b>\$(2.8 )</b>	<b>(1.6 )</b>	<b>%</b>
<b>Earnings per share (diluted)</b>					
<b>Net Income</b>	<b>\$1.01</b>	<b>\$0.72</b>	<b>\$0.29</b>	<b>40.3</b>	<b>%</b>
<i>Less:</i>					
Realized gains (losses) on investments	<b>\$(0.04 )</b>	<b>\$(0.04 )</b>			
Gains (losses) on derivatives	<b>\$0.01</b>	<b>\$(0.01 )</b>	<b>\$0.02</b>		
Net gain (loss) on reinsurance derivative/trading account securities	<b>\$0.02</b>	<b>\$(0.02 )</b>	<b>\$0.04</b>		
Reserve development/ amortization of related deferred gain					
Gain on sale of subsidiaries/ businesses	<b>\$0.05</b>		<b>\$0.05</b>		
Restructuring charges	<b>\$(0.01 )</b>	<b>\$(0.04 )</b>	<b>\$0.03</b>		
Cumulative effect of accounting change		<b>\$(0.14 )</b>	<b>\$0.14</b>		
<b>Income from Operations</b>	<b>\$0.98</b>	<b>\$0.97</b>	<b>\$0.01</b>	<b>1.0</b>	<b>%</b>
<b>Revenue</b>	<b>\$1,313.2</b>	<b>\$1,259.0</b>	<b>\$54.2</b>	<b>4.3</b>	<b>%</b>

Less:

Realized gains (losses) on investments	(8.7 )	(12.0 )	3.3		
Gains (losses) on derivatives	1.5	(3.8 )	5.3		
Gain (loss) on reinsurance derivative/trading account securities	4.4	(4.2 )	8.6		
Amortization of deferred gain-reserve development	0.3	0.3			
Gain on sale of subsidiaries/ businesses	14.2		14.2		
<b>Operating Revenue</b>	<b>\$1,301.5</b>	<b>\$1,278.8</b>	<b>\$22.7</b>	<b>1.8</b>	<b>%</b>
<b>Operating Revenue- By Segment</b>					
Lincoln Retirement	\$538.5	\$528.0	\$10.5	2.0	%
Life Insurance	484.2	483.4	0.8	0.2	%
Investment Management	130.4	135.2	(4.8 )	(3.6 )	%
Lincoln UK	74.6	76.1	(1.5 )	(2.0 )	%
Corporate & Other	73.8	56.1	17.7	31.6	%
<b>Total</b>	<b>\$1,301.5</b>	<b>\$1,278.8</b>	<b>\$22.7</b>	<b>1.8</b>	<b>%</b>

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3/31/2005

**Financial Highlights**  
Unaudited [Billions of Dollars]

	For the Quarter Ended March 31			
	2005 Amount	2004 Amount	Change	% Change
<b>Operational Data by Segment</b>				
<b>Lincoln Retirement</b>				
Gross Deposits	<b>\$2.639</b>	\$2.223	\$0.415	18.7 %
Net Flows	<b>0.776</b>	0.712	0.064	9.0 %
Account Values (Gross)	<b>65.048</b>	58.900	6.148	10.4 %
Account Values (Net of Reinsurance)	<b>62.757</b>	56.549	6.208	11.0 %
<b>Life Insurance Segment</b>				
First Year Premium- Retail (in millions)	<b>\$179.344</b>	\$195.566	\$(16.222)	(8.3 )%
First Year Premium- COLI (in millions)	<b>24.804</b>	14.226	10.578	74.4 %
First Year Premium- Total (in millions)	<b>204.148</b>	209.792	(5.644 )	(2.7 )%
In-force	<b>308.976</b>	287.007	21.970	7.7 %
Account Values	<b>14.466</b>	13.606	0.860	6.3 %
<b>Investment Management Segment</b>				
Retail Deposits	<b>\$3.381</b>	\$2.451	\$0.930	38.0 %



Retail Net Flows	<b>1.579</b>	0.969	0.610	63.0	%
Institutional In-flows	<b>1.787</b>	2.623	(0.836 )	(31.9	)%
Institutional Net Flows	<b>1.217</b>	1.661	(0.444 )	(26.7	)%
Total Net Flows	<b>2.796</b>	2.629	0.167	6.4	%
Assets Under Management- Retail and Inst' l	<b>58.022</b>	67.075	(9.053 )	(13.5	)%
Assets Under Management - Insurance-related Assets	<b>44.210</b>	44.006	0.204	0.5	%
Assets Under Management - Total Segment	<b>102.231</b>	111.081	(8.849 )	(8.0	)%

***Consolidated***

Domestic Retail Deposits	<b>\$6.249</b>	\$4.905	\$1.344	27.4	%
Domestic Retail Account Balances	<b>104.936</b>	94.133	10.803	11.5	%
Domestic Retail Net Flows	<b>2.593</b>	1.832	0.761	41.5	%
Domestic Deposits	<b>8.021</b>	7.509	0.512	6.8	%
Domestic Net Flows	<b>3.851</b>	3.530	0.320	9.1	%
Assets Under Management	<b>145.487</b>	149.292	(3.805 )	(2.5	)%

***Operational Data (excluding Assets Managed by Delaware's London-based International Investment Unit)***

***Investment Management Segment***

Retail Deposits	<b>\$3.381</b>	\$2.449	\$0.932	38.1	%
Retail Net Flows	<b>1.579</b>	0.980	0.599	61.1	%

Institutional In-flows	<b>1.787</b>	1.206	0.580	48.1	%
Institutional Net Flows	<b>1.217</b>	0.560	0.657	117.4	%
Total Net Flows	<b>2.796</b>	1.540	1.256	81.6	%
Assets Under Management- Retail and Inst' l	<b>58.022</b>	47.753	10.269	21.5	%
Assets Under Management - Insurance-related Assets	<b>44.210</b>	44.006	0.204	0.5	%
Assets Under Management - Total Segment	<b>102.231</b>	91.759	10.473	11.4	%

***Consolidated***

Domestic Retail Deposits	<b>\$6.249</b>	\$4.903	\$1.346	27.5	%
Domestic Retail Account Balances	<b>104.936</b>	93.812	11.124	11.9	%
Domestic Retail Net Flows	<b>2.593</b>	1.843	0.750	40.7	%
Domestic Deposits	<b>8.021</b>	6.090	1.930	31.7	%
Domestic Net Flows	<b>3.851</b>	2.441	1.410	57.8	%
Assets Under Management	<b>145.487</b>	129.970	15.517	11.9	%

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3/31/2005

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

	For the Quarter Ended March 31			
	2005 Amount	2004 Amount	Change	% Change
<b>Balance Sheet Assets - End of Period</b>				
	\$116,352.2	\$109,869.9	\$6,482.3	5.9 %
<b>Shareholders' Equity</b>				
Beg of Period (including AOCI)	\$6,175.6	\$5,811.6	\$364.0	
End of Period (including AOCI)	6,042.9	6,143.5	(100.6 )	
End of Period (excluding AOCI)	5,365.8	5,004.2	361.6	
Average Equity (excluding AOCI)	5,338.8	5,016.8	322.1	
<b>Return on Equity</b>				
Net Income/Average Equity (excluding AOCI)	13.4 %	10.4 %	3.0 %	
Inc from Operations/Average Equity (excluding AOCI)	12.9 %	14.0 %	(1.1 )%	
<b>Return on Capital</b>				
Inc from Operations/Average Capital	10.8 %	11.5 %	(0.7 )%	
<b>Common Stock Outstanding</b>				
Average for the Period - Diluted	176.6	181.2	(4.6 )	(2.5 )%

End of Period - Assuming Conv of Pref.	173.9	178.8	(4.8 )	(2.7 )%
End of Period - Diluted	176.5	181.4	(4.9 )	(2.7 )%
Book Value (including AOCI)	\$34.74	\$34.36	\$0.38	1.1 %
Book Value (excluding AOCI)	\$30.85	\$27.99	\$2.86	10.2 %

### *Cash Returned to Shareholders*

Share Repurchase - dollar amount	\$34.6	64.8	\$(30.1 )	
Dividends Declared to Shareholders	63.7	62.5	1.3	
<b>Total Cash Returned to Shareholders</b>	<b>\$98.4</b>	<b>\$127.2</b>	<b>\$(28.8 )</b>	
Share Repurchase - number of shares	0.755	1.369	(0.614 )	
Dividend Declared on Common Stock - per share	\$0.365	\$0.350	\$0.015	4.3 %

	For the Quarter Ended	
	2005	2004
	Amount	Amount
<b>Comprehensive Income</b>		
Net Income	\$178.9	\$130.5
Foreign Currency Translation	(7.8 )	19.9
Net Unrealized Gains (Losses) on Securities	582.9	1,038.0
Gains (Losses) on Derivatives	7.7	29.0

Minimum Pension Liability Adjustment

(60.0 ) (56.6 )

Comprehensive Income

\$701.7 \$1,160.8

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3/31/2005

**Financial Highlights**  
Unaudited [Millions of Dollars]

	For the Quarter Ended March 31			
	2005 Amount	2004 Amount	Change	% Change
<b>Consolidated Condensed Statements of Income</b>				
Revenue:				
Insurance Premiums and Fees	\$489.4	\$459.2	\$30.2	6.6 %
Investment Advisory Fees	59.4	62.7	(3.3 )	(5.3 )%
Net Investment Income	659.8	677.5	(17.7)	(2.6 )%
Realized Gains (Losses) on Investments	(8.7 )	(12.0 )	3.3	
Gains (Losses) on Derivatives	1.5	(3.8 )	5.3	
Gain on Reinsurance Derivative/Trading Account Securities	4.4	(4.2 )	8.6	
Amortization of Deferred Gain on Indemnity Reinsurance	18.9	17.9	1.1	5.9 %
Gain on Sale of Subsidiaries/ Businesses	14.2		14.2	
Mark-to-Market Adjustment on Reclassification from AFS to Trading Account Securities				
Other	74.3	61.8	12.6	20.4 %
<b>Total Revenue</b>	<b>1,313.2</b>	<b>1,259.0</b>	<b>54.2</b>	<b>4.3 %</b>

Benefits and Expenses:					
Benefits	572.6	583.3	(10.7)	(1.8)	%
Underwriting, Acquisition, Insurance and Other Expenses	502.8	467.1	35.7	7.6	%
Total Benefits and Expenses	1,075.4	1,050.4	25.0	2.4	%
Income before Federal Taxes	237.8	208.6	29.2		
Federal Income Taxes	58.9	53.7	5.2		
<b>Income Before Cumulative Effect of Accounting Change</b>	<b>178.9</b>	<b>155.0</b>	<b>24.0</b>		
Cumulative Effect of Accounting Changes		(24.5 )	24.5		
<b>Net Income</b>	<b>\$178.9</b>	<b>\$130.5</b>	<b>\$48.5</b>	<b>37.2</b>	<b>%</b>
<b>Income before Tax and Cumulative Effect of Accounting Changes By Segment</b>					
Lincoln Retirement	\$127.0	\$120.3	\$6.7		
Life Insurance	94.9	103.4	(8.4 )		
Investment Management	10.4	14.4	(4.0 )		
Lincoln UK	29.7	9.2	20.5		
Corporate and Other	(24.2 )	(38.6 )	14.4		
<b>Income before Tax and Cumulative Effect of Accounting Changes</b>	<b>\$237.8</b>	<b>\$208.6</b>	<b>\$29.2</b>		

**Pre-Tax Realized Gains (Losses) by Segment\***

Lincoln Retirement	<b>\$(2.3 )</b>	<b>\$(9.4 )</b>	<b>\$7.0</b>
Life Insurance	<b>(4.5 )</b>	<b>(3.9 )</b>	<b>(0.5 )</b>
Investment Management	<b>(0.3 )</b>	<b>(2.3 )</b>	<b>2.0</b>
Lincoln UK		<b>(0.4 )</b>	<b>0.4</b>
Corporate and Other	<b>(0.1 )</b>	<b>0.1</b>	<b>(0.3 )</b>
<b>Pre-Tax Realized Gains (Losses) on Investments and Derivatives</b>	<b>\$(7.2 )</b>	<b>\$(15.9 )</b>	<b>\$8.6</b>

**After-Tax Realized Gains (Losses) by Segment\***

Lincoln Retirement	<b>\$(1.5 )</b>	<b>\$(6.1 )</b>	<b>\$4.6</b>
Life Insurance	<b>(2.9 )</b>	<b>(2.6 )</b>	<b>(0.3 )</b>
Investment Management	<b>(0.2 )</b>	<b>(1.5 )</b>	<b>1.3</b>
Lincoln UK		<b>(0.3 )</b>	<b>0.3</b>
Corporate and Other		<b>0.1</b>	<b>(0.1 )</b>
<b>After-Tax Realized Gains (Losses) on Investments and Derivatives</b>	<b>\$(4.6 )</b>	<b>\$(10.3 )</b>	<b>\$5.7</b>

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

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3/31/2005

**Financial Highlights**  
Unaudited [Millions of Dollars]

	As of			
	March 2005 Amount	December 2004 Amount	Change	% Change
<b>Consolidated Condensed Balance Sheets</b>				
<b>Assets:</b>				
Investments:				
Available for Sale Securities:				
Fixed Maturities	\$34,224.9	\$34,700.6	\$(475.7)	(1.4 )%
Equities	154.8	161.1	(6.3 )	(3.9 )%
Trading Securities	3,206.5	3,237.4	(30.9 )	(1.0 )%
Mortgage Loans on Real Estate	3,805.7	3,856.9	(51.2 )	(1.3 )%
Real Estate	213.4	191.4	22.0	11.5 %
Policy Loans	1,860.5	1,870.6	(10.1 )	(0.5 )%
Other Long-Term Investments	516.5	489.3	27.2	5.6 %
<b>Total Investments</b>	<b>43,982.2</b>	<b>44,507.3</b>	<b>(525.1)</b>	<b>(1.2 )%</b>
Assets Held in Separate Accounts	55,387.2	55,204.6	182.6	0.3 %

Other Assets	16,982.8	16,507.4	475.4	2.9	%
<b>Total Assets</b>	<b>\$116,352.2</b>	<b>\$116,219.3</b>	<b>\$132.9</b>	<b>0.1</b>	<b>%</b>

### Liabilities and Shareholders' Equity

#### Liabilities:

Insurance and Investment Contract Liabilities	\$47,536.4	\$47,402.5	\$133.9	0.3	%
Liabilities Related to Separate Accounts	55,387.2	55,204.6	182.6	0.3	%
Other Liabilities	7,385.6	7,436.6	(50.9 )	(0.7 )	%
<b>Total Liabilities</b>	<b>110,309.3</b>	<b>110,043.7</b>	<b>265.6</b>	<b>0.2</b>	<b>%</b>

#### Shareholders' Equity:

Net Unrealized Gains on Securities and Derivatives	590.6	836.9	(246.3)	(29.4 )	%
Minimum Pension Liability Adjustment	(60.0 )	(60.5 )	0.6	1.0	%
Foreign Currency Translation Adjustment	146.5	154.3	(7.8 )	(5.1 )	%
Other Shareholders' Equity	5,365.8	5,244.9	120.9	2.3	%
<b>Total Shareholders' Equity</b>	<b>6,042.9</b>	<b>6,175.6</b>	<b>(132.7)</b>	<b>(2.1 )</b>	<b>%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$116,352.2</b>	<b>\$116,219.3</b>	<b>\$132.9</b>	<b>0.1</b>	<b>%</b>

As of

	March 2005 Amount	December 2004 Amount	Change	% Change	
<b>Roll Forward of Deferred Acquisition Costs</b>					
Balance at beginning-of-year	\$3,445.0	\$3,147.1	\$297.8	9.5	%
Deferral	203.5	198.7	4.7	2.4	%
Amortization	(132.8 )	155.3	(288.1)	(185.5)	)%
Included in Total Benefits and Expenses	70.7	354.1	(283.4)	(80.0)	)%
Adjustment related to realized (gains) losses on available-for-sale securities	(11.7 )	(45.7 )	34.0	74.4	%
Adjustment related to unrealized (gains) losses on available-for-sale securities	215.7	(14.8 )	230.5	1558.6	%
Foreign currency translation adjustment	(7.0 )	42.9	(49.9 )	(116.2)	)%
Cumulative effect of accounting change		(38.7 )	38.7		
<b>Balance at end-of-period</b>	<b>\$3,712.7</b>	<b>\$3,445.0</b>	<b>\$267.8</b>	<b>7.8</b>	<b>%</b>
<b>Roll Forward of Present Value of In-Force</b>					
Balance at beginning-of-year	\$1,095.2	\$1,196.5	\$(101.3)	(8.5)	)%
Amortization	(18.9 )	(120.3 )	101.4	84.3	%
Foreign currency translation adjustment	(3.3 )	19.6	(22.9 )	(116.6)	)%
Cumulative effect of accounting change		(0.6 )	0.6		

**Balance at end-of-period**

**\$1,073.1**      **\$1,095.2**      **\$(22.2 )**      **(2.0 )%**

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3/31/2005

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

<i>For the Year Ended</i>												<b>Ten-year compound annual growth</b>	
<i>December 31</i>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>		
<b>Revenue</b>													
Lincoln Retirement	<b>\$2,085.1</b>	\$2,054.7	\$1,787.7	\$1,968.3	\$2,133.7	\$2,115.8	\$2,068.1	\$2,023.0	\$1,805.0	\$1,877.1	\$1,506.2	3.3	%
Life Insurance	<b>1,936.9</b>	1,905.5	1,785.0	1,840.6	1,819.0	1,760.4	1,378.5	544.8	549.2	514.9	466.2	15.3	%
Investment Management	<b>644.9</b>	474.4	413.1	451.2	513.7	514.9	509.6	459.1	410.5	290.5	-		
Lincoln UK	<b>352.5</b>	273.5	277.2	290.7	433.8	446.6	439.7	427.3	393.2	351.5	216.0	5.0	%
Corporate & Other	<b>351.9</b>	575.8	372.4	1,827.3	1,946.9	1,966.0	1,691.1	1,444.3	1,575.6	1,552.5	1,744.1		
<b>Total Revenue</b>	<b>\$5,371.3</b>	\$5,283.9	\$4,635.5	\$6,378.0	\$6,847.1	\$6,803.7	\$6,087.1	\$4,898.5	\$4,733.6	\$4,586.5	\$3,932.5	3.2	%
<b>Net Income</b>													
Lincoln Retirement	<b>\$361.4</b>	\$300.5	\$53.7	\$265.1	\$354.7	\$291.5	\$273.8	\$263.3	\$204.3	\$248.8	\$142.4	9.8	%
Life Insurance	<b>264.0</b>	252.1	206.1	229.3	246.0	211.5	127.5	39.1	51.8	40.6	34.2	22.7	%
Investment Management	<b>88.4</b>	30.2	(1.4 )	(9.0 )	17.9	51.6	44.4	25.1	25.0	27.4	-		
Lincoln UK	<b>50.1</b>	42.9	37.7	66.8	(15.1 )	(18.2 )	71.7	(106.8 )	66.0	45.7	18.5		

Corporate & Other

(56.9 ) (113.7 ) (247.3 ) (6.6 ) (18.2 ) (76.1 ) (7.6 ) (198.4 ) 9.3 (61.0 ) (29.6 )

**Total Net Inc  
from Cont  
Oper**

707.0 511.9 48.8 545.7 585.3 460.4 509.8 22.2 356.4 301.4 165.5 15.6 %

Discontinued  
Operations

- - - - - - - 911.8 157.2 180.8 184.4

**Total Net  
Income**

\$707.0 \$511.9 \$48.8 \$545.7 \$585.3 \$460.4 \$509.8 \$934.0 \$513.6 \$482.2 \$349.9 7.3 %

**Income from  
Operations**

Lincoln Retirement

\$414.6 \$331.9 \$183.4 \$316.2 \$358.1 \$299.4 \$262.4 \$223.0 \$174.6 \$175.2 \$142.4 11.3 %

Life Insurance

280.3 264.5 269.0 275.3 256.7 212.0 149.2 39.9 41.2 35.4 34.2 23.4 %

Investment  
Management

43.6 34.5 1.8 (6.1 ) 25.0 61.0 43.9 18.1 18.6 20.6 -

Lincoln UK

43.5 43.6 34.6 58.1 59.2 (13.9 ) 70.9 (108.3 ) 66.0 45.9 17.2 9.7 %

Corporate & Other

(57.2 ) (81.8 ) (57.2 ) 1.0 (16.0 ) (83.1 ) 4.0 (223.3 ) (1.7 ) (136.2 ) 24.8

**Total Income  
from Cont  
Oper**

724.8 592.8 431.6 644.4 683.0 475.5 530.4 (50.6 ) 298.8 140.8 218.6 12.7 %

Discontinued  
Operations

- - - - - - - 110.1 135.3 165.6 171.1

**Income from  
Operations**

<b>\$724.8</b>	\$592.8	\$431.6	\$644.4	\$683.0	\$475.5	\$530.4	\$59.4	\$434.1	\$306.5	\$389.7	6.4	%
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**OTHER DATA****Assets**

<b>\$116,219.3</b>	\$106,744.9	\$93,184.6	\$98,041.6	\$99,870.6	\$103,095.7	\$93,836.3	\$77,174.7	\$71,713.4	\$63,257.7	\$48,864.8	9.1	%
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**Shareholders' Equity**

## Including AOCI

<b>\$6,175.6</b>	\$5,811.6	\$5,347.5	\$5,303.8	\$4,980.6	\$4,263.9	\$5,387.9	\$4,982.9	\$4,470.0	\$4,378.1	\$3,042.1	7.3	%
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## Excluding AOCI

<b>\$5,244.9</b>	\$4,942.6	\$4,612.9	\$5,130.6	\$4,946.6	\$4,699.5	\$4,785.5	\$4,500.7	\$3,990.6	\$3,669.2	\$3,353.1	4.6	%
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## Average Equity

(excluding AOCI)

<b>\$5,075.5</b>	\$4,756.7	\$4,983.3	\$5,057.1	\$4,831.4	\$4,786.2	\$4,636.3	\$4,172.7	\$3,851.7	\$3,400.3	\$3,288.6	4.4	%
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**Common Shares****Outstanding  
(millions)**

## End of Period - Diluted

<b>176.1</b>	180.7	178.5	189.3	193.2	197.0	203.4	204.7	209.5	210.3	208.3		
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## Average for the Period -

Diluted

<b>179.0</b>	179.4	184.6	191.5	193.0	200.4	203.3	208.0	208.0	210.7	208.7		
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**Per Share Data****(Diluted)**

## Net Income from

Continuing  
Operations

<b>\$3.95</b>	\$2.85	\$0.26	\$2.85	\$3.03	\$2.30	\$2.51	\$0.11	\$1.71	\$1.43	\$0.79	17.4	%
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## Net Income

<b>\$3.95</b>	\$2.85	\$0.26	\$2.85	\$3.03	\$2.30	\$2.51	\$4.49	\$2.47	\$2.29	\$1.68	8.9	%
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Income (Loss) from Continuing Operations	<b>\$4.05</b>	\$3.30	\$2.34	\$3.37	\$3.54	\$2.37	\$2.61	\$(0.24 )	\$1.44	\$0.67	\$1.05	14.5	%
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Income from Operations	<b>\$4.05</b>	\$3.30	\$2.34	\$3.37	\$3.54	\$2.37	\$2.61	\$0.29	\$2.09	\$1.45	\$1.87	8.0	%
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**Shareholders' Equity  
Per Share**

Shareholders' Equity (Including AOCI)	<b>\$35.53</b>	\$32.56	\$30.10	\$28.32	\$26.05	\$21.76	\$26.59	\$24.63	\$21.50	\$20.95	\$14.67	9.2	%
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Shareholders' Equity (Excluding accum AOCI)	<b>\$30.17</b>	\$27.69	\$25.97	\$27.39	\$25.88	\$23.98	\$23.62	\$22.25	\$19.19	\$17.55	\$16.17	6.4	%
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Dividends Declared (Common Stock)	<b>\$1.415</b>	\$1.36	\$1.30	\$1.24	\$1.18	\$1.12	\$1.06	\$1.00	\$0.94	\$0.88	\$0.83	5.5	%
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**Return on Equity**

Net Income/ Average Equity	<b>13.9</b>	% 10.8	% 1.0	% 10.8	% 12.1	% 9.6	% 11.0	% 22.4	% 13.3	% 15.5	% 10.6	%
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Inc from Operations/ Average Equity	<b>14.3</b>	% 12.5	% 8.7	% 12.7	% 14.1	% 9.9	% 11.4	% 1.4	% 11.3	% 9.8	% 11.8	%
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**Market Value of  
Common Stock**

High for the Year	<b>\$50.38</b>	\$41.32	\$53.65	\$52.75	\$56.38	\$57.50	\$49.44	\$39.06	\$28.50	\$26.88	\$22.19
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Low for the Year	<b>\$40.06</b>	\$24.73	\$25.15	\$38.00	\$22.63	\$36.00	\$33.50	\$24.50	\$20.38	\$17.31	\$17.31
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Close for the Year	<b>\$46.68</b>	\$40.37	\$31.58	\$48.57	\$47.31	\$40.00	\$40.91	\$39.06	\$26.25	\$26.88	\$17.50	10.3	%
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3/31/2005

**Quarterly Summary**  
*Unaudited [Millions of Dollars, except Common Share Data]*

<i>For the Quarter Ended</i>	<b>Mar</b>	<b>Jun 2003</b>	<b>Sep 2003</b>	<b>Dec 2003</b>	<b>Mar 2004</b>	<b>Jun 2004</b>	<b>Sep 2004</b>	<b>Dec 2004</b>	<b>Mar 2005</b>
<b>Revenue</b>									
Lincoln Retirement	\$397.8	\$486.4	\$536.3	\$634.2	\$516.5	\$524.5	\$499.0	\$545.1	<b>\$538.8</b>
Life Insurance	457.5	474.0	468.9	505.0	479.2	478.9	476.8	502.0	<b>480.4</b>
Investment Management	102.1	116.4	121.7	134.3	132.9	140.8	242.9	128.3	<b>130.0</b>
Lincoln UK	68.9	60.2	67.3	77.1	75.8	91.0	95.7	90.0	<b>88.9</b>
Corporate & Other	73.0	76.1	74.8	351.9	54.7	123.6	91.6	82.0	<b>75.2</b>
<b>Total Revenue</b>	<b>\$1,099.3</b>	<b>\$1,213.2</b>	<b>\$1,268.8</b>	<b>\$1,702.6</b>	<b>\$1,259.0</b>	<b>\$1,358.7</b>	<b>\$1,406.1</b>	<b>\$1,347.5</b>	<b>\$1,313.2</b>
<b>Net Income(Loss)</b>									
Lincoln Retirement	\$6.9	\$81.7	\$102.0	\$109.9	\$71.8	\$94.2	\$90.8	\$104.6	<b>\$98.4</b>
Life Insurance	48.5	65.6	55.8	82.2	67.5	72.0	52.0	72.4	<b>64.6</b>
Investment Management	1.0	4.6	6.3	18.2	10.0	14.5	58.1	5.8	<b>7.1</b>
Lincoln UK	6.8	12.4	11.5	12.2	5.9	17.2	9.9	17.1	<b>19.3</b>
Corporate & Other	(21.7 )	(21.6 )	(42.4 )	(28.1 )	(24.8 )	(10.9 )	(11.1 )	(10.1 )	<b>(10.5 )</b>

<b>Total Net Income (Loss)</b>	\$41.6	\$142.7	\$133.3	\$194.3	\$130.5	\$187.0	\$199.7	\$189.9	<b>\$178.9</b>
<b>Income (Loss) from Operations</b>									
Lincoln Retirement	\$57.4	\$86.1	\$94.3	\$94.1	\$102.2	\$101.8	\$110.2	\$100.5	<b>\$98.6</b>
Life Insurance	60.7	71.8	58.7	73.4	74.8	76.2	55.4	74.0	<b>67.7</b>
Investment Management	1.3	4.5	9.7	19.0	12.5	13.4	12.5	5.2	<b>7.4</b>
Lincoln UK	6.8	12.4	11.3	13.0	6.2	10.7	10.1	16.6	<b>10.0</b>
Corporate & Other	(21.5 )	(21.5 )	(18.0 )	(20.8 )	(20.3 )	(20.7 )	(9.9 )	(6.3 )	<b>(11.3 )</b>
<b>Income (Loss) from Operations</b>	<b>\$104.8</b>	<b>\$153.3</b>	<b>\$156.0</b>	<b>\$178.7</b>	<b>\$175.3</b>	<b>\$181.4</b>	<b>\$178.2</b>	<b>\$189.9</b>	<b>\$172.5</b>
<b>OTHER DATA</b>									
<b>Assets</b>	\$92,497.6	\$99,532.8	\$100,825.5	\$106,744.9	\$109,869.9	\$109,317.9	\$110,377.1	\$116,219.3	<b>\$116,352.2</b>
<b>Shareholders' Equity</b>									
Beg of Period (including AOCI)	\$5,347.5	\$5,450.0	\$5,815.9	\$5,586.4	\$5,811.6	\$6,143.5	\$5,518.9	\$5,970.8	<b>\$6,175.6</b>
End of Period (including AOCI)	5,450.0	5,815.9	5,586.4	5,811.6	6,143.5	5,518.9	5,970.8	6,175.6	<b>6,042.9</b>
End of Period (excluding AOCI)	4,610.5	4,699.8	4,790.6	4,942.6	5,004.2	5,023.6	5,109.8	5,244.9	<b>5,365.8</b>
Average Equity (excluding AOCI)	4,682.0	4,672.0	4,784.5	4,888.2	5,016.8	5,024.6	5,075.7	5,185.0	<b>5,338.8</b>
<b>Common Shares Outstanding</b>									

## Average for the Period - Diluted

178.3	179.2	179.9	180.4	181.2	180.3	177.7	176.7	<b>176.6</b>
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## End of Period - Diluted

178.4	179.5	179.9	180.7	181.4	178.8	177.1	176.1	<b>176.5</b>
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*Per Share Data (Diluted)*

## Net Income

\$0.23	\$0.80	\$0.74	\$1.08	\$0.72	\$1.04	\$1.12	\$1.07	<b>\$1.01</b>
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## Income from Operations

\$0.59	\$0.86	\$0.87	\$0.99	\$0.97	\$1.00	\$1.00	\$1.07	<b>\$0.98</b>
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*Shareholders' Equity Per Share*

## Shareholders' Equity (including AOCI)

\$30.66	\$32.68	\$31.34	\$32.56	\$34.36	\$31.32	\$34.15	\$35.53	<b>\$34.74</b>
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## Shareholders' Equity (excluding AOCI)

\$25.94	\$26.41	\$26.87	\$27.69	\$27.99	\$28.51	\$29.23	\$30.17	<b>\$30.85</b>
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## Dividends Declared (Common Stock)

\$0.335	\$0.335	\$0.335	\$0.350	\$0.350	\$0.350	\$0.350	\$0.365	<b>\$0.365</b>
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*Return on Equity*

## Net Income/Average Equity

3.6	%	12.2	%	11.1	%	15.9	%	10.4	%	14.9	%	15.7	%	14.6	%	<b>13.4</b>	%
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## Inc from Operations/Average Equity

8.9	%	13.1	%	13.0	%	14.6	%	14.0	%	14.4	%	14.0	%	14.7	%	<b>12.9</b>	%
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*Market Value of Common Stock*

## Highest Price

\$35.700	\$37.500	\$38.640	\$41.320	\$48.870	\$50.380	\$47.500	\$48.700	<b>\$49.420</b>
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## Lowest Price

\$24.730	\$27.870	\$34.630	\$35.410	\$40.060	\$43.260	\$41.900	\$40.790	<b>\$44.360</b>
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*Closing Price*

\$28.000	\$35.630	\$35.380	\$40.370	\$47.320	\$47.250	\$47.000	\$46.680	<b>\$45.140</b>
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3/31/2005

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

<i>For the Quarter Ended March 31</i>	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Mar 2005	Mar 2004	Mar 2005	Mar 2004	Mar 2005	Mar 2004	Mar 2005	Mar 2004
<b>Revenue</b>								
Life and annuity premiums	<b>\$10.5</b>	\$6.5	<b>\$45.6</b>	\$47.8			<b>\$ 14.4</b>	\$ 17.6
Surrender charges	<b>7.4</b>	5.9	<b>12.0</b>	13.8	<b>0.7</b>	0.5		
Mortality assessments			<b>133.3</b>	128.5			<b>9.0</b>	9.6
Expense assessments	<b>164.6</b>	137.3	<b>48.8</b>	49.8	<b>16.6</b>	14.1	<b>26.6</b>	24.2
Health premiums							<b>0.2</b>	0.5
Investment advisory fees					<b>84.2</b>	89.3		
Other revenue and fees	<b>(1.4 )</b>	(0.8 )	<b>8.2</b>	7.8	<b>16.0</b>	19.1	<b>4.1</b>	5.8
Net investment income	<b>357.4</b>	379.0	<b>236.3</b>	235.7	<b>12.9</b>	12.2	<b>20.3</b>	18.5
Realized gains (losses) on investments	<b>(3.2 )</b>	(5.7 )	<b>(5.0 )</b>	(3.9 )	<b>(0.4 )</b>	(2.3 )		(0.4 )
Gains (losses) on derivatives	<b>0.9</b>	(3.7 )	<b>0.6</b>					
Gain (loss) on reins. derivative/trading account securities	<b>2.6</b>	(2.1 )	<b>0.7</b>	(0.3 )				
Gain on sale of subsidiaries/ businesses							<b>14.2</b>	

**Total Revenue**

<b>538.8</b>	516.5	<b>480.4</b>	479.2	<b>130.0</b>	132.9	<b>88.9</b>	75.8
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**Benefits and Expenses**

Ins. benefits paid or provided:

Life and annuity policy benefits

<b>52.4</b>	54.1	<b>97.4</b>	97.4			<b>21.7</b>	25.8
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Div accum & div to  
policyholders

		<b>18.4</b>	18.5				
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Interest credited to policy bal.

<b>204.7</b>	207.8	<b>145.8</b>	144.8	<b>6.8</b>	6.6		
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Health policy benefits

						<b>3.4</b>	3.2
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Def. sales inducements net of  
amortization

<b>(9.4 )</b>	(9.0 )						
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Total insurance benefits

<b>247.8</b>	252.8	<b>261.6</b>	260.7	<b>6.8</b>	6.6	<b>25.1</b>	29.0
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Underwriting, acquisition, insurance  
and other expenses:Commissions and other volume  
related expenses

<b>149.7</b>	141.8	<b>77.2</b>	78.0	<b>13.3</b>	14.0	<b>0.6</b>	0.6
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Operating and administrative  
expenses

<b>56.8</b>	51.7	<b>40.7</b>	38.5	<b>96.4</b>	96.1	<b>25.4</b>	23.0
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Restructuring charges

<b>0.6</b>	1.8	<b>0.9</b>	2.7		1.5		
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Taxes, licenses and fees

<b>3.9</b>	5.2	<b>14.7</b>	12.4	<b>4.4</b>	3.9		
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Subtotal

<b>211.0</b>	200.5	<b>133.5</b>	131.6	<b>114.2</b>	115.6	<b>25.9</b>	23.5
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Deferral of acquisition costs	(107.0)	(101.9)	(85.0 )	(83.7 )	(12.2 )	(11.7 )	0.7	(1.5 )
DAC amortization	57.6	41.5	59.8	48.7	8.9	6.1	6.4	12.5
Net DAC (deferral) amortization	(49.4 )	(60.4 )	(25.2 )	(35.0 )	(3.3 )	(5.6 )	7.1	11.0
PVIF amortization	2.4	3.3	15.5	18.5			1.0	3.0
Other intangibles amortization					1.9	2.0		
Total underwriting, acquisition, insurance and other expenses	164.0	143.4	123.9	115.1	112.8	111.9	34.0	37.6
Total Benefits and Expenses	411.8	396.2	385.4	375.8	119.6	118.5	59.2	66.6
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	127.0	120.3	94.9	103.4	10.4	14.4	29.7	9.2
Federal income taxes	28.6	26.7	30.3	33.1	3.2	4.3	10.4	3.2
<i>Income Before Cumulative Effect of Accounting Change</i>	98.4	93.6	64.6	70.3	7.1	10.0	19.3	5.9
Cumulative effect of accounting change		(21.8 )		(2.7 )				
<i>Net Income</i>	\$98.4	\$71.8	\$64.6	\$67.5	\$7.1	\$10.0	\$ 19.3	\$ 5.9



Less:

Restructuring charges

(0.4 ) (1.2 ) (0.6 ) (1.8 ) (1.0 )

Realized gains (losses) on investments

(2.2 ) (3.7 ) (3.5 ) (2.6 ) (0.3 ) (1.5 ) (0.3 )

Gains (losses) on derivatives

0.7 (2.4 ) 0.6

Net gain (loss) on reinsurance  
derivative/trading account securities

1.7 (1.4 ) 0.4 (0.2 )

Reserve development on business sold  
through reinsurance/ amortization of  
deferred gain

Gain on sale of subsidiaries/ businesses

9.3

Cumulative effect of accounting  
change

(21.8 ) (2.7 )

***Income from Operations***

**\$98.6** \$102.2 **\$67.7** \$74.8 **\$7.4** \$12.5 **\$ 10.0** \$ 6.2

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3/31/2005

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

<i>For the Quarter Ended March 31</i>	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Mar 2005	Mar 2004	Mar 2005	Mar 2004	Mar 2005	Mar 2004
<b>Revenue</b>						
Life and annuity premiums	-	-			\$70.5	\$72.0
Surrender charges					20.1	20.2
Mortality assessments			(0.1 )		142.3	137.9
Expense assessments		0.1			256.6	225.5
Health premiums	(0.3 )	3.0			(0.1 )	3.6
Investment advisory fees			(24.8 )	(26.5 )	59.4	62.7
Amortization of deferred gain	18.9	17.9			18.9	17.9
Amortization of deferred gain-reserve development	0.3	0.3			0.3	0.3
Other revenue and fees	191.3	150.1	(144.2 )	(120.5 )	74.0	61.4
Net investment income	34.0	32.6	(1.0 )	(0.5 )	659.8	677.5
Realized gains (losses) on investments	(0.1 )	0.3			(8.7 )	(12.0 )
Gains (losses) on derivatives		(0.2 )			1.5	(3.8 )
Gain (loss) on reins. derivative/trading account securities	1.1	(1.9 )			4.4	(4.2 )

Gain on sale of subsidiaries/ businesses					<b>14.2</b>	
<b>Total Revenue</b>	<b>245.2</b>	202.2	<b>(170.0 )</b>	(147.5 )	<b>1,313.2</b>	1,259.0
<b>Benefits and Expenses</b>						
Ins. benefits paid or provided:						
Life and annuity policy benefits	<b>(0.4 )</b>	2.7			<b>171.2</b>	179.9
Div accum & div to policyholders					<b>18.4</b>	18.5
Interest credited to policy bal.	<b>32.1</b>	31.2			<b>389.5</b>	390.4
Health policy benefits	<b>(0.4 )</b>	0.3			<b>3.0</b>	3.5
Reserve developments on Reins. business sold						
Def. sales inducements net of amortization					<b>(9.4 )</b>	(9.0 )
<b>Total insurance benefits</b>	<b>31.3</b>	34.2			<b>572.6</b>	583.3
Underwriting, acquisition, insurance and other expenses:						
Commissions and other volume related expenses	<b>121.7</b>	79.2	<b>(78.9 )</b>	(34.5 )	<b>283.6</b>	278.9
Operating and administrative expenses	<b>83.8</b>	90.6	<b>(90.4 )</b>	(112.5 )	<b>212.6</b>	187.4
Restructuring charges	<b>0.3</b>	5.5			<b>1.9</b>	11.5
Taxes, licenses and fees	<b>9.3</b>	8.0			<b>32.3</b>	29.5

Subtotal	215.1	183.3	(169.3 )	(147.1 )	530.5	507.4
Deferral of acquisition costs					(203.5 )	(198.7 )
DAC amortization	0.1	0.1			132.8	108.8
Net DAC (deferral) amortization	0.1	0.1			(70.7 )	(89.9 )
PVIF amortization					18.9	24.8
Other intangibles amortization					1.9	2.0
Total underwriting, acquisition, insurance and other expenses	215.2	183.4	(169.3 )	(147.1 )	480.6	444.3
Interest	22.9	23.3	(0.7 )	(0.5 )	22.2	22.8
<b>Total Benefits and Expenses</b>	<b>269.4</b>	<b>240.8</b>	<b>(170.0 )</b>	<b>(147.5 )</b>	<b>1,075.4</b>	<b>1,050.4</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	(24.2 )	(38.6 )			237.8	208.6
Federal income taxes	(13.7 )	(13.7 )			58.9	53.7
<b>Income Before Cumulative Effect of Accounting Change</b>	<b>(10.5 )</b>	<b>(24.8 )</b>			<b>178.9</b>	<b>155.0</b>
Cumulative effect of accounting change						(24.5 )
<b>Net Income</b>	<b>(\$10.5 )</b>	<b>(\$24.8 )</b>			<b>\$178.9</b>	<b>\$130.5</b>

Less:

Restructuring charges	(0.2 )	(3.6 )	(1.3 )	(7.5 )
Realized gains (losses) on investments	(0.1 )	0.2	(6.0 )	(7.9 )
Gains (losses) on derivatives	0.1	(0.1 )	1.4	(2.5 )
Net gain (loss) on reinsurance				
derivative/trading account securities	0.7	(1.2 )	2.8	(2.7 )
Reserve development on business sold through				
reinsurance/ amortization of related deferred gain	0.2	0.2	0.2	0.2
Gain on sale of subsidiaries/ businesses			9.3	
Cumulative effect of accounting change				(24.5 )
<b><i>Income from Operations</i></b>	<b>(\$11.3 )</b>	<b>(\$20.3 )</b>	<b>\$172.5</b>	<b>\$175.3</b>

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3/31/2005

**Statement of Consolidated Income**  
*Unaudited [Millions of Dollars]*

<i>For the Year Ended December 31</i>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Revenue</b>					
Life and annuity premiums	\$1,403.3	\$1,363.4	\$295.6	\$277.0	<b>\$295.4</b>
Surrender charges	114.7	101.5	87.8	84.7	<b>78.7</b>
Mortality assessments	496.5	533.3	530.3	550.5	<b>558.3</b>
Expense assessments	1,013.1	880.1	792.7	782.3	<b>949.3</b>
Health premiums	409.8	340.6	20.3	4.0	<b>3.5</b>
Investment advisory fees	213.1	197.2	183.3	205.0	<b>252.5</b>
Amortization of deferred gain		20.4	75.2	72.3	<b>87.0</b>
Amortization of deferred gain-reserve development			(0.8 )	3.6	<b>1.3</b>
Other revenue and fees	441.1	328.7	299.5	309.7	<b>364.4</b>
Net investment income	2,784.1	2,708.7	2,631.9	2,638.5	<b>2,704.1</b>
Earnings in unconsolidated affiliates	(0.4 )	5.7	(0.6 )		
Realized gains (losses) on investments	(28.3 )	(105.2 )	(272.7 )	(16.7 )	<b>(45.7 )</b>
Gains (losses) on derivatives		(9.3 )	1.2	(2.5 )	<b>(11.6 )</b>
Gain (loss) on reinsurance derivative/trading account securities				4.1	<b>(1.0 )</b>

Mark-to-market adjustment on reclassification from AFS to trading account securities

371.5

Gain on sale of subsidiaries/ businesses

12.8 (8.3 ) 135.0

**Total Revenue**

6,847.1 6,378.0 4,635.5 5,283.9 5,371.3

**Benefits and Expenses**

Ins. benefits paid or provided:

Life and annuity policy benefits

1,546.4 1,517.9 811.3 683.7 680.5

Div accum & div to policyholders

87.6 83.7 76.0 81.6 77.4

Interest credited to policy bal.

1,474.2 1,506.0 1,617.1 1,617.0 1,570.6

Health policy benefits

449.0 302.1 49.7 14.1 15.8

Reserve developments on reins. business sold

305.4 32.1

Def. sales inducements net of amortization

(12.1 ) (12.6 ) (14.1 ) (40.6 )

Total insurance benefits

3,557.2 3,397.7 2,846.9 2,414.4 2,303.7

Underwriting, acquisition, insurance and other expenses:

Commissions and other volume related expenses

1,172.9 1,045.2 836.1 904.6 1,133.1

Operating and administrative expenses

1,208.4 1,114.5 928.0 894.4 897.4

Restructuring charges

104.9 38.0 (2.2 ) 53.8 21.4

Taxes, licenses and fees	107.5	122.9	106.8	107.4	<b>103.6</b>
Par policyholder interests	1.1				
Foreign exchange	(2.9 )	(1.4 )	0.3		
Subtotal	2,592.0	2,319.1	1,869.0	1,960.2	<b>2,155.5</b>
Deferral of acquisition costs		(701.0 )	(612.4 )	(639.6 )	<b>(844.8 )</b>
DAC amortization		366.8	344.4	318.0	<b>490.8</b>
DAC deferral net of amortization	(427.5 )	(334.2 )	(268.0 )	(321.6 )	<b>(354.1 )</b>
PVIF amortization	132.6	113.1	136.5	80.2	<b>120.3</b>
Other intangibles amortization	17.7	12.1	8.2	7.9	<b>9.7</b>
Total underwriting, acquisition, insurance and other expenses	2,314.9	2,110.1	1,745.8	1,726.8	<b>1,931.5</b>
Goodwill amortization	45.1	43.4			
Interest	139.5	121.0	96.6	89.5	<b>94.1</b>
Loss on early retirement of debt				5.6	<b>6.3</b>
<b>Total Benefits and Expenses</b>	<b>6,056.7</b>	<b>5,672.1</b>	<b>4,689.3</b>	<b>4,236.3</b>	<b>4,335.6</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	790.5	705.9	(53.8 )	1,047.6	<b>1,035.7</b>



Federal income taxes	205.2	144.7	(102.6 )	280.4	<b>304.1</b>
<b><i>Income Before Cumulative Effect of Accounting Change</i></b>	<b>585.3</b>	<b>561.2</b>	<b>48.8</b>	<b>767.2</b>	<b>731.5</b>
Cumulative effect of accounting change		(15.6 )		(255.2 )	<b>(24.5 )</b>
<b><i>Net Income</i></b>	<b>\$585.3</b>	<b>\$545.7</b>	<b>\$48.8</b>	<b>\$511.9</b>	<b>\$707.0</b>
Less:					
Restructuring charges	(80.2 )	(24.7 )	2.0	(35.0 )	<b>(13.9 )</b>
Realized gains (losses) on investments	(17.5 )	(68.7 )	(177.2 )	(11.0 )	<b>(30.0 )</b>
Gains (losses) on derivatives		(4.9 )	0.8	(1.6 )	<b>(7.4 )</b>
Net gain (loss) on reinsurance					
derivative/trading account securities				2.7	<b>(0.6 )</b>
Reserve development on business sold through					
reinsurance/ amortization of deferred gain			(199.1 )	(18.5 )	<b>0.9</b>
Gain on sale of subsidiaries/ businesses		15.0	(9.4 )		<b>61.9</b>
Loss on early retirement of subordinated debt				(3.7 )	<b>(4.1 )</b>
Mark-to-market adjustment on reclassification					
from AFS to trading account securities				241.5	
Cumulative effect of accounting change		(15.6 )		(255.2 )	<b>(24.5 )</b>

<b><i>Income from Operations</i></b>	\$683.0	\$644.4	\$431.6	\$592.8	<b>\$724.8</b>
<b>Roll Forward of Deferred Acquisition Costs</b>					
Balance at beginning-of-year		\$3,070.5	\$2,866.8	\$2,939.7	<b>\$3,147.1</b>
Deferral		701.0	612.4	639.6	<b>844.8</b>
Amortization		(366.8 )	(344.4 )	(318.0 )	<b>(490.8 )</b>
Included in Total Benefits and Expenses		334.2	268.0	321.6	<b>354.1</b>
Adjustment related to realized (gains) losses on available-for-sale securities		112.9	115.0	(50.2 )	<b>(45.7 )</b>
Adjustment related to unrealized (gains) losses on available-for-sale securities		(187.2 )	(338.5 )	(126.1 )	<b>(14.8 )</b>
Foreign currency translation adjustment		(16.0 )	56.9	62.1	<b>42.9</b>
Disposition of business		(425.9 )			
Other		(21.7 )	(28.4 )		<b>(38.7 )</b>
<b>Balance at end-of-year</b>		<b>\$2,866.7</b>	<b>\$2,939.9</b>	<b>\$3,147.1</b>	<b>\$3,445.0</b>
<b>Roll Forward of Present Value of In-Force</b>					
Balance at beginning-of-year		\$1,483.3	\$1,362.5	\$1,250.1	<b>\$1,196.5</b>
Amortization		(113.1 )	(136.5 )	(80.2 )	<b>(120.3 )</b>
Foreign currency translation adjustment		(7.0 )	24.1	26.6	<b>19.6</b>

Other					(0.7 )				(0.6 )
<b>Balance at end-of-year</b>					\$1,362.5	\$1,250.1	\$1,196.5		<b>\$1,095.2</b>

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3/31/2005

**Statement of Consolidated Income**  
Unaudited [Millions of Dollars]

<i>For the Quarter Ended</i>	<b>Mar 2003</b>	<b>Jun 2003</b>	<b>Sep 2003</b>	<b>Dec 2003</b>	<b>Mar 2004</b>	<b>Jun 2004</b>	<b>Sep 2004</b>	<b>Dec 2004</b>	<b>Mar 2005</b>
<b>Revenue</b>									
Life and annuity premiums	\$65.3	\$65.9	\$69.1	\$76.6	\$72.0	\$74.7	\$70.7	\$78.0	<b>\$70.5</b>
Surrender charges	18.9	21.3	21.5	23.0	20.2	19.2	18.2	21.1	<b>20.1</b>
Mortality assessments	138.9	135.6	137.9	138.1	137.9	140.1	139.8	140.4	<b>142.3</b>
Expense assessments	177.1	190.9	198.5	215.9	225.5	230.9	234.5	258.5	<b>256.6</b>
Health premiums	3.0	0.1	0.4	0.5	3.6	(0.7 )	(0.1 )	0.8	<b>(0.1 )</b>
Investment advisory fees	44.2	49.4	53.2	58.3	62.7	66.4	67.4	56.0	<b>59.4</b>
Amortization of deferred gain	18.4	18.2	18.3	17.4	17.9	17.9	32.1	19.1	<b>18.9</b>
Amortization of deferred gain- reserve development	(0.2 )	(0.2 )	3.7	0.3	0.3	0.3	0.3	0.3	<b>0.3</b>
Other revenue and fees	70.6	74.5	82.9	81.7	61.4	112.9	96.6	93.4	<b>74.0</b>
Net investment income	654.6	660.2	664.4	659.2	677.5	683.1	669.4	674.1	<b>659.8</b>
Realized gains (losses) on investments	(89.6 )	(1.7 )	9.8	64.8	(12.0 )	(17.8 )	(23.0 )	7.2	<b>(8.7 )</b>
Gains (losses) on derivatives	(1.9 )	(1.0 )	9.1	(8.8 )	(3.8 )	(2.8 )	(4.5 )	(0.4 )	<b>1.5</b>
Gain (loss) on reinsurance									

derivative/trading account securities

4.1 (4.2 ) 10.3 (5.6 ) (1.4 ) **4.4**

Mark-to-market adjustment on reclassification from AFS to trading account securities

371.5

Gain (loss) on sale of subsidiaries/businesses

24.1 110.3 0.6 **14.2**

**Total Revenue**

1,099.3 1,213.2 1,268.8 1,702.6 1,259.0 1,358.7 1,406.1 1,347.5 **1,313.2**

**Benefits and Expenses**

Ins. benefits paid or provided:

Life and annuity policy benefits

187.1 155.1 227.1 114.5 179.9 180.0 153.1 167.5 **171.2**

Div accum & div to policyholders

14.4 17.6 15.9 33.8 18.5 18.6 16.7 23.6 **18.4**

Interest credited to policy bal.

409.3 406.3 405.6 395.7 390.4 390.4 392.5 397.4 **389.5**

Health policy benefits

2.3 14.2 (41.5 ) 39.1 3.5 4.1 4.2 3.9 **3.0**

Reserve developments on reins. business sold

32.1

Def. sales inducements net of amortization

(3.3 ) (2.4 ) (2.8 ) (5.6 ) (9.0 ) (9.8 ) (10.4 ) (11.5 ) **(9.4 )**

Total insurance benefits

609.7 590.8 636.4 577.5 583.3 583.3 556.1 580.9 **572.6**

Underwriting, acquisition, insurance and other expenses:

Commissions and other volume related expenses	197.3	198.3	234.6	274.4	278.9	277.7	245.1	331.3	<b>283.6</b>
Operating and administrative expenses	217.8	235.5	209.8	231.4	187.4	252.3	264.6	193.1	<b>212.4</b>
Restructuring charges	5.5	13.5	19.8	15.0	11.5	5.3	4.5	0.1	<b>1.9</b>
Taxes, licenses and fees	30.6	23.1	26.4	27.3	29.5	27.2	25.6	21.3	<b>32.3</b>
Foreign exchange									
Subtotal	451.2	470.3	490.6	548.1	507.4	562.6	539.8	545.8	<b>530.2</b>
Deferral of acquisition costs	(144.3 )	(136.9 )	(160.9 )	(197.4 )	(198.7 )	(201.8 )	(206.2 )	(238.1 )	<b>(203.5 )</b>
DAC amortization	99.2	62.8	65.9	90.1	108.8	108.0	120.8	153.2	<b>132.8</b>
DAC deferral net of amortization	(45.1 )	(74.2 )	(95.0 )	(107.3 )	(89.9 )	(93.9 )	(85.4 )	(84.9 )	<b>(70.7 )</b>
PVIF amortization	22.7	13.6	29.6	14.4	24.8	20.5	50.8	24.2	<b>18.9</b>
Other intangibles amortization	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.8	<b>1.9</b>
Total underwriting, acquisition, insurance and other expenses	430.8	411.7	427.1	457.1	444.3	491.2	507.1	488.9	<b>480.4</b>
Interest	23.3	23.0	21.0	22.2	22.8	24.7	24.4	22.2	<b>22.4</b>
Loss on early retirement of debt			5.6					6.3	

<b>Total Benefits and Expenses</b>	1,063.9	1,025.5	1,090.2	1,056.8	1,050.4	1,099.1	1,087.7	1,098.4	<b>1,075.4</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	35.4	187.7	178.7	645.7	208.6	259.6	318.4	249.1	<b>237.8</b>
Federal income taxes	(6.1 )	45.0	45.4	196.2	53.7	72.6	118.7	59.2	<b>58.9</b>
<b>Income Before Cumulative Effect of Accounting Change</b>	41.6	142.7	133.3	449.6	155.0	187.0	199.7	189.9	<b>178.9</b>
Cumulative effect of accounting change				(255.2 )	(24.5 )				-
<b>Net Income</b>	\$41.6	\$142.7	\$133.3	\$194.3	\$130.5	\$187.0	\$199.7	\$189.9	<b>\$178.9</b>
Less:									
Restructuring charges	(3.6 )	(8.8 )	(12.9 )	(9.8 )	(7.5 )	(3.5 )	(2.9 )		<b>(1.3 )</b>
Realized gains (losses) on investments	(58.2 )	(1.1 )	6.4	42.0	(7.9 )	(11.6 )	(14.5 )	3.9	<b>(6.0 )</b>
Gains (losses) on derivatives	(1.2 )	(0.6 )	5.9	(5.7 )	(2.5 )	(1.8 )	(3.4 )	0.3	<b>1.4</b>
Net gain on reinsurance derivative/trading account securities				2.7	(2.7 )	6.7	(3.7 )	(0.8 )	<b>2.8</b>
Reserve development on business sold through reinsurance/amortization of deferred gain	(0.1 )	(0.1 )	(18.5 )	0.2	0.2	0.2	0.2	0.2	<b>0.2</b>
Gain (loss) on sale of subsidiaries/businesses						15.6	45.9	0.4	<b>9.3</b>

Loss on early retirement of subordinated debt				(3.7 )				(4.1 )	
Mark-to-market adjustment on reclassification from AFS to trading account securities					241.5				
Cumulative effect of accounting change				(255.2 )	(24.5 )				
<b><i>Income from Operations</i></b>	\$104.8	\$153.3	\$156.0	\$178.7	\$175.3	\$181.4	\$178.2	\$189.9	<b>\$172.5</b>
<b>Roll Forward of Deferred Acquisition Costs</b>									
<b>Balance at beginning-of-period</b>	\$2,939.7	\$2,884.5	\$2,660.3	\$2,879.7	\$3,147.1	\$2,999.0	\$3,521.4	\$3,326.8	<b>\$3,445.0</b>
Deferral	144.3	136.9	160.9	197.4	198.7	201.8	206.2	238.1	<b>203.5</b>
Amortization	(99.2 )	(62.8 )	(65.9 )	(90.1 )	(108.8 )	(108.0 )	(120.8 )	(153.2 )	<b>(132.8 )</b>
Included in Total Benefits and Expenses	45.1	74.2	95.0	107.3	89.9	93.9	85.4	84.9	<b>70.7</b>
Adjustment related to realized (gains) losses on available-for- sale securities	30.0	8.3	(60.6 )	(27.9 )	(17.6 )	(6.0 )	(6.2 )	(15.8 )	<b>(11.7 )</b>
Adjustment related to unrealized (gains) losses on available-for- sale securities	(119.4 )	(334.0 )	182.2	145.2	(201.1 )	442.7	(271.2 )	14.7	<b>215.7</b>
Foreign currency translation adjustment	(10.8 )	27.2	2.8	42.8	19.9	(8.4 )	(2.5 )	33.8	<b>(7.0 )</b>



Other						(39.2 )	0.2	(0.2 )	0.5	
<b>Balance at end-of-period</b>	\$2,884.5	\$2,660.3	\$2,879.7	\$3,147.1	\$2,999.0	\$3,521.4	\$3,326.8	\$3,445.0	<b>\$3,712.7</b>	
<b>Roll Forward of Present Value of In-Force</b>										
<b>Balance at beginning-of-period</b>	\$1,250.1	\$1,223.1	\$1,220.8	\$1,192.5	\$1,196.5	\$1,180.0	\$1,155.8	\$1,103.9	<b>\$1,095.2</b>	
Amortization	(22.7 )	(13.6 )	(29.6 )	(14.4 )	(24.8 )	(20.5 )	(50.8 )	(24.2 )	<b>(18.9 )</b>	
Foreign currency translation adjustment	(4.3 )	11.2	1.3	18.4	8.9	(3.7 )	(1.1 )	15.6	<b>(3.3 )</b>	
Other						(0.6 )				
<b>Balance at end-of-period</b>	\$1,223.1	\$1,220.8	\$1,192.5	\$1,196.5	\$1,180.0	\$1,155.8	\$1,103.9	\$1,095.2	<b>\$1,073.1</b>	

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3/31/2005

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

	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Mar	Dec	Mar	Dec	Mar	Dec	Mar	Dec
	2005	2004	2005	2004	2005	2004	2005	2004
<b>ASSETS</b>								
<b>Investments</b>								
Corporate bonds	\$13,316.3	\$13,504.1	\$8,928.3	\$8,887.9	\$526.7	\$533.3	\$728.9	\$739.2
U.S. government bonds	11.6	11.9	66.6	63.8				
Foreign government bonds	314.5	304.5	174.5	184.7	6.6	6.8	325.9	337.6
Asset/mortgage backed securities	3,410.1	3,332.3	1,879.0	1,739.5	99.6	99.6		
State and municipal bonds	89.3	95.3	49.0	52.4	1.2	1.2		
Preferred stocks-redeemable	37.8	37.6	25.9	25.7				
Common stocks	0.3	0.2	0.2	0.2			42.9	46.4
Preferred stocks-equity	42.3	43.1	14.2	14.8	2.6	2.7		
Total AFS Securities	17,222.3	17,329.1	11,137.7	10,968.9	636.7	643.7	1,097.7	1,123.3
Trading Securities	1,148.3	1,169.6						
Mortgage loans	1,883.4	1,936.3	1,563.0	1,554.2	58.8	62.6	0.1	0.1

Real estate							<b>0.2</b>	0.2
Policy loans	<b>433.7</b>	438.7	<b>1,421.2</b>	1,426.0			<b>5.5</b>	5.9
Allocated investments	<b>3,348.1</b>	3,891.1	<b>1,279.4</b>	1,442.7	<b>133.1</b>	139.9		
Other long-term investments	<b>74.6</b>	61.8	<b>5.6</b>	9.1				
<b>Total Investments</b>	<b>24,110.3</b>	24,826.6	<b>15,407.0</b>	15,400.9	<b>828.5</b>	846.3	<b>1,103.6</b>	1,129.5
Notes receivable from LNC	<b>231.2</b>	107.8	<b>114.4</b>	130.7	<b>8.2</b>	44.4		
Cash and invested cash	<b>(94.3 )</b>	(73.9 )	<b>(11.7 )</b>	18.0	<b>42.8</b>	51.1	<b>301.7</b>	282.9
Property and equipment	<b>11.2</b>	10.8	<b>1.4</b>	1.6	<b>32.6</b>	33.3	<b>19.6</b>	20.1
Premium and fees receivable	<b>0.8</b>	0.2	<b>13.3</b>	25.8	<b>51.1</b>	45.4		
Accrued investment income	<b>247.4</b>	243.3	<b>192.5</b>	173.8	<b>9.2</b>	8.6	<b>28.0</b>	22.1
Assets held in separate accounts	<b>41,149.1</b>	40,990.1	<b>2,129.7</b>	2,131.1	<b>4,935.3</b>	4,897.2	<b>7,173.1</b>	7,186.2
Amount recoverable from reinsurers	<b>1,005.4</b>	1,030.7	<b>1,209.7</b>	1,183.4			<b>66.9</b>	
Deferred acquisition costs	<b>1,214.0</b>	1,040.4	<b>1,786.7</b>	1,691.9	<b>133.8</b>	120.4	<b>576.9</b>	590.9
Other intangible assets	<b>94.9</b>	85.5			<b>19.0</b>	20.9		
Present value of in-force	<b>90.3</b>	92.6	<b>710.9</b>	726.5			<b>271.9</b>	276.1
Goodwill	<b>64.1</b>	64.1	<b>855.1</b>	855.1	<b>260.8</b>	260.8	<b>15.7</b>	15.9
Other	<b>131.9</b>	134.4	<b>452.9</b>	466.4	<b>97.5</b>	63.1	<b>45.8</b>	60.2

**Total Assets**

<b>\$68,256.2</b>	\$68,552.7	<b>\$22,862.0</b>	\$22,805.0	<b>\$6,418.8</b>	\$6,391.5	<b>\$9,603.2</b>	\$9,583.9
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Corporate and Other Operations		Consolidating Adjustments		Consolidated	
Mar	Dec	Mar	Dec	Mar	Dec
2005	2004	2005	2004	2005	2004

**ASSETS****Investments**

Corporate bonds

**\$2,805.7**

\$3,224.5

**\$26,305.9**

\$26,889.0

U.S. government bonds

**87.4**

87.4

**165.7**

163.0

Foreign government bonds

**475.1**

452.3

**1,296.7**

1,285.9

Asset/mortgage backed securities

**805.1**

919.0

**6,193.8**

6,090.5

State and municipal bonds

**16.9**

17.1

**156.3**

166.0

Preferred stocks-redeemable

**42.8**

42.8

**106.5**

106.1

Common stocks

**21.9**

22.9

**65.2**

69.8

Preferred stocks-equity

**30.3**

30.7

**89.6**

91.3

Total AFS Securities

**4,285.2**

4,796.7

**34,379.6**

34,861.7

Trading securities

**2,058.2**

2,067.8

**3,206.5**

3,237.4

Mortgage loans

**300.5**

303.6

**3,805.7**

3,856.9

Real estate	213.1	191.1	213.4	191.4
Policy loans			1,860.5	1,870.6
Allocated investments	(4,760.6)	(5,473.7)		
Other long-term investments	436.3	418.4	516.5	489.3
<b>Total Investments</b>	<b>2,532.8</b>	<b>2,304.0</b>	<b>43,982.2</b>	<b>44,507.3</b>
Investments In Consolidated Subs	5,690.1	5,545.6	(5,690.1)	(5,545.6)
Notes receivable from LNC	(221.0 )	(152.9 )	(132.7 )	(130.0 )
Cash and invested cash	1,260.6	1,383.6	1,499.1	1,661.7
Property and equipment	139.1	141.3	203.9	207.1
Premium and fees receivable	234.1	161.5	299.3	232.9
Accrued investment income	80.5	77.4	557.6	525.1
Assets held in separate accounts			55,387.2	55,204.6
Federal income tax recoverable			5.0	5.0
Amount recoverable from reinsurers	5,054.5	4,853.5	7,336.5	7,067.5
Deferred acquisition costs	1.3	1.4	3,712.7	3,445.0
Other intangible assets			113.8	106.4
Present value of in-force			1,073.1	1,095.2

Goodwill					<b>1,195.7</b>	1,195.9
Other	<b>268.4</b>	257.5	<b>(10.4 )</b>	(11.0 )	<b>986.1</b>	970.5
<b>Total Assets</b>	<b>\$15,040.3</b>	\$14,572.8	<b>\$(5,828.2)</b>	\$(5,686.7)	<b>\$116,352.2</b>	\$116,219.3

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3/31/2005

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

	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Mar	Dec	Mar	Dec	Mar	Dec	Mar	Dec
	2005	2004	2005	2004	2005	2004	2005	2004
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>								
<b>Liabilities</b>								
Insurance and Inv Contract Liabilities:								
Life and annuity reserves	\$2,264.0	\$2,268.9	\$15,531.5	\$15,411.3			\$1,463.7	\$1,442.0
Health reserves			0.4	0.3			48.1	49.8
Unpaid claims - life and health	35.2	38.4	154.3	158.0			53.5	51.9
Unearned premiums								
Premium deposit funds	21,145.2	21,336.8	18.1	17.1	720.6	716.0	27.7	29.7
Participating policyholders' funds			128.1	145.3				
Other policyholders' funds			708.2	706.1				
Liability related to separate accounts	41,149.1	40,990.1	2,129.7	2,131.1	4,935.3	4,897.2	7,173.1	7,186.2
<b>Total Insurance and Inv Contract Liabilities</b>	<b>64,593.5</b>	<b>64,634.1</b>	<b>18,670.2</b>	<b>18,569.3</b>	<b>5,656.0</b>	<b>5,613.2</b>	<b>8,766.1</b>	<b>8,759.7</b>
Federal income taxes	353.0	387.0	131.6	208.3	17.8	6.2	63.8	58.6
Notes payable to LNC	52.9	51.4						

Embedded derivative - modco	53.8	80.5	1.9	2.5				
Other liabilities	179.4	157.1	498.4	520.8	201.5	227.5	220.5	215.0
Deferred gain on indemnity reinsurance								
<b>Total Liabilities</b>	<b>65,232.6</b>	<b>65,310.1</b>	<b>19,302.1</b>	<b>19,300.9</b>	<b>5,875.2</b>	<b>5,846.9</b>	<b>9,050.4</b>	<b>9,033.4</b>
Net unrealized gains (losses) on securities	340.3	474.8	175.2	244.2	1.9	3.1	26.1	36.2
Gains (losses) on derivatives	1.7	4.8	6.4	7.7				
Foreign currency translation adjustment							128.5	136.4
Other shareholders' equity	2,681.6	2,762.9	3,378.3	3,252.3	541.2	541.5	446.2	426.6
Minimum pension liability adjustment					0.5		(48.1 )	(48.6 )
<b>Shareholders' Equity</b>	<b>3,023.6</b>	<b>3,242.5</b>	<b>3,559.9</b>	<b>3,504.1</b>	<b>543.6</b>	<b>544.6</b>	<b>552.8</b>	<b>550.6</b>
<b>Total Liabilities and S/Hs' Equity</b>	<b>\$68,256.2</b>	<b>\$68,552.7</b>	<b>\$22,862.0</b>	<b>\$22,805.0</b>	<b>\$6,418.8</b>	<b>\$6,391.5</b>	<b>\$9,603.2</b>	<b>\$9,583.9</b>

	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Mar	Dec	Mar	Dec	Mar	Dec
	2005	2004	2005	2004	2005	2004

## LIABILITIES and SHAREHOLDERS' EQUITY

### Liabilities

#### Insurance and Inv Contract Liabilities:

Life and annuity reserves	\$1,401.0	\$1,259.8	\$20,660.2	\$20,382.0
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Health reserves	2,789.6	2,809.9			2,838.1	2,860.1
Unpaid claims - life and health	921.8	832.0			1,164.9	1,080.3
Unearned premiums	3.1	5.7			3.1	5.8
Premium deposit funds	114.4	115.6			22,026.0	22,215.1
Participating policyholders' funds					128.1	145.3
Other policyholders' funds	7.9	7.9			716.1	714.0
Liability related to separate accounts					55,387.2	55,204.6
<b>Total Insurance and Inv Contract Liabilities</b>	<b>5,237.8</b>	<b>5,030.9</b>			<b>102,923.6</b>	<b>102,607.1</b>
Federal income taxes	(571.8 )	(583.3 )	5.6	0.8		77.6
Short-term debt	194.0	214.4			194.0	214.4
Long-term debt	1,046.6	1,048.6			1,046.6	1,048.6
Junior subordinated debentures issued to affiliated trusts	336.6	339.8			336.6	339.8
Notes payable to LNC	80.1	78.6	(133.1 )	(130.0 )		
Embedded derivative - modco	257.8	292.3			313.5	375.3
Other liabilities	3,511.7	3,358.4	(10.1 )	(11.0 )	4,601.3	4,467.8
Deferred gain on indemnity reinsurance	893.7	913.0			893.7	913.0
<b>Total Liabilities</b>	<b>10,986.6</b>	<b>10,692.7</b>	<b>(137.6 )</b>	<b>(140.3 )</b>	<b>110,309.3</b>	<b>110,043.7</b>

Net unrealized gains (losses) on securities	<b>39.6</b>	64.4	<b>(0.4 )</b>		<b>582.9</b>	822.9
Gains (losses) on derivatives	<b>(0.4 )</b>	1.6			<b>7.7</b>	14.0
Foreign currency translation adjustment	<b>10.4</b>	10.4	<b>7.5</b>	7.5	<b>146.5</b>	154.3
Other shareholders' equity	<b>4,016.4</b>	3,815.5	<b>(5,697.8)</b>	(5,553.9)	<b>5,365.8</b>	5,244.9
Minimum pension liability adjustment	<b>(12.3 )</b>	(11.9 )			<b>(60.0 )</b>	(60.5 )
<b><i>Shareholders' Equity</i></b>	<b>4,053.7</b>	3,880.1	<b>(5,690.7)</b>	(5,546.4)	<b>6,042.9</b>	6,175.6
<b><i>Total Liabilities and S/Hs' Equity</i></b>	<b>\$15,040.3</b>	\$14,572.8	<b>\$(5,828.2)</b>	\$(5,686.7)	<b>\$116,352.2</b>	\$116,219.3

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3/31/2005

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

	2000	2001	2002	2003	2004
<b>ASSETS</b>					
<b>Investments</b>					
Corporate bonds	\$21,249.7	\$23,105.1	\$25,934.7	\$25,868.5	<b>\$26,889.0</b>
U.S. government bonds	542.9	410.5	513.6	225.8	<b>163.0</b>
Foreign government bonds	1,321.1	1,174.7	1,110.2	1,194.6	<b>1,285.9</b>
Mortgage backed securities	4,160.4	3,524.7	5,015.5	5,195.6	<b>6,090.5</b>
State and municipal bonds	14.6	44.7	114.4	152.8	<b>166.0</b>
Preferred stocks-redeemable	161.2	85.9	79.0	132.2	<b>106.1</b>
Common stocks	436.6	319.3	228.0	98.4	<b>69.8</b>
Preferred stocks-equity	113.1	151.2	109.2	100.7	<b>91.3</b>
<b>Total AFS Securities</b>	<b>27,999.5</b>	<b>28,816.1</b>	<b>33,104.7</b>	<b>32,968.6</b>	<b>34,861.7</b>
Trading securities				3,120.1	<b>3,237.4</b>
Mortgage loans	4,663.0	4,535.5	4,205.5	4,195.0	<b>3,856.9</b>
Real estate	282.0	267.9	279.7	112.9	<b>191.4</b>
Policy loans	1,960.9	1,939.7	1,945.6	1,924.4	<b>1,870.6</b>
Other long-term investments	463.3	553.8	464.4	456.7	<b>489.3</b>

<b><i>Total Investments</i></b>	35,368.6	36,113.1	39,999.9	42,777.6	<b>44,507.3</b>
Invest in unconsol affiliates	6.4	8.1			
Cash and invested cash	1,927.4	3,095.5	1,690.5	1,711.2	<b>1,661.7</b>
Property and equipment	228.2	257.5	242.1	235.2	<b>207.1</b>
Premiums and fees receivable	296.7	400.1	212.9	352.1	<b>232.9</b>
Accrued investment income	546.4	563.5	536.7	522.7	<b>525.1</b>
Assets held in separate accounts	50,579.9	44,833.4	36,178.3	46,565.2	<b>55,204.6</b>
Federal income taxes recoverable	234.1	55.5	317.7	45.9	
Amounts recoverable from reinsurers	3,747.7	6,030.4	7,280.0	7,839.2	<b>7,067.5</b>
Deferred acquisition costs	3,070.5	2,866.8	2,939.7	3,147.1	<b>3,445.0</b>
Other intangible assets	73.7	68.6	73.0	79.1	<b>106.4</b>
Present value of in-force	1,483.3	1,362.5	1,250.1	1,196.5	<b>1,095.2</b>
Goodwill	1,286.0	1,211.8	1,233.2	1,234.7	<b>1,195.9</b>
Other	1,021.6	1,174.9	1,230.3	1,038.3	<b>970.5</b>
<b><i>Total Assets</i></b>	<b>\$99,870.6</b>	<b>\$98,041.6</b>	<b>\$93,184.6</b>	<b>\$106,744.9</b>	<b>\$116,219.3</b>

## ***LIABILITIES and SHAREHOLDERS' EQUITY***

### ***Liabilities***

Insurance and Investment Contract Liabilities:

Life and annuity reserves	\$17,841.2	\$17,917.0	\$19,950.3	\$20,718.3	<b>\$20,382.0</b>
Health reserves	2,523.8	2,537.9	2,689.0	2,831.5	<b>2,860.1</b>
Unpaid claims-life and health	1,316.6	1,087.5	778.4	1,058.4	<b>1,080.3</b>
Unearned premiums	46.5	66.9	141.2	104.5	<b>5.8</b>
Premium deposit funds	17,715.5	18,585.0	20,518.8	21,769.3	<b>22,215.1</b>
Participating policyholders' funds	139.4	100.2	156.7	155.1	<b>145.3</b>
Other policyholders' funds	522.2	562.7	610.9	680.9	<b>714.0</b>
Liability related to separate accounts	50,579.9	44,833.4	36,178.3	46,565.2	<b>55,204.6</b>
<b>Total Ins and Inv Contr Liabilities</b>	<b>90,685.1</b>	<b>85,690.6</b>	<b>81,023.6</b>	<b>93,883.2</b>	<b>102,607.1</b>
Federal income tax liabilities					<b>77.6</b>
Short-term debt	312.9	350.2	153.0	44.0	<b>214.4</b>
Long-term debt	712.2	861.8	1,119.2	1,117.5	<b>1,048.6</b>
Junior subordinated debentures issued to affiliated trusts	745.0	474.7	392.7	341.3	<b>339.8</b>
Embedded derivative - modco				352.3	<b>375.3</b>
Other liabilities	2,434.7	4,216.1	4,171.5	4,270.1	<b>4,467.8</b>
Deferred gain on indemnity reinsurance		1,144.5	977.1	924.8	<b>913.0</b>

<b><i>Total Liabilities</i></b>	94,890.0	92,737.8	87,837.2	100,933.2	<b>110,043.7</b>
Unrealized gains	12.0	217.2	781.6	815.1	<b>836.9</b>
Foreign currency	22.0	(8.0 )	50.8	109.0	<b>154.3</b>
Minimum pension liability adjustment		(36.0 )	(97.8 )	(55.1 )	<b>(60.5 )</b>
Shareholders' equity - other	4,946.6	5,130.6	4,612.9	4,942.6	<b>5,244.9</b>
<b><i>Total Shareholders' Equity</i></b>	<b>4,980.6</b>	<b>5,303.8</b>	<b>5,347.5</b>	<b>5,811.6</b>	<b>6,175.6</b>
<b><i>Total Liabilities and Shareholders' Equity</i></b>	<b>\$99,870.6</b>	<b>\$98,041.6</b>	<b>\$93,184.6</b>	<b>\$106,744.9</b>	<b>\$116,219.3</b>
<b><i>Shareholders' Equity Per Share</i></b>					
Book Value, Excluding AOCI	\$25.88	\$27.39	\$25.97	\$27.69	<b>\$30.17</b>
Common shares outstanding (in millions)	191.2	187.3	177.6	178.5	<b>173.8</b>

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3/31/2005

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

	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
<b>ASSETS</b>									
<b>Investments</b>									
Corporate bonds	\$26,936.1	\$28,419.3	\$28,286.3	\$25,868.5	\$26,209.2	\$25,638.1	\$26,750.0	\$26,889.0	<b>\$26,305.9</b>
U.S. government bonds	537.0	561.9	522.5	225.8	234.2	156.3	162.9	163.0	<b>165.7</b>
Foreign government bonds	1,206.6	1,349.4	1,352.9	1,194.6	1,321.0	1,223.8	1,233.8	1,285.9	<b>1,296.7</b>
Mortgage backed securities	4,960.1	4,754.9	4,992.7	5,195.6	5,617.0	5,524.1	5,793.4	6,090.5	<b>6,193.8</b>
State and municipal bonds	134.9	150.4	164.0	152.8	164.1	164.8	168.8	166.0	<b>156.3</b>
Preferred stocks - redeemable	112.0	118.5	65.6	132.2	120.9	100.7	113.9	106.1	<b>106.5</b>
Common stocks	145.0	146.6	131.8	98.4	97.4	92.3	86.5	69.8	<b>65.2</b>
Preferred stocks-equity	104.5	110.7	111.2	100.7	100.2	90.5	91.6	91.3	<b>89.6</b>
Total AFS Securities	34,136.2	35,611.8	35,626.9	32,968.6	33,864.1	32,990.5	34,400.8	34,861.7	<b>34,379.6</b>
Trading securities				3,120.1	3,191.3	3,087.9	3,223.6	3,237.4	<b>3,206.5</b>

Mortgage loans	4,235.5	4,314.3	4,151.5	4,195.0	3,988.5	3,865.4	3,831.3	3,856.9	<b>3,805.7</b>
Real estate	242.0	240.3	249.8	112.9	104.8	104.3	135.1	191.4	<b>213.4</b>
Policy loans	1,928.8	1,919.6	1,910.5	1,924.4	1,876.7	1,871.3	1,871.9	1,870.6	<b>1,860.5</b>
Other long-term investments	465.7	505.6	484.7	456.7	476.3	442.9	463.8	489.3	<b>516.5</b>
<b>Total Investments</b>	<b>41,008.4</b>	<b>42,591.6</b>	<b>42,423.3</b>	<b>42,777.6</b>	<b>43,501.7</b>	<b>42,362.5</b>	<b>43,926.6</b>	<b>44,507.3</b>	<b>43,982.2</b>
Cash and invested cash	1,635.5	1,945.8	1,960.6	1,711.2	2,255.5	2,213.7	1,996.0	1,661.7	<b>1,499.1</b>
Property and equipment	239.4	239.1	237.3	235.2	229.5	225.5	217.7	207.1	<b>203.9</b>
Premiums and fees receivable	194.0	396.0	306.5	352.1	337.5	265.2	248.8	232.9	<b>299.3</b>
Accrued investment income	567.2	555.1	560.2	522.7	547.9	543.7	573.2	525.1	<b>557.6</b>
Assets held in separate accounts	34,775.2	39,942.8	41,283.4	46,565.2	48,557.9	49,343.7	49,657.9	55,204.6	<b>55,387.2</b>
Federal income taxes recoverable	89.1	–		45.9		204.0			<b>5.0</b>
Amount recoverable from reinsurers	7,323.5	7,377.1	7,537.9	7,839.2	7,865.7	7,138.7	7,031.9	7,067.5	<b>7,336.5</b>
Deferred acquisition costs	2,884.5	2,660.3	2,879.7	3,147.1	2,999.0	3,521.4	3,326.8	3,445.0	<b>3,712.7</b>
Other intangible assets	74.2	74.7	75.5	79.1	85.8	93.6	98.7	106.4	<b>113.8</b>



Present value of in-force	1,223.1	1,220.8	1,192.5	1,196.5	1,180.0	1,155.8	1,103.9	1,095.2	<b>1,073.1</b>
Goodwill	1,233.0	1,233.6	1,233.7	1,234.7	1,235.2	1,235.0	1,195.0	1,195.9	<b>1,195.7</b>
Other	1,250.6	1,295.9	1,134.9	1,038.3	1,074.2	1,015.1	1,000.7	970.5	<b>986.1</b>
<b>Total Assets</b>	<b>\$92,497.6</b>	<b>\$99,532.8</b>	<b>\$100,825.5</b>	<b>\$106,744.9</b>	<b>\$109,869.9</b>	<b>\$109,317.9</b>	<b>\$110,377.1</b>	<b>\$116,219.3</b>	<b>\$116,352.2</b>

**LIABILITIES and  
SHAREHOLDERS'  
EQUITY**

**Liabilities**

Insurance and Inv Contract  
Liabilities:

Life and annuity reserves	\$20,025.6	\$20,194.5	\$20,459.2	\$20,718.3	\$20,882.5	\$20,324.0	\$20,213.0	\$20,382.0	<b>\$20,660.2</b>
Health reserves	2,689.9	2,703.3	2,657.9	2,831.5	2,822.1	2,841.1	2,797.1	2,860.1	<b>2,838.1</b>
Unpaid claims - life and health	763.1	997.1	1,041.2	1,058.4	1,076.8	1,083.5	1,067.0	1,080.3	<b>1,164.9</b>
Unearned premiums	141.1	24.0	26.9	104.5	104.3	9.3	7.5	5.8	<b>3.1</b>
Premium deposit funds	21,070.5	21,437.7	21,680.2	21,769.3	21,827.4	22,017.0	22,218.9	22,215.1	<b>22,026.0</b>
Participating policyholders' funds	166.3	193.8	179.2	155.1	171.1	165.9	165.2	145.3	<b>128.1</b>

Other policyholders' funds	607.1	621.8	671.5	680.9	688.1	698.5	703.4	714.0	<b>716.1</b>
Liab related to separate accounts	34,775.2	39,942.8	41,283.4	46,565.2	48,557.9	49,343.7	49,657.9	55,204.6	<b>55,387.2</b>
Total Ins and Inv Contr Liabilities	80,238.8	86,115.0	87,999.6	93,883.2	96,130.3	96,483.1	96,830.1	102,607.1	<b>102,923.6</b>
Federal income taxes		72.0	37.1		108.1		83.8	77.6	
Short-term debt	125.4	83.4	76.5	44.0	38.0	30.0	0.0	214.4	<b>194.0</b>
Long-term debt	1,118.6	1,121.4	1,118.5	1,117.5	1,317.7	1,313.7	1,315.4	1,048.6	<b>1,046.6</b>
Junior subordinated debentures issued to affiliated trusts	390.8	397.1	333.6	341.3	344.7	337.6	341.1	339.8	<b>336.6</b>
Embedded derivative - modco				352.3	440.6	252.6	365.5	375.3	<b>313.5</b>
Other liabilities	4,215.0	4,989.0	4,724.8	4,270.1	4,440.4	4,493.6	4,537.9	4,467.8	<b>4,601.3</b>
Deferred gain on indemnity reinsurance	959.0	938.9	949.0	924.8	906.6	888.4	932.4	913.0	<b>893.7</b>
<b>Total Liabilities</b>	<b>87,047.6</b>	<b>93,716.9</b>	<b>95,239.1</b>	<b>100,933.2</b>	<b>103,726.4</b>	<b>103,799.0</b>	<b>104,406.3</b>	<b>110,043.7</b>	<b>110,309.3</b>
Unrealized gains on investments	872.0	1,117.8	804.5	793.1	1,038.0	412.0	780.1	822.9	<b>582.9</b>
Gains - derivatives	25.0	28.8	23.2	22.1	29.0	18.5	19.8	14.0	<b>7.7</b>

Foreign currency	39.8	68.4	67.0	109.0	128.9	120.8	116.9	154.3	<b>146.5</b>
Minimum pension liability	(97.2 )	(98.8 )	(99.0 )	(55.1 )	(56.6 )	(56.0 )	(55.8 )	(60.5 )	<b>(60.0 )</b>
Shareholders' equity - other	4,610.5	4,699.8	4,790.6	4,942.6	5,004.2	5,023.6	5,109.8	5,244.9	<b>5,365.8</b>
<b>Total Shareholders' Equity</b>	<b>5,450.0</b>	<b>5,815.9</b>	<b>5,586.4</b>	<b>5,811.6</b>	<b>6,143.5</b>	<b>5,518.9</b>	<b>5,970.8</b>	<b>6,175.6</b>	<b>6,042.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$92,497.6</b>	<b>\$99,532.8</b>	<b>\$100,825.5</b>	<b>\$106,744.9</b>	<b>\$109,869.9</b>	<b>\$109,317.9</b>	<b>\$110,377.1</b>	<b>\$116,219.3</b>	<b>\$116,352.2</b>
<b>Shareholders' Equity Per Share</b>									
Book Value, Excluding AOCI	\$25.94	\$26.41	\$26.87	\$27.69	\$27.99	\$28.51	\$29.23	\$30.17	<b>\$30.85</b>
Common shares outstanding (in millions)	177.7	178.0	178.3	178.5	178.8	176.2	174.8	173.8	<b>173.9</b>

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3/31/2005

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

For the Year Ended December 31	2000	2001	2002	2003	2004
<b>Revenue</b>					
Premiums	\$64.3	\$77.5	\$47.4	\$21.9	\$33.0
Surrender charges	41.8	31.2	31.2	28.9	25.0
Expense assessments	591.3	508.6	446.2	441.9	580.5
Other revenue and fees	11.0	16.7	3.3	8.7	(6.3 )
Net investment income	1,430.5	1,399.1	1,457.5	1,483.7	1,495.9
Realized gains (losses) on investments	(5.2 )	(64.5 )	(196.6 )	(12.5 )	(32.3 )
Gains (losses) on derivatives		(0.3 )	(1.2 )	(6.6 )	(11.5 )
Gain (loss) on reinsurance derivative/trading account securities				2.8	0.8
Mark-to-market adjustment on reclassification from AFS to trading account securities				86.0	
<b>Total Revenue</b>	2,133.7	1,968.3	1,787.7	2,054.7	2,085.1
<b>Operating Benefits and Expenses</b>					
Benefits paid or provided:					

Benefits	254.7	263.9	314.1	181.5	<b>189.9</b>
Interest credited to policy bal.	866.1	863.8	903.8	867.7	<b>836.0</b>
Def. sales inducements net of amortization		(12.1 )	(12.6 )	(14.1 )	<b>(40.6 )</b>
Total insurance benefits	1,120.8	1,115.7	1,205.3	1,035.1	<b>985.2</b>
Underwriting, acquisition, insurance and other expenses					
Commissions and other volume related expenses	378.9	386.0	385.4	386.0	<b>586.7</b>
Operating and administrative expenses	206.6	231.8	231.3	226.2	<b>231.8</b>
Restructuring charges		2.0	1.6	20.1	<b>5.4</b>
Taxes, licenses and fees	9.3	13.7	11.5	17.7	<b>14.6</b>
Subtotal	594.8	633.6	629.8	650.0	<b>838.6</b>
Deferral of acquisition costs		(227.8 )	(229.0 )	(223.4 )	<b>(421.9 )</b>
DAC amortization		124.4	155.4	120.4	<b>174.0</b>
DAC deferral net of amortization	(37.5 )	(103.4 )	(73.6 )	(103.0 )	<b>(247.9 )</b>
PVIF amortization	24.2	14.7	31.8	9.5	<b>20.0</b>
Total underwriting, acquisition, insurance and other expenses	581.5	544.9	587.9	556.6	<b>610.7</b>
Goodwill amortization	(0.6 )	1.2			<b>(0.0 )</b>

<b><i>Total Benefits and Expenses</i></b>	1,701.7	1,661.8	1,793.3	1,591.7	<b>1,595.9</b>
Income (Loss) Before Federal Income Tax and Cumulative Effect of Accounting Change	432.0	306.5	(5.6 )	463.0	<b>489.2</b>
Federal income taxes	77.3	34.1	(59.3 )	98.9	<b>106.1</b>
<b><i>Income Before Cumulative Effect of Accounting Change</i></b>	<b>354.7</b>	<b>272.4</b>	<b>53.7</b>	<b>364.1</b>	<b>383.1</b>
Cumulative effect of accounting change		(7.3 )		(63.6 )	<b>(21.8 )</b>
<b><i>Net Income</i></b>	<b>\$354.7</b>	<b>\$265.1</b>	<b>\$53.7</b>	<b>\$300.5</b>	<b>\$361.4</b>
Less:					
Restructuring charges		(1.3 )	(1.0 )	(13.1 )	<b>(3.5 )</b>
Realized gains (losses) on investments	(3.4 )	(42.3 )	(127.8 )	(8.2 )	<b>(21.1 )</b>
Gains (losses) on derivatives		(0.2 )	(0.8 )	(4.3 )	<b>(7.4 )</b>
Net gain (loss) on reinsurance derivative/trading account securities				1.8	<b>0.6</b>
Mark-to-market adjustment on reclassification from AFS to trading account securities				55.9	
Cumulative effect of accounting change		(7.3 )		(63.6 )	<b>(21.8 )</b>
<b><i>Income from Operations</i></b>	<b>\$358.1</b>	<b>\$316.2</b>	<b>\$183.4</b>	<b>\$331.9</b>	<b>\$414.6</b>

**Effective tax rate on Income from Operations**18.1 % 15.3 % 5.4 % 19.7 % **22.9 %****Revenue**\$2,133.7 \$1,968.3 \$1,787.7 \$2,054.7 **\$2,085.1**

## Less:

Realized gains (losses) on investments

(5.2 ) (64.5 ) (196.6 ) (12.5 ) **(32.3 )**

Gains (losses) on derivatives

(0.3 ) (1.2 ) (6.6 ) **(11.5 )**

Gain (loss) on reinsurance derivative/trading account securities

2.8 **0.8**

Mark-to-market adjustment on reclassification from AFS to trading account securities

86.0

**Operating Revenue**\$2,138.9 \$2,033.1 \$1,985.5 \$1,985.1 **\$2,128.0**

Average capital

\$1,602.9 \$1,831.4 \$2,339.6 \$2,400.3 **\$2,589.1**

Net Income return on average capital

22.1 % 14.5 % 2.3 % 12.5 % **14.0 %**

Income from operations return on average capital

22.3 % 17.3 % 7.8 % 13.8 % **16.0 %****Roll Forward of Deferred Acquisition Costs**

Balance at beginning-of-period

\$812.5 \$894.3 \$824.7 **\$854.6**

Deferral

227.8 229.0 223.4 **421.9**

Amortization

(124.4 ) (155.4 ) (120.4 ) **(174.0 )**

Included in Total Benefits and Expenses

103.4 73.6 103.0 **247.9**

Adjustment related to realized (gains) losses on available-for-sale securities	68.2	73.0	(18.7 )	(28.3 )
Adjustment related to unrealized (gains) losses on available-for-sale securities	(90.0 )	(201.3 )	(54.3 )	8.3
Other*	0.2	(14.8 )		
Cumulative effect of accounting change				(42.3 )
<b>Balance at end-of-period</b>	<b>\$894.3</b>	<b>\$824.7</b>	<b>\$854.6</b>	<b>\$1,040.4</b>
<b>Roll Forward of Present Value of In-Force</b>				
Balance at beginning-of-period	\$169.2	\$154.5	\$122.7	\$113.2
Amortization	(14.7 )	(31.8 )	(9.5 )	(20.0 )
Cumulative effect of accounting change				(0.6 )
<b>Balance at end-of-period</b>	<b>\$154.5</b>	<b>\$122.7</b>	<b>\$113.2</b>	<b>\$92.6</b>

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

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3/31/2005

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

<i>For the Quarter Ended</i>	<b>Mar 2003</b>	<b>Jun 2003</b>	<b>Sep 2003</b>	<b>Dec 2003</b>	<b>Mar 2004</b>	<b>Jun 2004</b>	<b>Sep 2004</b>	<b>Dec 2004</b>	<b>Mar 2005</b>
<b>Revenue</b>									
Premiums	\$5.5	\$3.0	\$7.8	\$5.6	\$6.5	\$7.4	\$9.2	\$9.9	<b>\$10.5</b>
Surrender charges	6.9	8.5	7.4	6.2	5.9	6.0	6.7	6.4	<b>7.4</b>
Expense assessments	97.6	104.3	115.2	124.8	137.3	140.9	145.2	157.1	<b>164.6</b>
Other revenue and fees	(1.4 )	1.3	8.3	0.5	(0.8 )	(2.1 )	(1.3 )	(2.0 )	<b>(1.4 )</b>
Net investment income	367.0	369.8	377.4	369.5	379.0	382.3	366.5	368.0	<b>357.4</b>
Realized gains (losses) on investments	(76.8 )	0.9	18.6	44.7	(5.7 )	(14.5 )	(21.2 )	9.1	<b>(3.2 )</b>
Gains (losses) on derivatives	(1.0 )	(1.5 )	1.7	(5.8 )	(3.7 )	(2.8 )	(3.1 )	(1.9 )	<b>0.9</b>
Gain (loss) on reinsurance derivative/trading account securities				2.8	(2.1 )	7.4	(3.0 )	(1.4 )	<b>2.6</b>
Mark-to-market adjustment on reclassification from AFS to trading account securities				86.0					
<b>Total Revenue</b>	<b>397.8</b>	<b>486.4</b>	<b>536.3</b>	<b>634.2</b>	<b>516.5</b>	<b>524.5</b>	<b>499.0</b>	<b>545.1</b>	<b>538.8</b>

## Benefits and Expenses

Benefits paid or provided:

Benefits	65.0	34.8	44.6	37.1	54.1	52.0	40.5	43.4	<b>52.4</b>
Interest credited to policy balances	220.1	217.1	216.5	214.0	207.8	208.0	209.9	210.4	<b>204.7</b>
Def. sales inducements net of amortization	(3.3 )	(2.4 )	(2.8 )	(5.6 )	(9.0 )	(9.8 )	(10.4 )	(11.5 )	<b>(9.4 )</b>
Total insurance benefits	281.8	249.5	258.2	245.5	252.8	250.2	240.0	242.2	<b>247.8</b>
Underwriting, acquisition, insurance and other expenses:									
Commissions and other volume related expenses	80.7	88.9	96.8	119.6	141.8	146.9	141.3	156.7	<b>149.7</b>
Operating and administrative expenses	54.0	56.6	57.0	58.5	51.7	58.1	62.5	59.6	<b>56.8</b>
Restructuring charges		6.2	8.4	5.5	1.8	1.8	2.6	(0.7 )	<b>0.6</b>
Taxes, licenses and fees	5.7	4.3	3.7	4.0	5.2	3.7	3.2	2.5	<b>3.9</b>
Subtotal	140.4	156.0	166.0	187.7	200.5	210.4	209.5	218.1	<b>211.0</b>
Deferral of acquisition costs	(43.6 )	(47.4 )	(58.9 )	(73.5 )	(101.9 )	(105.5 )	(101.5 )	(112.9 )	<b>(107.0 )</b>
DAC amortization	30.1	27.2	31.6	31.5	41.5	44.4	24.2	63.9	<b>57.6</b>

DAC deferral net of amortization	(13.5 )	(20.2 )	(27.2 )	(42.0 )	(60.4 )	(61.2 )	(77.3 )	(49.0 )	(49.4 )
PVIF amortization	2.3	2.1	3.3	1.8	3.3	2.9	11.5	2.3	2.4
Total underwriting, acquisition, insurance and other expenses	129.2	137.9	142.1	147.4	143.4	152.2	143.7	171.4	164.0
<b>Total Benefits and Expenses</b>	411.0	387.4	400.3	392.9	396.2	402.4	383.7	413.6	411.8
Income (Loss) Before Federal Income Tax and Cumulative Effect of Accounting Change	(13.3 )	99.0	135.9	241.4	120.3	122.1	115.3	131.5	127.0
Federal income taxes	(20.1 )	17.3	33.9	67.9	26.7	28.0	24.5	26.9	28.6
<b>Income Before Cumulative Effect of Accounting Change</b>	6.9	81.7	102.0	173.5	93.6	94.2	90.8	104.6	98.4
Cumulative effect of accounting change				(63.6 )	(21.8 )				
<b>Net Income</b>	\$6.9	\$81.7	\$102.0	\$109.9	\$71.8	\$94.2	\$90.8	\$104.6	\$98.4
Less:									
Restructuring charges		(4.0 )	(5.5 )	(3.6 )	(1.2 )	(1.2 )	(1.7 )	0.5	(0.4 )
Realized gains (losses) on investments	(50.3 )	1.0	12.1	29.1	(3.7 )	(9.4 )	(13.6 )	5.7	(2.2 )

Gains (losses) on derivatives	(0.2 )	(1.4 )	1.1	(3.8 )	(2.4 )	(1.8 )	(2.0 )	(1.2 )	<b>0.7</b>
Net gain (loss) on reinsurance derivative/trading account securities				1.8	(1.4 )	4.8	(2.0 )	(0.8 )	<b>1.7</b>
Mark-to-market adjustment on reclassification from AFS to trading account securities				55.9					
Cumulative effect of accounting change				(63.6 )	(21.8 )				
<b><i>Income from Operations</i></b>	<b>\$57.4</b>	<b>\$86.1</b>	<b>\$94.3</b>	<b>\$94.1</b>	<b>\$102.2</b>	<b>\$101.8</b>	<b>\$110.2</b>	<b>\$100.5</b>	<b>\$98.6</b>
<b><i>Effective tax rate on Income from Operations</i></b>	<b>11.0 %</b>	<b>18.6 %</b>	<b>24.0 %</b>	<b>21.1 %</b>	<b>23.5 %</b>	<b>24.0 %</b>	<b>24.1 %</b>	<b>19.7 %</b>	<b>22.6 %</b>
<b><i>Revenue</i></b>	<b>\$397.8</b>	<b>\$486.4</b>	<b>\$536.3</b>	<b>\$634.2</b>	<b>\$516.5</b>	<b>\$524.5</b>	<b>\$499.0</b>	<b>\$545.1</b>	<b>\$538.8</b>
Less:									
Realized gains (losses) on investments	(76.8 )	0.9	18.6	44.7	(5.7 )	(14.5 )	(21.2 )	9.1	(3.2 )
Gains (losses) on derivatives	(1.0 )	(1.5 )	1.7	(5.8 )	(3.7 )	(2.8 )	(3.1 )	(1.9 )	<b>0.9</b>
Gain (loss) on reinsurance derivative/trading account securities				2.8	(2.1 )	7.4	(3.0 )	(1.4 )	<b>2.6</b>
Mark-to-market adjustment on reclassification from AFS to trading account securities				86.0					
<b><i>Operating Revenue</i></b>	<b>\$475.5</b>	<b>\$487.0</b>	<b>\$516.0</b>	<b>\$506.6</b>	<b>\$528.0</b>	<b>\$534.4</b>	<b>\$526.2</b>	<b>\$539.4</b>	<b>\$538.5</b>

Average capital	\$2,526.7	\$2,262.3	\$2,386.7	\$2,425.4	\$2,532.6	\$2,575.1	\$2,560.5	\$2,688.4	<b>\$2,661.3</b>
Net Income return on average capital	1.1	% 14.4	% 17.1	% 18.1	% 11.3	% 14.6	% 14.2	% 15.6	<b>% 14.8</b>
Income from operations return on average capital	9.1	% 15.2	% 15.8	% 15.5	% 16.1	% 15.8	% 17.2	% 14.9	<b>% 14.8</b>

**Roll Forward of Deferred Acquisition Costs**

Balance at beginning-of-quarter	\$824.7	\$786.2	\$616.3	\$721.7	\$854.6	\$748.7	\$1,056.2	\$984.6	<b>\$1,040.4</b>
Deferral	43.6	47.4	58.9	73.5	101.9	105.5	101.5	112.9	<b>107.0</b>
Amortization	(30.1 )	(27.2 )	(31.6 )	(31.5 )	(41.5 )	(44.4 )	(24.2 )	(63.9 )	<b>(57.6 )</b>
Included in Total Benefits and Expenses	13.5	20.2	27.2	42.0	60.4	61.2	77.3	49.0	<b>49.4</b>
Adjustment related to realized (gains) losses on available-for-sale securities	21.8	7.9	(31.8 )	(16.7 )	(10.2 )	(6.0 )	(1.8 )	(10.3 )	<b>(10.1 )</b>
Adjustment related to unrealized (gains) losses on available-for-sale securities	(73.9 )	(197.9 )	109.9	107.6	(113.9 )	252.4	(147.2 )	17.0	<b>134.2</b>
Other									
Cumulative effect of accounting change					(42.3 )				
<b>Balance at end-of-quarter</b>	<b>\$786.2</b>	<b>\$616.3</b>	<b>\$721.7</b>	<b>\$854.6</b>	<b>\$748.7</b>	<b>\$1,056.2</b>	<b>\$984.6</b>	<b>\$1,040.4</b>	<b>\$1,214.0</b>

**Roll Forward of Present Value of  
In-Force**

Balance at beginning-of-quarter	\$122.7	\$120.4	\$118.3	\$115.0	\$113.2	\$109.4	\$106.4	\$94.9	<b>\$92.6</b>
Amortization	(2.3 )	(2.1 )	(3.3 )	(1.8 )	(3.3 )	(2.9 )	(11.5 )	(2.3 )	<b>(2.4 )</b>
Cumulative effect of accounting change					(0.6 )				
<b>Balance at end-of-quarter</b>	<b>\$120.4</b>	<b>\$118.3</b>	<b>\$115.0</b>	<b>\$113.2</b>	<b>\$109.4</b>	<b>\$106.4</b>	<b>\$94.9</b>	<b>\$92.6</b>	<b>\$90.3</b>

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3/31/2005

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

	2000	2001	2002	2003	2004
<b>Fixed Annuities-Bal Beg-of-Year</b>	\$18.210	\$16.615	\$18.004	\$20.087	<b>\$21.220</b>
Gross Deposits	2.074	3.342	3.672	3.125	<b>3.110</b>
Withdrawals (incl charges) & deaths	(3.283)	(2.448)	(2.637)	(2.074)	<b>(2.227)</b>
Net flows	(1.209)	0.894	1.035	1.051	<b>0.884</b>
Transfer from (to) var annuities	(1.329)	(0.428)	0.108	(0.817)	<b>(1.395)</b>
Interest credited	0.944	0.923	0.940	0.899	<b>0.856</b>
<b>Fixed Annuities-Gross</b>	16.615	18.004	20.087	21.220	<b>21.565</b>
<i>Reinsurance Ceded</i>	(1.221)	(1.514)	(2.003)	(2.353)	<b>(2.297)</b>
<b>Fixed Annuities-Bal End-of-Year</b>	\$15.394	\$16.491	\$18.085	\$18.868	<b>\$19.268</b>
<b>Fixed Annuities Incremental Deposits *</b>	\$1.918	\$3.213	\$3.600	\$3.067	<b>\$3.046</b>
<b>Variable Annuities-Bal Beg-of-Year**</b>	\$41.493	\$39.427	\$34.638	\$27.438	<b>\$35.786</b>
Gross Deposits	3.165	3.067	2.743	3.119	<b>5.910</b>
Withdrawals (incl charges) & deaths	(4.830)	(3.856)	(3.325)	(3.162)	<b>(3.871)</b>

Net flows	(1.665)	(0.789)	(0.582)	(0.044)	<b>2.038</b>
Transfer from (to) fixed annuities	1.320	0.428	(0.122)	0.809	<b>1.356</b>
Invest inc & change in mkt value	(1.721)	(4.428)	(6.497)	7.583	<b>4.043</b>
<b><i>Var Annuities-Bal End-of-Year</i></b>	<b>\$39.427</b>	<b>\$34.638</b>	<b>\$27.438</b>	<b>\$35.786</b>	<b>\$43.223</b>
<b><i>Variable Annuities Incremental Deposits *</i></b>	<b>\$2.667</b>	<b>\$2.624</b>	<b>\$2.569</b>	<b>\$3.019</b>	<b>\$5.755</b>
<b><i>Total Annuities-Bal Beg-of-Year</i></b>	<b>\$59.703</b>	<b>\$56.042</b>	<b>\$52.642</b>	<b>\$47.525</b>	<b>\$57.006</b>
Gross Deposits	5.239	6.409	6.415	6.244	<b>9.020</b>
Withdrawals (incl charges) & deaths	(8.113)	(6.304)	(5.962)	(5.236)	<b>(6.098)</b>
Net flows	(2.874)	0.105	0.453	1.007	<b>2.922</b>
Transfers	(0.009)		(0.013)	(0.008)	<b>(0.039)</b>
Interest credited & change in mkt value	(0.777)	(3.505)	(5.558)	8.482	<b>4.898</b>
<b><i>Total Gross Annuities-Bal End-of-Year</i></b>	<b>56.042</b>	<b>52.642</b>	<b>47.525</b>	<b>57.006</b>	<b>64.788</b>
<b><i>Reinsurance Ceded</i></b>	<b>(1.221)</b>	<b>(1.514)</b>	<b>(2.003)</b>	<b>(2.353)</b>	<b>(2.297)</b>
<b><i>Total Annuities (Net of Ceded)-Bal End-of-Year</i></b>	<b>\$54.821</b>	<b>\$51.129</b>	<b>\$45.522</b>	<b>\$54.653</b>	<b>\$62.490</b>



**Total Annuities Incremental Deposits \***

4.585	5.837	6.169	6.086	<b>8.802</b>
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**Var Ann Under Agree-Included above**

0.941	1.077	1.186	2.166	<b>3.127</b>
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\* *Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Retirement products.*

\*\* *Includes amounts attributable to Alliance program mutual fund net flows. Account values for the Alliance program are not included in the separate accounts reported on our balance sheet.*

**Fixed Annuities-excluding fixed portion of variable contracts**

## Deposits

\$0.459	\$1.712	\$1.844	\$1.415	<b>\$1.026</b>
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## Withdrawals

(2.271)	(1.604)	(1.473)	(0.934)	<b>(1.119)</b>
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## Net Flows

\$(1.812)	\$0.108	\$0.371	\$0.481	<b>\$(0.093)</b>
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## Gross Fixed Account Values

\$10.475	\$11.440	<b>\$11.820</b>
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## Reinsurance Ceded

(2.003)	(2.353)	<b>(2.297)</b>
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## Net Fixed Account Values

\$8.473	\$9.087	<b>\$9.522</b>
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**Variable Annuities-including fixed portion of variable contracts\*\***

## Deposits

\$4.780	\$4.697	\$4.571	\$4.829	<b>\$7.994</b>
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## Withdrawals

(5.842)	(4.700)	(4.489)	(4.302)	<b>(4.979)</b>
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## Net Flows

\$(1.062)	\$(0.003)	\$0.082	\$0.527	<b>\$3.015</b>
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## Variable Account Values

	\$37.050	\$45.567	\$52.969
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*Fixed Portion of Variable Contracts*

## Deposits

\$1.615	\$1.630	\$1.828	\$1.710	\$2.085
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## Withdrawals

(1.012)	(0.844)	(1.164)	(1.140)	(1.108)
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## Net Flows

\$0.603	\$0.786	\$0.664	\$0.570	\$0.977
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## Fixed Portion of Variable Account Values

\$9.612	\$9.781	\$9.746
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*Average Daily Variable Account Values*

\$41.776	\$35.573	\$30.826	\$30.372	\$38.322
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*Annuity Product Spread Information (1)*

## Net Investment Income (2)

7.38 %	7.38 %	6.98 %	6.41 %	6.28 %
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## Interest Credited to Policyholders

5.24 %	5.33 %	4.87 %	4.25 %	3.92 %
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## Spread (2)

2.14 %	2.05 %	2.11 %	2.16 %	2.37 %
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- (1) For the annuity products spread, the yield on earning assets is calculated as net investment income on fixed product investment portfolios divided by average earning assets. The average crediting rate is calculated using interest credited on annuity products less bonus credits and excess DCA interest, divided by average fixed account values net of co-insured account values. Fixed account values reinsured under modified co-insurance agreements are included in account values for this calculation since assets (and therefore margin) are retained under these agreements.
- (2) The net investment income and spread reported above includes earnings from commercial mortgage loan prepayment and bond make-whole premiums. The impact of these premiums on investment income and spread was 20 bps in 2004, 6 bps in 2003 and 7 bps in 2002
- (3) 2004 includes income from contingent interest received, which contributed \$13 million to net investment income or 6 bps to the yield and spread.

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

3/31/2005

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

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
<b>Fixed Annuities-Bal</b>												
<b>Beg-of-Quarter</b>	\$18.179	\$18.680	\$ 19.563	\$ 20.088	\$ 20.612	\$20.864	\$21.132	\$21.221	\$ 21.281	\$ 21.476	\$ 21.633	\$ 21.565
Gross Deposits	0.853	1.091	0.822	0.776	0.778	0.778	0.792	0.817	0.779	0.783	0.732	0.740
Withdrawals (incl charges) & deaths	(0.551)	(0.825)	(0.531)	(0.524)	(0.501)	(0.492)	(0.557)	(0.571)	(0.515)	(0.554)	(0.587)	(0.778)
Net flows	0.302	0.265	0.291	0.253	0.277	0.286	0.235	0.246	0.264	0.228	0.145	(0.038)
Transfer from (to) var annuities	(0.032)	0.379	(0.007)	0.046	(0.250)	(0.243)	(0.369)	(0.399)	(0.280)	(0.287)	(0.429)	(0.359)
Interest credited	0.231	0.238	0.240	0.226	0.226	0.225	0.223	0.213	0.211	0.215	0.216	0.207
<b>Fixed</b>												
<b>Annuities-</b>												
<b>Gross</b>	18.680	19.563	20.088	20.612	20.864	21.132	21.221	21.281	21.476	21.633	21.565	21.375
<b>Reinsurance Ceded</b>	(1.770)	(1.913)	(2.003)	(2.075)	(2.169)	(2.264)	(2.353)	(2.350)	(2.333)	(2.316)	(2.297)	(2.291)
<b>Fixed</b>												
<b>Annuities-</b>												
<b>Bal End-of-</b>												
<b>Quarter</b>	\$16.910	\$17.650	\$ 18.085	\$ 18.537	\$ 18.696	\$18.868	\$18.868	\$18.930	\$ 19.143	\$ 19.317	\$ 19.268	\$ 19.084

**Fixed****Annuities****Incremental****Deposits \***

\$0.839	\$1.072	\$ 0.808	\$ 0.753	\$ 0.768	\$0.767	\$0.779	\$0.795	\$ 0.767	\$ 0.767	\$ 0.718	<b>\$ 0.719</b>
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**Variable Annuities-****Bal Beg-of-****Quarter\*\***

\$35.150	\$31.206	\$ 25.942	\$ 27.438	\$ 26.474	\$30.457	\$31.709	\$35.786	\$ 37.619	\$ 38.398	\$ 38.698	<b>\$ 43.223</b>
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## Gross Deposits

0.787	0.603	0.545	0.648	0.584	0.800	1.087	1.407	1.424	1.424	1.655	<b>1.899</b>
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Withdrawals (incl  
charges) &  
deaths

(0.866)	(0.800)	(0.763)	(0.806)	(0.762)	(0.809)	(0.786)	(0.941)	(0.988)	(0.936)	(1.006)	<b>(1.085)</b>
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## Net flows

(0.079)	(0.197)	(0.217)	(0.158)	(0.178)	(0.009)	0.300	0.465	0.436	0.488	0.649	<b>0.814</b>
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Transfer from (to)  
fixed annuities

0.032	(0.388)	0.000	(0.048)	0.249	0.243	0.365	0.400	0.266	0.262	0.427	<b>0.366</b>
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Invest inc & change  
in mkt value

(3.897)	(4.679)	1.713	(0.759)	3.912	1.018	3.412	0.968	0.076	(0.450)	3.448	<b>(0.729)</b>
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**Var Annuities-****Bal End-of-****Quarter**

\$31.206	\$25.942	\$ 27.438	\$ 26.474	\$ 30.457	\$31.709	\$35.786	\$37.619	\$ 38.398	\$ 38.698	\$ 43.223	<b>\$ 43.673</b>
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**Variable****Annuities****Incremental****Deposits \***

\$0.744	\$0.573	\$ 0.528	\$ 0.629	\$ 0.560	\$0.776	\$1.053	\$1.370	\$ 1.381	\$ 1.380	\$ 1.624	<b>\$ 1.864</b>
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**Total Annuities - Bal****Beg-of-Quarter**

\$53.329	\$49.887	\$ 45.505	\$ 47.525	\$ 47.086	\$51.321	\$52.842	\$57.007	\$ 58.900	\$ 59.875	\$ 60.331	<b>\$ 64.788</b>
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## Gross Deposits

1.640	1.694	1.368	1.424	1.363	1.578	1.879	2.223	2.203	2.207	2.387	<b>2.639</b>
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Withdrawals (incl charges) & deaths	(1.417)	(1.626)	(1.294)	(1.329)	(1.263)	(1.301)	(1.343)	(1.512)	(1.503)	(1.490)	(1.593)	<b>(1.863)</b>
Net flows	0.223	0.068	0.074	0.095	0.099	0.277	0.536	0.712	0.701	0.716	0.794	<b>0.776</b>
Transfers	0.000	(0.009)	(0.006)	(0.002)	(0.002)	0.001	(0.004)	0.001	(0.014)	(0.024)	(0.002)	<b>0.006</b>
Interest credited & change in mkt value	(3.666)	(4.441)	1.953	(0.532)	4.137	1.243	3.634	1.181	0.288	(0.235)	3.665	<b>(0.522)</b>
<b>Total Gross Annuities - Bal End-of-Quarter</b>	49.887	45.505	47.525	47.086	51.321	52.842	57.007	58.900	59.875	60.331	64.788	<b>65.048</b>
Reinsurance Ceded	(1.770)	(1.913)	(2.003)	(2.075)	(2.169)	(2.264)	(2.353)	(2.350)	(2.333)	(2.316)	(2.297)	<b>(2.291)</b>
<b>Total Annuities (Net of Ceded) - Bal End-of-Qtr</b>	\$48.117	\$43.592	\$ 45.523	\$ 45.011	\$ 49.152	\$50.577	\$54.654	\$56.549	\$ 57.542	\$ 58.016	\$ 62.491	<b>\$ 62.757</b>
<b>Total Annuities Incremental Deposits *</b>	1.583	1.645	1.336	1.382	1.328	1.543	1.833	2.165	2.148	2.146	2.342	<b>2.582</b>
<b>Var Ann Under Agree - Included above</b>	1.175	1.083	1.186	1.355	1.637	1.820	2.166	2.463	2.618	2.692	3.127	<b>3.407</b>

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

\*\* Includes amounts attributable to Alliance program mutual fund net flows. Account values for the Alliance program are not included in the separate accounts reported on our balance sheet.

**Fixed Annuities -  
excluding fixed  
portion of variable  
contracts**

Deposits	\$0.430	\$0.559	\$ 0.351	\$ 0.368	\$ 0.356	\$0.344	\$0.347	\$0.365	\$ 0.249	\$ 0.220	\$ 0.192	<b>\$ 0.198</b>
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Withdrawals	(0.267)	(0.516)	(0.228)	(0.208)	(0.235)	(0.238)	(0.253)	(0.269)	(0.261)	(0.286)	(0.302)	<b>(0.454)</b>
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Net Flows	\$0.163	\$0.042	\$ 0.123	\$ 0.160	\$ 0.121	\$0.106	\$0.094	\$0.096	(\$0.013 )	(\$0.066 )	(\$0.110 )	<b>(\$0.256 )</b>
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Gross Fixed Account Values	10.048	\$10.219	\$ 10.475	\$ 10.759	\$ 11.001	\$11.226	\$11.440	\$11.649	\$ 11.755	\$ 11.811	\$ 11.820	<b>\$ 11.684</b>
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Reinsurance Ceded	(1.770)	(1.913)	(2.003)	(2.075)	(2.169)	(2.264)	(2.353)	(2.350)	(2.333)	(2.316)	(2.297)	<b>(2.291)</b>
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Net Fixed Account Values	\$8.278	\$8.306	\$ 8.473	\$ 8.684	\$ 8.832	\$8.962	\$9.087	\$9.299	\$ 9.422	\$ 9.495	\$ 9.522	<b>\$ 9.392</b>
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**Variable Annuities -  
including fixed  
portion of variable  
contracts\*\***

Deposits	\$1.210	\$1.135	\$ 1.017	\$ 1.056	\$ 1.007	\$1.234	\$1.532	\$1.859	\$ 1.954	\$ 1.986	\$ 2.195	<b>\$ 2.441</b>
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Withdrawals	(1.150)	(1.109)	(1.066)	(1.121)	(1.028)	(1.063)	(1.090)	(1.243)	(1.241)	(1.204)	(1.291)	<b>(1.409)</b>
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Net Flows	\$0.060	\$0.026	(\$0.049 )	(\$0.065 )	(\$0.022 )	\$0.172	\$0.442	\$0.616	\$ 0.713	\$ 0.782	\$ 0.904	<b>\$ 1.031</b>
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Variable Account Values	\$39.839	\$35.286	\$ 37.050	\$ 36.327	\$ 40.320	\$41.616	\$45.567	\$47.251	\$ 48.120	\$ 48.521	\$ 52.969	<b>\$ 53.365</b>
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**Fixed Portion of  
Variable Contracts**

Deposits	\$0.423	\$0.532	\$ 0.472	\$ 0.408	\$ 0.422	\$0.434	\$0.445	\$0.452	\$ 0.530	\$ 0.563	\$ 0.540	<b>\$ 0.541</b>
Withdrawals	(0.284)	(0.309)	(0.303)	(0.316)	(0.266)	(0.254)	(0.304)	(0.302)	(0.253)	(0.268)	(0.284)	<b>(0.324)</b>
Net Flows	\$0.139	\$0.223	\$ 0.169	\$ 0.093	\$ 0.156	\$0.180	\$0.141	\$0.151	\$ 0.277	\$ 0.294	\$ 0.255	<b>\$ 0.218</b>
Fixed Portion of Variable Account Values	\$8.632	\$9.344	\$ 9.612	\$ 9.853	\$ 9.864	\$9.906	\$9.781	\$9.631	\$ 9.721	\$ 9.822	\$ 9.746	<b>\$ 9.691</b>

**Average Daily  
Variable Account  
Values**

	\$33.502	\$28.023	\$ 27.431	\$ 26.907	\$ 29.195	\$31.490	\$33.897	\$37.160	\$ 37.565	\$ 37.675	\$ 40.889	<b>\$ 43.416</b>
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**Annuity Product  
Spread  
Information (1)**

**Net Investment Income  
(2)(3)**

	7.11 %	6.87 %	6.89 %	6.61 %	6.49 %	6.42 %	6.13 %	6.43 %	6.34 %	6.14 %	6.23 %	<b>6.05 %</b>
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**Interest Credited to  
Policyholders**

	4.92 %	4.76 %	4.72 %	4.42 %	4.29 %	4.20 %	4.09 %	3.97 %	3.93 %	3.90 %	3.87 %	<b>3.82 %</b>
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**Spread (2)(3)**

	2.18 %	2.11 %	2.17 %	2.19 %	2.20 %	2.22 %	2.04 %	2.46 %	2.41 %	2.24 %	2.36 %	<b>2.23 %</b>
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- (1) For the annuity products spread, the yield on earning assets is calculated as net investment income on fixed product investment portfolios divided by average earning assets. The average crediting rate is calculated using interest credited on annuity products less bonus credits and excess DCA interest, divided by average fixed account values net of co-insured account values. Fixed account values reinsured under modified co-insurance agreements are included in account values for this calculation since assets (and therefore margin) are retained under these agreements.
- (2) The net investment income and spread reported above includes earnings from commercial mortgage loan prepayment and bond make-whole premiums. The impact of these premiums on investment income and spread was 8 bps in the 1st quarter of 2005, 17 bps in the 4th quarter of 2004, 19 bps in the 3rd quarter of 2004, 38 bps in the 2nd quarter of 2004, 7 bps in the first quarter of 2004, and 3 bps in the 4th quarter of 2003.
- (3) 1st quarter 2004 includes income from contingent interest received, which contributed \$13 million to net investment income or 27 bps to the yield and spread.

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3/31/2005

*Life Insurance Segment  
Income Statements  
Unaudited [Millions of Dollars]*

<i>For the Year Ended December 31</i>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenue</b>					
Premiums	\$227.3	\$212.4	\$203.8	\$194.9	<b>\$194.0</b>
Surrender charges	66.4	66.1	54.1	53.6	<b>51.8</b>
Mortality assessments	465.2	499.4	501.5	516.7	<b>518.7</b>
Expense assessments	191.8	191.4	199.5	201.8	<b>208.6</b>
Other revenue and fees	14.2	17.9	23.7	28.0	<b>31.4</b>
Net investment income	871.5	910.2	899.1	911.1	<b>948.4</b>
Realized gains (losses) on investments	(17.4 )	(57.6 )	(98.2 )	3.6	<b>(13.3 )</b>
Gains (losses) on derivatives		0.7	1.5	(3.6 )	<b>0.1</b>
Gain (loss) on reinsurance derivative/trading account securities				(0.6 )	<b>(2.8 )</b>
<b>Total Revenue</b>	<b>1,819.0</b>	<b>1,840.6</b>	<b>1,785.0</b>	<b>1,905.5</b>	<b>1,936.9</b>
<b>Benefits and Expenses</b>					
Benefits paid or provided:					
Benefits	411.5	418.6	427.4	416.0	<b>404.0</b>

Div accum & div to policyholders	80.8	78.5	76.0	81.6	<b>77.4</b>
Interest credited to policy bal.	525.4	569.9	598.6	598.2	<b>579.7</b>
Total insurance benefits	1,017.8	1,067.0	1,101.9	1,095.8	<b>1,061.2</b>
Underwriting, acquisition, insurance and other expenses:					
Commissions and other volume related expenses	353.7	318.4	330.2	350.1	<b>331.1</b>
Operating and administrative expenses	169.4	166.8	162.2	166.2	<b>168.6</b>
Restructuring charges		5.4		19.5	<b>4.8</b>
Taxes, licenses and fees	48.5	49.2	53.2	62.2	<b>49.1</b>
Par policyholder interests	1.1				
Subtotal	572.7	539.9	545.6	598.0	<b>553.7</b>
Deferral of acquisition costs		(324.8 )	(336.5 )	(370.8 )	<b>(365.2 )</b>
DAC amortization		95.0	105.8	135.5	<b>213.0</b>
DAC deferral net of amortization	(286.5 )	(229.8 )	(230.7 )	(235.2 )	<b>(152.2 )</b>
PVIF amortization	103.7	75.9	73.9	81.4	<b>82.2</b>
Total underwriting, acquisition, insurance and other expenses	389.9	385.9	388.8	444.2	<b>483.7</b>
Goodwill amortization	23.7	23.7			

<b><i>Total Benefits and Expenses</i></b>	1,431.4	1,476.6	1,490.8	1,540.1	<b>1,544.8</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	387.6	364.0	294.2	365.4	<b>392.0</b>
Federal income taxes	141.6	129.2	88.1	113.9	<b>125.3</b>
<b><i>Income Before Cumulative Effect of Accounting Change</i></b>	246.0	234.8	206.1	251.5	<b>266.7</b>
Cumulative effect of accounting changes		(5.5 )		0.6	<b>(2.7 )</b>
<b><i>Net Income</i></b>	<b>\$246.0</b>	<b>\$229.3</b>	<b>\$206.1</b>	<b>\$252.1</b>	<b>\$264.0</b>
Less:					
Restructuring charges		(3.5 )		(12.7 )	<b>(3.1 )</b>
Realized gains (losses) on investments	(10.7 )	(38.5 )	(63.8 )	2.3	<b>(8.7 )</b>
Gains (losses) on derivatives		1.6	1.0	(2.3 )	<b>0.1</b>
Net gain (loss) on reinsurance derivative/trading account securities				(0.4 )	<b>(1.8 )</b>
Cumulative effect of accounting change		(5.5 )		0.6	<b>(2.7 )</b>
<b><i>Income from Operations</i></b>	<b>\$256.7</b>	<b>\$275.3</b>	<b>\$269.0</b>	<b>\$264.5</b>	<b>\$280.3</b>
<b><i>Effective tax rate on Income from Operations</i></b>	<b>36.6 %</b>	<b>35.4 %</b>	<b>31.2 %</b>	<b>31.4 %</b>	<b>32.1 %</b>

<b>Revenue</b>										
						\$1,819.0	\$1,840.6	\$1,785.0	\$1,905.5	\$1,936.9
Less:										
Realized gains (losses) on investments						(17.4 )	(57.6 )	(98.2 )	3.6	(13.3 )
Gains (losses) on derivatives							0.7	1.5	(3.6 )	0.1
Gain (loss) on reinsurance derivative/trading account securities									(0.6 )	(2.8 )
<b><i>Operating Revenue</i></b>						<b>\$1,836.4</b>	<b>\$1,897.5</b>	<b>\$1,881.7</b>	<b>\$1,906.1</b>	<b>\$1,952.9</b>
Average capital						\$2,641.3	\$2,734.4	\$2,846.3	\$2,849.9	\$3,036.1
Net Income return on average capital						9.3 %	8.4 %	7.2 %	8.8 %	8.7 %
Return on average capital						9.7 %	10.1 %	9.4 %	9.3 %	9.2 %

#### **Roll Forward of Deferred Acquisition Costs**

Balance at beginning-of-period							\$1,079.3	\$1,265.7	\$1,424.5	\$1,578.3
Deferral							324.8	336.5	370.8	365.2
Amortization							(95.0 )	(105.8 )	(135.5 )	(213.0 )
Included in Total Benefits and Expenses							229.8	230.7	235.2	152.2
Adjustment related to realized (gains) losses on available-for-sale securities							43.0	39.7	(31.9 )	(16.1 )

Adjustment related to unrealized (gains) losses on available-for-sale securities	(89.0 )	(130.9 )	(49.5 )	(25.6 )
Other*	2.5	19.3		3.2
<b>Balance at end-of-period</b>	<b>\$1,265.7</b>	<b>\$1,424.5</b>	<b>\$1,578.3</b>	<b>\$1,691.9</b>
<b>Roll Forward of Present Value of In-Force</b>				
Balance at beginning-of-period	\$1,040.5	\$963.9	\$890.0	\$808.6
Amortization	(75.9 )	(73.9 )	(81.4 )	(82.2 )
Other	(0.7 )			
<b>Balance at end-of-period</b>	<b>\$963.9</b>	<b>\$890.0</b>	<b>\$808.6</b>	<b>\$726.5</b>

\* Includes the transfer of the Legacy Life block of business from the Lincoln Retirement segment in the first quarter of 2002. 2004 reflects the DAC unlocking resulting from the implementation of SOP 03-1.

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3/31/2005

**Life Insurance Segment**  
**Income Statements**  
*Unaudited [Millions of Dollars]*

<i>For the Quarter Ended</i>	<u>Mar 2003</u>	<u>Jun 2003</u>	<u>Sep 2003</u>	<u>Dec 2003</u>	<u>Mar 2004</u>	<u>Jun 2004</u>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>
<b>Revenue</b>									
Premiums	\$47.8	\$49.7	\$45.2	\$52.2	\$47.9	\$48.3	\$44.3	\$53.6	<b>\$45.6</b>
Surrender charges	11.4	12.4	13.7	16.1	13.8	12.7	11.1	14.2	<b>12.0</b>
Mortality assessments	129.7	128.4	130.2	128.4	128.5	129.6	130.1	130.5	<b>133.3</b>
Expense assessments	48.3	49.6	48.9	55.0	49.8	51.0	49.8	58.0	<b>48.8</b>
Other revenue and fees	5.8	7.3	6.4	8.4	7.8	8.2	7.3	8.1	<b>8.2</b>
Net investment income	227.6	229.0	226.4	228.1	235.7	234.9	238.4	239.4	<b>236.3</b>
Realized gains (losses) on investments	(12.7 )	(2.6 )	(1.7 )	20.5	(3.9 )	(5.8 )	(2.6 )	(1.0 )	<b>(5.0 )</b>
Gains (losses) on derivatives	(0.5 )	0.3	(0.3 )	(3.1 )			0.1		<b>0.6</b>
Gain (loss) on reinsurance derivative/trading account securities				(0.6 )	(0.3 )		(1.8 )	(0.7 )	<b>0.7</b>
<b>Total Revenue</b>	<b>457.5</b>	<b>474.0</b>	<b>468.9</b>	<b>505.0</b>	<b>479.2</b>	<b>478.9</b>	<b>476.8</b>	<b>502.0</b>	<b>480.4</b>
<b>Benefits and Expenses</b>									

Benefits paid or provided:

Benefits	103.8	110.5	118.5	83.2	97.4	104.4	95.8	106.4	<b>97.4</b>
Div accum & div to policyholders	14.4	17.6	15.9	33.8	18.5	18.6	16.7	23.6	<b>18.4</b>
Interest credited to policy bal.	150.1	149.8	150.7	147.5	144.8	143.9	143.8	147.1	<b>145.8</b>
Total insurance benefits	268.3	277.9	285.1	264.5	260.7	267.0	256.3	277.2	<b>261.6</b>
Underwriting, acquisition, insurance and other expenses:									
Commissions and other volume related expenses	86.6	73.8	82.7	106.9	78.0	73.0	80.7	99.4	<b>77.2</b>
Operating and administrative expenses	40.6	38.5	41.7	45.4	38.5	40.7	46.5	42.9	<b>40.7</b>
Restructuring charges	5.5	7.3	2.5	4.2	2.7	0.5	0.9	0.7	<b>0.9</b>
Taxes, licenses and fees	14.4	13.8	16.1	18.0	12.4	11.5	12.8	12.5	<b>14.7</b>
Subtotal	147.1	133.4	143.0	174.4	131.6	125.8	140.9	155.4	<b>133.5</b>
Deferral of acquisition costs	(91.0 )	(79.7 )	(88.0 )	(112.1 )	(83.7 )	(81.1 )	(90.8 )	(109.7 )	<b>(85.0 )</b>
DAC amortization	47.0	29.5	21.1	38.0	48.7	43.8	64.9	55.7	<b>59.8</b>

DAC deferral net of amortization	(44.0 )	(50.2 )	(66.9 )	(74.1 )	(35.0 )	(37.3 )	(25.9 )	(54.0 )	(25.2 )
PVIF amortization	17.4	17.2	26.9	19.9	18.5	17.5	29.8	16.4	15.5
Total underwriting, acquisition, insurance and other expenses	120.5	100.4	103.0	120.2	115.1	105.9	144.9	117.7	123.9
<b>Total Benefits and Expenses</b>	388.8	378.3	388.1	384.8	375.8	372.9	401.2	394.9	385.4
<i>Income Before Federal Income Tax and Cumulative Effect of Accounting Change</i>	68.7	95.7	80.8	120.3	103.4	106.0	75.5	107.1	94.9
Federal income taxes	20.2	30.1	24.9	38.7	33.1	34.0	23.5	34.7	30.3
<b>Income Before Cumulative Effect of Accounting Change</b>	48.5	65.6	55.8	81.6	70.3	72.0	52.0	72.4	64.6
Cumulative effect of accounting change				0.6	(2.7 )				
<b>Net Income</b>	\$48.5	\$65.6	\$55.8	\$82.2	\$67.5	\$72.0	\$52.0	\$72.4	\$64.6
Less:									
Restructuring charges	(3.6 )	(4.7 )	(1.6 )	(2.7 )	(1.8 )	(0.4 )	(0.6 )	(0.4 )	(0.6 )



Realized gains (losses) on investments	(8.1 )	(1.9 )	(1.1 )	13.4	(2.6 )	(3.8 )	(1.7 )	(0.7 )	(3.5 )
Gains (losses) on derivatives	(0.5 )	0.4	(0.2 )	(2.0 )			0.1		0.6
Net gain (loss) on reinsurance derivative/trading account securities				(0.4 )	(0.2 )		(1.2 )	(0.4 )	0.4
Cumulative effect of accounting change				0.6	(2.7 )				
<b>Income from Operations</b>	<b>\$60.7</b>	<b>\$71.8</b>	<b>\$58.7</b>	<b>\$73.4</b>	<b>\$74.8</b>	<b>\$76.2</b>	<b>\$55.4</b>	<b>\$74.0</b>	<b>\$67.7</b>
<b>Effective tax rate on Income from Operations</b>	<b>30.6 %</b>	<b>31.8 %</b>	<b>31.1 %</b>	<b>31.8 %</b>	<b>32.2 %</b>	<b>32.2 %</b>	<b>31.4 %</b>	<b>32.4 %</b>	<b>32.1 %</b>
<b>Revenue</b>	<b>\$457.5</b>	<b>\$474.0</b>	<b>\$468.9</b>	<b>\$505.0</b>	<b>\$479.2</b>	<b>\$478.9</b>	<b>\$476.8</b>	<b>\$502.0</b>	<b>\$480.4</b>
Less:									
Realized gains (losses) on investments	(12.7 )	(2.6 )	(1.7 )	20.5	(3.9 )	(5.8 )	(2.6 )	(1.0 )	(5.0 )
Gains (losses) on derivatives	(0.5 )	0.3	(0.3 )	(3.1 )			0.1		0.6
Gain (loss) on reinsurance derivative/trading account securities				(0.6 )	(0.3 )		(1.8 )	(0.7 )	0.7
<b>Operating Revenue</b>	<b>\$470.7</b>	<b>\$476.2</b>	<b>\$470.8</b>	<b>\$488.2</b>	<b>\$483.4</b>	<b>\$484.8</b>	<b>\$481.1</b>	<b>\$503.7</b>	<b>\$484.2</b>

Average capital	\$2,864.2	\$2,792.7	\$2,849.0	\$2,893.7	\$2,927.4	\$2,993.5	\$3,086.4	\$3,137.0	<b>\$3,300.3</b>
Net Income return on average capital	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	<b>\$0.1</b>
Income from operations return on average capital	8.5 %	10.3 %	8.2 %	10.1 %	10.2 %	10.2 %	7.2 %	9.4 %	<b>8.2 %</b>

### Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	\$1,424.5	\$1,447.7	\$1,381.3	\$1,483.4	\$1,578.3	\$1,534.8	\$1,734.8	\$1,646.4	<b>\$1,691.9</b>
Deferral	91.0	79.7	88.0	112.1	83.7	81.1	90.8	109.7	<b>85.0</b>
Amortization	(47.0 )	(29.5 )	(21.1 )	(38.0 )	(48.7 )	(43.8 )	(64.9 )	(55.7 )	<b>(59.8 )</b>
Included in Total Benefits and Expenses	44.0	50.2	66.9	74.1	35.0	37.3	25.9	54.0	<b>25.2</b>
Adjustment related to realized (gains) losses on available-for-sale securities	7.0	(0.3 )	(27.6 )	(11.0 )	(3.8 )	(2.4 )	(5.1 )	(5.0 )	<b>(2.0 )</b>
Adjustment related to unrealized (gains) losses on available-for-sale securities	(27.9 )	(116.3 )	62.8	31.9	(77.6 )	165.0	(109.0 )	(3.7 )	<b>71.6</b>
Other*					3.0	0.2	(0.1 )	0.2	
<b>Balance at end-of-quarter</b>	<b>\$1,447.7</b>	<b>\$1,381.3</b>	<b>\$1,483.4</b>	<b>\$1,578.3</b>	<b>\$1,534.8</b>	<b>\$1,734.8</b>	<b>\$1,646.4</b>	<b>\$1,691.9</b>	<b>\$1,786.7</b>

**Roll Forward of Present  
Value of In-Force**

Balance at beginning-of-quarter	\$890.1	\$872.7	\$855.5	\$828.5	\$808.6	\$790.1	\$772.6	\$742.8	<b>\$726.5</b>
Amortization	(17.4 )	(17.2 )	(26.9 )	(19.9 )	(18.5 )	(17.5 )	(29.8 )	(16.4 )	<b>(15.5 )</b>
Other	0.1								
<b>Balance at end-of-quarter</b>	<b>\$872.7</b>	<b>\$855.5</b>	<b>\$828.5</b>	<b>\$808.6</b>	<b>\$790.1</b>	<b>\$772.6</b>	<b>\$742.8</b>	<b>\$726.5</b>	<b>\$710.9</b>

\* First quarter of 2004 reflects the DAC unlocking resulting from the implementation of SOP 03-1.

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3/31/2005

*Life Insurance Segment  
Operational Data  
Unaudited [Millions of Dollars]*

For the Year Ended December 31

	2000	2001	2002	2003	2004
<b><u>First Year Premiums by Product (Millions)</u></b>					
Universal Life					
Excluding MoneyGuard	\$195.1	\$184.7	\$356.9	\$417.0	<b>\$401.1</b>
MoneyGuard	94.1	107.9	138.4	224.7	<b>244.5</b>
Total	289.3	292.7	495.3	641.6	<b>645.6</b>
Variable Universal Life	218.7	228.6	134.5	79.4	<b>84.8</b>
Whole Life	22.4	26.3	30.3	34.4	<b>41.2</b>
Term	41.9	30.8	32.3	40.2	<b>41.0</b>
Total Retail	572.3	578.4	692.3	795.7	<b>812.6</b>
Corporate Owned Life Insurance (COLI)	87.0	47.3	88.1	125.6	<b>73.7</b>
Total	\$659.3	\$625.6	\$780.4	\$921.3	<b>\$886.2</b>
<b><u>First Year Premiums by Distribution (Millions)</u></b>					
Lincoln Financial Advisors	\$200.6	\$196.1	\$201.7	\$223.5	<b>\$209.3</b>
Lincoln Financial Distributors	444.7	413.0	556.3	631.9	<b>623.7</b>

Other*								14.0	16.6	22.4	65.8	53.2
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**Total by Distribution**

\$659.3 \$625.6 \$780.4 \$921.3 **\$886.2**

**Life Insurance In-Force (Billions)**

Universal Life & Other

\$115.872 \$121.168 \$126.016 \$129.623 **\$132.120**

Term Insurance

100.130 113.226 127.880 151.717 **172.459**

**Total Life Segment In-Force**

\$216.002 \$234.394 \$253.896 \$281.340 **\$304.579**

*For the Quarter Ended* Jun 2002 Sep 2002 Dec 2002 Mar 2003 Jun 2003 Sep 2003 Dec 2003 Mar 2004 Jun 2004 Sep 2004 Dec 2004 Mar 2005

**First Year Premiums by Product (Millions)**

Universal Life

Excluding MoneyGuard

\$63.8 \$98.0 \$137.8 \$84.5 \$93.8 \$114.2 \$124.5 \$95.7 \$100.7 \$90.1 \$114.5 **\$87.1**

MoneyGuard

35.1 34.9 39.3 46.3 48.9 58.2 71.4 56.2 61.1 60.7 66.6 **49.4**

Total

98.9 132.9 177.1 130.8 142.7 172.3 195.9 151.9 161.8 150.8 181.1 **136.4**

Variable Universal Life

42.4 26.1 27.0 24.4 14.1 16.6 24.4 22.5 17.7 17.2 27.5 **25.9**

Whole Life

6.4 7.7 11.0 6.5 7.1 8.5 12.3 10.8 7.6 9.7 13.1 **7.8**

Term

8.1 7.3 8.1 9.1 9.6 10.5 10.9 10.5 10.6 10.4 9.4 **9.2**

Total Retail	155.8	174.0	223.2	170.7	173.5	208.0	243.5	195.6	197.8	188.1	231.2	<b>179.3</b>
Corporate Owned Life Insurance (COLI)	46.6	7.8	26.8	10.6	61.8	23.7	29.6	14.2	9.9	29.2	20.4	<b>24.8</b>
Total	\$202.4	\$181.8	\$249.9	\$181.3	\$235.3	\$231.7	\$273.1	\$209.8	\$207.6	\$217.3	\$251.5	<b>\$204.1</b>

**First Year Premiums by  
Distribution  
(Millions)**

Lincoln Financial Advisors	\$48.3	\$46.9	\$64.9	\$42.1	\$46.8	\$66.2	\$68.5	47.7	\$47.2	\$48.2	\$66.1	<b>\$43.1</b>
Lincoln Financial Distributors	151.6	132.7	171.1	131.7	148.3	156.8	195.2	151.4	152.9	152.0	167.4	<b>149.7</b>
Other*	2.6	2.2	13.9	7.5	40.2	8.7	9.4	10.6	7.5	17.1	18.0	<b>11.3</b>
<b>Total by Distribution</b>	\$202.4	\$181.8	\$249.9	\$181.3	\$235.3	\$231.7	\$273.1	\$209.8	\$207.6	\$217.3	\$251.5	<b>\$204.1</b>

**Insurance In-Force  
(Billions)**

Universal Life & Other	\$123.674	\$124.085	\$126.016	\$126.414	\$127.276	\$127.855	\$129.623	\$129.669	\$130.294	\$130.989	\$132.120	<b>\$132.436</b>
Term Insurance	121.076	123.945	127.880	133.251	139.191	145.480	151.717	157.338	162.953	167.979	172.459	<b>176.541</b>
<b>Total Segment In- Force</b>	\$244.750	\$248.030	\$253.896	\$259.666	\$266.467	\$273.335	\$281.340	\$287.007	\$293.247	\$298.967	\$304.579	<b>\$308.976</b>

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

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3/31/2005

*Life Insurance Segment*  
*Life Insurance Account Value Rollforward*  
*Unaudited [Billions of Dollars]*

	2000	2001	2002	2003	2004
<b>Universal Life-Bal Beg-of-Year</b>	\$6.650	\$6.976	\$7.508	\$8.211	<b>\$9.030</b>
Deposits	0.955	1.043	1.332	1.532	<b>1.433</b>
Withdrawals & deaths	(0.426)	(0.319)	(0.426)	(0.437)	<b>(0.474)</b>
Net flows	0.528	0.724	0.906	1.095	<b>0.959</b>
Policyholder assessments	(0.584)	(0.598)	(0.648)	(0.702)	<b>(0.753)</b>
Interest credited	0.382	0.405	0.428	0.427	<b>0.413</b>
Acq of new business/transfers between segments			0.018		
<b>Universal Life-Bal End of Year (1)</b>	\$6.976	\$7.508	\$8.211	\$9.030	<b>\$9.648</b>
<b>Variable Universal Life-Bal Beg-of-Year</b>	\$1.605	\$1.808	\$1.746	\$1.690	<b>\$2.195</b>
Deposits	0.607	0.584	0.504	0.448	<b>0.560</b>
Withdrawals & deaths	(0.132)	(0.251)	(0.193)	(0.208)	<b>(0.315)</b>
Net flows	0.475	0.332	0.311	0.240	<b>0.245</b>
Policyholder assessments	(0.141)	(0.170)	(0.186)	(0.191)	<b>(0.194)</b>



Invest inc & chg in mkt value	(0.130)	(0.225)	(0.313)	0.457	<b>0.273</b>
Acq of new business/transfers between segments			0.132		
<b><i>Variable Universal Life-Bal End-of-Year</i></b>	<b>\$1.808</b>	<b>\$1.746</b>	<b>\$1.690</b>	<b>\$2.195</b>	<b>\$2.520</b>
<b>Interest Sensitive Whole Life-Bal Beg-of-Year</b>	<b>\$1.963</b>	<b>\$2.062</b>	<b>\$2.123</b>	<b>\$2.186</b>	<b>\$2.195</b>
Deposits	0.322	0.307	0.301	0.279	<b>0.250</b>
Withdrawals & deaths	(0.168)	(0.200)	(0.199)	(0.236)	<b>(0.207)</b>
Net flows	0.154	0.107	0.103	0.043	<b>0.043</b>
Policyholder assessments	(0.168)	(0.164)	(0.167)	(0.159)	<b>(0.149)</b>
Interest credited	0.113	0.118	0.127	0.125	<b>0.126</b>
Acq of new business/transfers between segments					
<b><i>Int Sensitive Whole Life-Bal End-of-Year</i></b>	<b>\$2.062</b>	<b>\$2.123</b>	<b>\$2.186</b>	<b>\$2.195</b>	<b>\$2.214</b>
<b><u>Total Segment-Life Insurance Account Values</u></b>					
<b>Bal Beg-of-Year</b>	<b>\$10.217</b>	<b>\$10.847</b>	<b>\$11.377</b>	<b>\$12.086</b>	<b>\$13.420</b>
Deposits	1.884	1.934	2.138	2.259	<b>2.243</b>
Withdrawals & deaths	(0.727)	(0.771)	(0.818)	(0.881)	<b>(0.996)</b>

Net flows	1.158	1.163	1.320	1.377	<b>1.247</b>
Policyholder assessments	(0.893)	(0.931)	(1.002)	(1.053)	<b>(1.096)</b>
Invest inc & change in market value	0.364	0.299	0.241	1.009	<b>0.812</b>
Acq of new business/transfers between segments			0.150		
<b>Total Segment-Bal End-of-Year</b>	<b>\$10.847</b>	<b>\$11.377</b>	<b>\$12.086</b>	<b>\$13.420</b>	<b>\$14.382</b>

## Life Product Spread Information (2)

### Interest Sensitive Products

Net Investment Income (3)(4)		7.63 %	7.30 %	6.97 %	<b>6.67 %</b>
Interest Credited to Policyholders		5.86 %	5.77 %	5.36 %	<b>4.85 %</b>
Spread (3)(4)		1.77 %	1.53 %	1.61 %	<b>1.81 %</b>

### Traditional Products

Net Investment Income (3)(4)		7.49 %	7.42 %	6.99 %	<b>6.90 %</b>
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- (1) Includes fixed investment option of VUL products.
- (2) Interest Sensitive Products - For the life products spread, the yield on earning assets is calculated as net investment income on fixed product investment portfolios divided by average earning assets. The average crediting rate is calculated using interest credited on life products divided by average fixed account values. Traditional Products - the yield on earning assets is calculated as net investment income on non-par investment portfolios divided by average earning assets. As of year ends 2001, 2002, 2003, and 2004, interest sensitive products represented 86%, 87%, 88%, and 88%, respectively, of total interest sensitive and traditional non-par earning assets.
- (3) The net investment income and spread reported above includes earnings from commercial mortgage loan prepayment and bond make-whole premiums. The impact of these premiums on investment income and spread for interest sensitive products was 20 bps in 2004, 3 bps in 2003, 4 bps in 2002, and 6 bps in 2001. The impact for traditional products was 18 bps in 2004, 6 bps in 2003, 5 bps in 2002, and 13 bps in 2001.
- (4) 2004 includes income from contingent interest received, which contributed \$6.5 million to net investment income or 6 bps to the yield and spread on Interest Sensitive Products and \$2.4 million to net investment income or 17 bps to the yield and spread on Traditional Products.

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3/31/2005

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

	<u>Jun 2002</u>	<u>Sep 2002</u>	<u>Dec 2002</u>	<u>Mar 2003</u>	<u>Jun 2003</u>	<u>Sep 2003</u>	<u>Dec 2003</u>	<u>Mar 2004</u>	<u>Jun 2004</u>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>
<b>Universal Life-Bal</b>												
<b>Beg-of-Quarter</b>	\$7.622	\$7.838	\$7.987	\$8.211	\$8.359	\$8.542	\$8.782	\$9.030	\$9.175	\$9.308	\$9.444	<b>\$9.648</b>
Deposits	0.364	0.310	0.410	0.316	0.350	0.426	0.440	0.342	0.345	0.333	0.413	<b>0.321</b>
Withdrawals & deaths	(0.096)	(0.108)	(0.125)	(0.107)	(0.101)	(0.117)	(0.113)	(0.117)	(0.128)	(0.112)	(0.117)	<b>(0.115)</b>
Net flows	0.268	0.201	0.286	0.210	0.249	0.309	0.327	0.225	0.217	0.221	0.296	<b>0.207</b>
Policyholder assessments	(0.158)	(0.162)	(0.170)	(0.168)	(0.171)	(0.178)	(0.185)	(0.183)	(0.187)	(0.188)	(0.196)	<b>(0.194)</b>
Interest credited	0.106	0.110	0.108	0.106	0.106	0.108	0.106	0.103	0.102	0.103	0.105	<b>0.103</b>
Acq of new business/ transfers between segments												
<b>Universal Life-Bal End-of-Quarter (1)</b>	\$7.838	\$7.987	\$8.211	\$8.359	\$8.542	\$8.782	\$9.030	\$9.175	\$9.308	\$9.444	\$9.648	<b>\$9.764</b>
<b>Variable Universal Life-</b>	\$1.919	\$1.776	\$1.575	\$1.690	\$1.689	\$1.930	\$1.991	\$2.195	\$2.249	\$2.277	\$2.275	<b>\$2.520</b>

**Bal Beg of  
Quarter**

Deposits

0.147 0.102 0.126 0.118 0.114 0.093 0.123 0.106 0.108 0.156 0.192 **0.130**Withdrawals &  
deaths(0.057) (0.034) (0.047) (0.036) (0.050) (0.048) (0.074) (0.073) (0.042) (0.089) (0.111) **(0.069)**

Net flows

0.090 0.068 0.079 0.082 0.064 0.045 0.049 0.032 0.066 0.067 0.081 **0.061**Policyholder  
assessments(0.046) (0.046) (0.047) (0.049) (0.048) (0.046) (0.049) (0.048) (0.048) (0.048) (0.050) **(0.049)**Invest inc & chg  
in mkt value(0.186) (0.224) 0.083 (0.034) 0.225 0.062 0.204 0.070 0.011 (0.021) 0.214 **(0.031)**Acq of new  
business/  
transfers  
between  
segments**Variable  
Universal  
Life - Bal  
End-of-  
Quarter**\$1.776 \$1.575 \$1.690 \$1.689 \$1.930 \$1.991 \$2.195 \$2.249 \$2.277 \$2.275 \$2.520 **\$2.500****Interest Sensitive****Whole Life -  
Bal Beg-of-  
Quarter**\$2.126 \$2.145 \$2.164 \$2.186 \$2.185 \$2.191 \$2.185 \$2.195 \$2.182 \$2.185 \$2.193 **\$2.214**

Deposits

0.066 0.073 0.100 0.051 0.062 0.067 0.098 0.054 0.055 0.059 0.082 **0.061**Withdrawals &  
deaths(0.039) (0.045) (0.063) (0.046) (0.050) (0.066) (0.073) (0.063) (0.047) (0.047) (0.050) **(0.068)**

Net flows	0.026	0.027	0.037	0.005	0.012	0.001	0.026	(0.009)	0.008	0.012	0.032	<b>(0.007)</b>
Policyholder assessments	(0.039)	(0.040)	(0.046)	(0.036)	(0.038)	(0.039)	(0.047)	(0.036)	(0.036)	(0.036)	(0.041)	<b>(0.045)</b>
Interest credited	0.032	0.031	0.031	0.030	0.032	0.032	0.031	0.032	0.031	0.032	0.030	<b>0.039</b>
<i>Int Sensitive Whole Life-Bal End-of- Quarter</i>	\$2.145	\$2.164	\$2.186	\$2.185	\$2.191	\$2.185	\$2.195	\$2.182	\$2.185	\$2.193	\$2.214	<b>\$2.201</b>
<i><u>Total Segment- Life Insurance Account Values</u></i>												
<b>Bal Beg-of- Quarter</b>	\$11.667	\$11.759	\$11.726	\$12.086	\$12.233	\$12.663	\$12.958	\$13.420	\$13.606	\$13.770	\$13.912	<b>\$14.382</b>
Deposits	0.577	0.484	0.636	0.486	0.526	0.586	0.661	0.501	0.507	0.548	0.686	<b>0.512</b>
Withdrawals & deaths	(0.192)	(0.187)	(0.234)	(0.190)	(0.202)	(0.231)	(0.259)	(0.254)	(0.217)	(0.248)	(0.278)	<b>(0.252)</b>
Net flows	0.385	0.297	0.402	0.296	0.324	0.355	0.402	0.248	0.291	0.300	0.408	<b>0.260</b>
Policyholder assessments	(0.244)	(0.248)	(0.263)	(0.252)	(0.257)	(0.262)	(0.280)	(0.267)	(0.271)	(0.272)	(0.287)	<b>(0.287)</b>
Invest inc & change in market value	(0.049)	(0.082)	0.222	0.103	0.363	0.202	0.341	0.205	0.145	0.114	0.348	<b>0.111</b>
Acq of new business/												

transfers  
between  
segments

**Total  
Segment-  
Bal End-  
of-  
Quarter**

\$11.759 \$11.726 \$12.086 \$12.233 \$12.663 \$12.958 \$13.420 \$13.606 \$13.770 \$13.912 \$14.382 **\$14.466**

**Life Product  
Spread  
Information (2)**

**Interest Sensitive  
Products**

Net Investment  
Income  
(3)(4)

7.39 % 7.26 % 7.15 % 7.21 % 7.09 % 6.90 % 6.73 % 6.84 % 6.70 % 6.62 % 6.50 % **6.32** %

Interest Credited  
to  
Policyholders

5.83 % 5.82 % 5.63 % 5.56 % 5.43 % 5.37 % 5.12 % 4.97 % 4.89 % 4.79 % 4.80 % **4.75** %

Spread (3)(4)

1.56 % 1.44 % 1.52 % 1.65 % 1.65 % 1.53 % 1.61 % 1.87 % 1.81 % 1.83 % 1.69 % **1.57** %

**Traditional  
Products**

Net Investment  
Income  
(3)(4)

7.37 % 7.58 % 7.28 % 7.16 % 7.13 % 6.99 % 6.72 % 7.33 % 6.61 % 6.97 % 6.60 % **6.43** %

(1) Includes fixed investment option of VUL products.

(2) Interest Sensitive Products - For the life products spread, the yield on earning assets is calculated as net investment income on fixed product investment portfolios divided by average earning assets. The average crediting rate is calculated using interest credited on life products divided by average fixed account values. Traditional Products - the yield on earning assets is calculated as net investment

income on non-par investment portfolios divided by average earning assets. As of March 31, 2005, interest sensitive products represented 88% of total interest sensitive and traditional non-par earning assets.

- (3) The net investment income and spread reported above includes earnings from commercial mortgage loan prepayment and bond make-whole premiums. The impact of these premiums on investment income and spread for interest sensitive products was 0 bps in the 1st quarter of 2005, 13 bps in the 4th quarter of 2004, 29 bps in the 3rd quarter of 2004, 32 bps in the 2nd quarter of 2004, 7 bps in the 1st quarter of 2004, and 1 bp in the 4th quarter of 2003. There was an impact on traditional products of 5 bps in the 1st quarter of 2005, 7 bps in the 4th quarter of 2004, 59 bps in the 3rd quarter of 2004, 5 bps in the 2nd quarter of 2004, 0 bps in the 1st quarter of 2004, and 10 bps during the 4th quarter of 2003.
- (4) First quarter 2004 includes income from contingent interest received, which contributed \$6.5 million to net investment income or 25 bps to the yield and spread on Interest Sensitive Products and \$2.4 million to net investment income or 72 bps to the yield and spread on Traditional Products.

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or keep it accurate after such date.



3/31/2005

**Investment Management**  
**Income Statements**  
*Unaudited [Millions of Dollars]*

<i>For the Year Ended December 31</i>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenue</b>					
Investment advisory fees - External	\$231.6	\$197.2	\$183.3	\$205.0	<b>\$252.5</b>
Investment advisory fees - Insurance-related Assets	112.4	105.0	97.7	101.2	<b>105.8</b>
Other revenue and fees	61.2	51.7	46.5	72.8	<b>66.2</b>
Surrender charges	2.8	2.2	2.4	2.3	<b>1.9</b>
Expense assessments	52.0	45.3	38.1	42.8	<b>56.8</b>
Net investment income	57.7	53.6	50.5	49.9	<b>51.7</b>
Realized gains (losses) on investments	(3.9 )	(3.7 )	(5.4 )	0.4	<b>(0.7 )</b>
Sale of subsidiary					<b>110.8</b>
<b>Total Revenue</b>	<b>513.7</b>	<b>451.2</b>	<b>413.1</b>	<b>474.4</b>	<b>644.9</b>
<b>Benefits and Expenses</b>					
Interest credited to policy bal.	40.5	38.7	31.3	26.4	<b>26.9</b>
Underwriting, acquisition, insurance and other expenses:					

Commissions and other volume related expenses	32.1	31.6	35.5	42.2	<b>53.0</b>
Operating and administrative expenses	361.6	344.6	335.5	368.7	<b>392.9</b>
Restructuring charges	7.1	0.6	(0.4 )	7.1	<b>1.2</b>
Deferral of acquisition costs	(9.3 )	(4.7 )	(9.2 )	(22.8)	<b>(27.1)</b>
Taxes, licenses and fees	11.6	16.8	13.0	10.3	<b>17.0</b>
Subtotal	403.1	388.8	374.5	405.5	<b>437.1</b>
Other intangibles amortization	16.3	10.8	8.2	7.9	<b>9.7</b>
Total underwriting, acquisition, insurance and other expenses	419.4	399.6	382.8	413.4	<b>446.8</b>
Goodwill amortization	16.2	16.2			
<b><i>Total Benefits and Expenses</i></b>	476.1	454.6	414.0	439.8	<b>473.7</b>
Income before federal income tax and cumulative effect of accounting change	37.6	(3.3 )	(0.9 )	34.6	<b>171.2</b>
Federal income taxes	19.8	5.5	0.5	4.5	<b>82.8</b>
<b><i>Income Before Cumulative Effect of Accounting Change</i></b>	17.9	(8.9 )	(1.4 )	30.2	<b>88.4</b>
Cumulative effect of accounting change		(0.1 )			
<b><i>Net Income</i></b>	\$17.9	\$(9.0 )	\$(1.4 )	\$30.2	<b>\$88.4</b>

Less:

Realized gains (losses) on investments	(2.5 )	(2.4 )	(3.5 )	0.3	(0.5 )
--	--------	--------	--------	-----	--------

Gain on sale of subsidiary					46.1
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Restructuring charges	(4.6 )	(0.4 )	0.3	(4.6 )	(0.8 )
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Cumulative effect of accounting change		(0.1 )			
--	--	--------	--	--	--

<b><i>Income from Operations</i></b>	\$25.0	\$(6.1 )	\$1.8	\$34.5	\$43.6
--------------------------------------	--------	----------	-------	--------	--------

<b>Revenue</b>	\$513.7	\$451.2	\$413.1	\$474.4	\$644.9
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Less:

Realized gains (losses) on investments	(3.9 )	(3.7 )	(5.4 )	0.4	(0.7 )
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Sale of subsidiary					110.8
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<b><i>Operating Revenue</i></b>	\$517.6	\$454.9	\$418.5	\$474.0	\$534.9
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Average Capital (Securities at Cost)	\$582.0	\$557.0	\$581.2	\$602.4	\$610.9
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Net Income return on average capital	3.1 %	(1.6 %)	(0.2 %)	5.0 %	14.5 %
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Income from Operations return on average capital	4.3 %	(1.1 %)	0.3 %	5.7 %	7.1 %
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### **Roll Forward of Deferred Acquisition Costs**

Balance at beginning-of-period	\$73.5	\$81.1	\$85.6	\$90.8	\$91.8
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Deferral	36.4	35.6	42.0	42.0	<b>51.4</b>
Amortization	(27.1)	(30.8)	(32.9)	(19.2)	<b>(24.3)</b>
Included in Total Benefits and Expenses	9.3	4.8	9.2	22.8	<b>27.1</b>
Adjustment related to realized (gains) losses on available-for-sale securities	0.7	1.6	2.3	0.5	<b>(1.3 )</b>
Adjustment related to unrealized (gains) losses on available-for-sale securities	(2.4 )	(1.8 )	(6.3 )	(22.2)	<b>2.7</b>
<b>Balance at end-of-period</b>	<b>\$81.1</b>	<b>\$85.6</b>	<b>\$90.8</b>	<b>\$91.8</b>	<b>\$120.4</b>

Certain reclassifications have been made to present financial information for the Investment Management segment' s 401(k) Director product on a basis consistent with the reporting for similar products in the Retirement and Life Insurance segments.

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3/31/2005

**Investment Management**  
**Income Statements**  
*Unaudited [Millions of Dollars]*

<i>For the Quarter Ended</i>	<u>Mar 2003</u>	<u>Jun 2003</u>	<u>Sep 2003</u>	<u>Dec 2003</u>	<u>Mar 2004</u>	<u>Jun 2004</u>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>
<b>Revenue</b>									
Investment advisory fees - External	\$44.2	\$49.4	\$53.2	\$58.3	\$62.7	\$66.4	\$67.4	\$56.0	<b>\$59.4</b>
Investment advisory fees - Insurance-related Assets	24.1	25.4	25.5	26.2	26.5	26.1	26.4	26.8	<b>24.8</b>
Other revenue and fees	11.8	18.4	18.9	23.7	19.1	16.7	13.7	16.7	<b>16.0</b>
Surrender charges	0.6	0.4	0.5	0.7	0.5	0.5	0.4	0.5	<b>0.7</b>
Expense assessments	9.6	10.6	10.2	12.4	14.1	14.7	12.5	15.5	<b>16.6</b>
Net investment income	12.1	12.1	13.2	12.5	12.2	14.6	12.7	12.3	<b>12.9</b>
Realized gains (losses) on investments	(0.4 )	0.1	0.2	0.5	(2.3 )	1.8	(0.3 )	0.1	<b>(0.4 )</b>
Sale of subsidiary							110.3	0.5	
<b>Total Revenue</b>	<b>102.1</b>	<b>116.4</b>	<b>121.7</b>	<b>134.3</b>	<b>132.9</b>	<b>140.8</b>	<b>242.9</b>	<b>128.3</b>	<b>130.0</b>
<b>Benefits and Expenses</b>									
Interest credited to policy bal.	6.6	6.6	6.6	6.6	6.6	6.7	6.9	6.8	<b>6.8</b>

Underwriting, acquisition, insurance and other expenses:									
Commissions and other volume related expenses	9.9	9.9	10.4	12.0	14.0	14.4	12.9	11.7	<b>13.3</b>
Operating and administrative expenses	84.0	93.0	92.7	99.1	96.1	98.5	98.1	100.2	<b>96.4</b>
Restructuring charges			5.3	1.7	1.5			(0.3 )	
Deferral of acquisition costs	(5.3 )	(5.1 )	(8.0 )	(4.4 )	(5.6 )	(8.1 )	(9.5 )	(3.9 )	<b>(3.3 )</b>
Taxes, licenses and fees	3.0	2.8	2.4	2.1	3.9	5.5	4.6	3.1	<b>4.4</b>
Subtotal	91.6	100.7	102.8	110.4	110.0	110.4	106.0	110.7	<b>110.9</b>
Other intangibles amortization	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.8	<b>1.9</b>
Total underwriting, acquisition, insurance and other expenses	93.6	102.6	104.7	112.4	111.9	112.3	108.0	114.5	<b>112.8</b>
<b>Total Benefits and Expenses</b>	100.2	109.2	111.3	119.1	118.5	119.0	114.8	121.4	<b>119.6</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	1.9	7.2	10.3	15.2	14.4	21.8	128.1	7.0	<b>10.4</b>
Federal income taxes	0.8	2.6	4.0	(3.0 )	4.3	7.3	70.0	1.1	<b>3.2</b>
<b>Income Before Cumulative Effect of Accounting Change</b>	1.0	4.6	6.3	18.2	10.0	14.5	58.1	5.8	<b>7.1</b>

Cumulative effect of accounting change									
<b>Net Income</b>	\$1.0	\$4.6	\$6.3	\$18.2	\$10.0	\$14.5	\$58.1	\$5.8	\$7.1
Less:									
Realized gains (losses) on investments	(0.3 )		0.1	0.3	(1.5 )	1.2	(0.2 )	0.1	(0.3 )
Gain on sale of subsidiary							45.8	0.3	
Restructuring charges			(3.5 )	(1.1 )	(1.0 )			0.2	
<b>Income from Operations</b>	\$1.3	\$4.5	\$9.7	\$19.0	\$12.5	\$13.4	\$12.5	\$5.2	\$7.4
<b>Net Income -before</b>									
Intangible Amortization	\$2.4	\$5.8	\$7.6	\$19.5	\$11.3	\$15.8	\$59.3	\$7.4	\$8.4
<b>Income from Operations -before</b>									
Intangible Amortization	\$2.6	\$5.8	\$11.0	\$20.3	\$13.8	\$14.6	\$13.8	\$6.8	\$8.6
<b>Revenue</b>	\$102.1	\$116.4	\$121.7	\$134.3	\$132.9	\$140.8	\$242.9	\$128.3	\$130.0
Less:									
Realized gains (losses) on investments	(0.4 )	0.1	0.2	0.5	(2.3 )	1.8	109.9	0.1	(0.4 )
Sale of Subsidiary								0.5	

<b>Operating Revenue</b>	\$102.5	\$116.3	\$121.4	\$133.8	\$135.2	\$139.0	\$133.0	\$127.7	<b>\$130.4</b>
Average Capital (Securities at Cost)	\$597.7	\$588.6	\$600.4	\$623.0	\$634.2	\$634.8	\$627.2	\$547.3	<b>\$548.0</b>
Net Income return on average capital	0.7 %	3.1 %	4.2 %	11.7 %	6.3 %	9.1 %	37.0 %	4.3 %	<b>5.2 %</b>
Income from operations return on average capital	0.9 %	3.1 %	6.4 %	12.2 %	7.9 %	8.4 %	8.0 %	3.8 %	<b>5.4 %</b>
<b>Roll Forward of Deferred Acquisition Costs</b>									
Balance at beginning-of-quarter	\$90.8	\$79.5	\$65.5	\$81.9	\$91.8	\$84.2	\$120.1	\$115.3	<b>\$120.4</b>
Deferral	8.8	9.0	13.9	10.2	11.7	13.4	12.5	13.8	<b>12.2</b>
Amortization	(3.5 )	(4.0 )	(5.9 )	(5.8 )	(6.1 )	(5.3 )	(3.0 )	(10.0 )	<b>(8.9 )</b>
Included in Total Benefits and Expenses	5.3	5.1	8.0	4.4	5.6	8.1	9.5	3.9	<b>3.3</b>
Adjustment related to realized (gains) losses on available-for-sale securities	1.1	0.7	(1.1 )	(0.2 )	(3.6 )	2.4	0.4	(0.5 )	<b>0.4</b>
Adjustment related to unrealized (gains) losses on available-for-sale securities	(17.7 )	(19.8 )	9.5	5.7	(9.6 )	25.4	(14.8 )	1.7	<b>9.8</b>
<b>Balance at end-of-quarter</b>	<b>\$79.5</b>	<b>\$65.5</b>	<b>\$81.9</b>	<b>\$91.8</b>	<b>\$84.2</b>	<b>\$120.1</b>	<b>\$115.3</b>	<b>\$120.4</b>	<b>\$133.8</b>

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3/31/2005

**Investment Management**  
**Assets Under Management Rollforward**  
*Unaudited [Billions of Dollars]*

	2000	2001	2002	2003	2004
<b>Retail Fixed - Bal Beg-of-Period</b>	\$7.422	\$6.605	\$7.118	\$7.631	<b>\$8.186</b>
Fund Sales	0.769	0.876	1.218	1.792	<b>1.882</b>
Redemptions	(1.401)	(1.051)	(1.182)	(1.442 )	<b>(1.520 )</b>
Net Money Market	(0.207)	(0.046)	(0.050)	(0.028 )	<b>(0.113 )</b>
Transfers	(0.168)	0.405	0.206	(0.168 )	<b>(0.212 )</b>
Net Flows	(1.007)	0.184	0.192	0.154	<b>0.037</b>
Market	0.096	0.330	0.321	0.401	<b>0.290</b>
Transfer of Assets Under Administration(1)	0.094				<b>(0.256 )</b>
Balance End-of-Period	\$6.605	\$7.118	\$7.631	\$8.186	<b>\$8.257</b>
<b>Retail Equity - Bal Beg-of-Period</b>	\$23.384	\$21.525	\$17.990	\$14.917	<b>\$20.887</b>
Fund Sales	4.117	2.817	4.477	3.791	<b>7.110</b>
Redemptions	(4.431)	(2.838)	(3.690)	(2.830 )	<b>(4.054 )</b>
Transfers	(0.178)	(0.538)	(0.173)	0.156	<b>0.042</b>

Net Flows	(0.492)	(0.560)	0.614	1.117	<b>3.099</b>
Market	(1.709)	(2.975)	(3.688)	4.854	<b>3.256</b>
Sale of subsidiary/Transfer of Assets Under Administration (1) (2)	0.342				<b>(1.112 )</b>
Balance at End-of-Period	\$21.525	\$17.990	\$14.917	\$20.887	<b>\$26.130</b>
<b>Total Retail - Bal Beg-of-Period</b>	<b>\$30.807</b>	<b>\$28.129</b>	<b>\$25.108</b>	<b>\$22.547</b>	<b>\$29.073</b>
Retail Sales-Annuities	1.782	1.701	2.751	2.151	<b>2.757</b>
Retail Sales-Mutual Funds	2.577	1.523	1.829	2.315	<b>3.235</b>
Retail Sales-Managed Acct. & Other	0.525	0.469	1.115	1.116	<b>2.999</b>
Total Retail Sales	4.885	3.693	5.695	5.583	<b>8.992</b>
Redemptions	(5.832)	(3.889)	(4.873)	(4.272 )	<b>(5.574 )</b>
Net Money Market	(0.206)	(0.046)	(0.050)	(0.028 )	<b>(0.113 )</b>
Transfers	(0.346)	(0.133)	0.033	(0.012 )	<b>(0.170 )</b>
Net Flows	(1.500)	(0.375)	0.806	1.271	<b>3.136</b>
Market	(1.613)	(2.646)	(3.366)	5.255	<b>3.546</b>
Sale of subsidiary/Transfer of Assets Under Administration (1) (2)	0.435				<b>(1.368 )</b>
Balance at End-of-Period(1) (2)	\$28.129	\$25.108	\$22.547	\$29.073	<b>\$34.387</b>

<b>Institutional Fixed - Bal Beg-of-Period</b>	\$6.936	\$6.111	\$5.489	\$7.237	<b>\$8.399</b>
Inflows	0.771	0.643	2.281	1.937	<b>5.134</b>
Withdrawals/Terminations	(1.973)	(1.229)	(1.146)	(1.226 )	<b>(0.593 )</b>
Transfers	(0.005)	0.017	0.004	0.005	<b>0.009</b>
Net Flows (2)	(1.207)	(0.569)	1.139	0.716	<b>4.549</b>
Market	0.382	(0.053)	0.608	0.447	<b>0.135</b>
Sale of Subsidiary (2)					<b>(3.124 )</b>
Balance at End-of-Period (2)	\$6.111	\$5.489	\$7.237	\$8.399	<b>\$9.960</b>
<b>Institutional Equity - Bal Beg-of-Period</b>	\$23.632	\$19.114	\$17.815	\$16.711	<b>\$25.322</b>
Inflows	2.730	3.183	2.913	3.922	<b>6.155</b>
Withdrawals/Terminations	(7.209)	(2.879)	(1.991)	(2.178 )	<b>(3.583 )</b>
Transfers	(0.008)	0.035	0.045	0.018	<b>0.057</b>
Net Flows	(4.486)	0.338	0.967	1.762	<b>2.629</b>
Market	(0.031)	(1.637)	(2.071)	6.849	<b>2.394</b>
Sale of Subsidiary (2)					<b>(18.664)</b>

Balance at End-of-Period	\$19.114	\$17.815	\$16.711	\$25.322	<b>\$11.682</b>
<b>Total Institutional - Bal Beg-of-Period</b>	<b>\$30.568</b>	<b>\$25.225</b>	<b>\$23.305</b>	<b>\$23.948</b>	<b>\$33.722</b>
Inflows	3.501	3.826	5.194	5.859	<b>11.289</b>
Withdrawals/Terminations	(9.182)	(4.109)	(3.137)	(3.404)	<b>(4.176)</b>
Transfers	(0.013)	0.052	0.050	0.023	<b>0.066</b>
Net Flows	(5.693)	(0.231)	2.106	2.478	<b>7.178</b>
Market	0.351	(1.690)	(1.463)	7.296	<b>2.530</b>
Sale of Subsidiary (2)					<b>(21.787)</b>
Balance at End-of-Period	\$25.225	\$23.305	\$23.948	\$33.722	<b>\$21.643</b>
<b>Total Retail/Institutional-At End-of-Period</b>	<b>\$53.355</b>	<b>\$48.412</b>	<b>\$46.495</b>	<b>\$62.794</b>	<b>\$56.029</b>
<b>Insurance-related Assets-At End-of-Period</b>	<b>\$35.686</b>	<b>\$38.119</b>	<b>\$41.104</b>	<b>\$43.024</b>	<b>\$43.980</b>
<b>Total Retail/Inst-Net Flows</b>	<b>\$(7.193)</b>	<b>\$(0.606)</b>	<b>\$2.912</b>	<b>\$3.749</b>	<b>\$10.314</b>
<b>Total Assets Under Management At End-of-Period</b>	<b>\$89.041</b>	<b>\$86.531</b>	<b>\$87.599</b>	<b>\$105.818</b>	<b>\$100.009</b>
<b>Subadvised Assets, included in Assets Under Management above</b>					
Retail	\$4.250	\$3.330	\$2.460	\$3.750	<b>\$10.740</b>

Institutional

0.030 0.030 0.020 0.030 3.740

**Total Subadvised Assets**

\$4.280 \$3.360 \$2.480 \$3.780 \$14.480

- (1) Retail assets under management include assets under administration related to the mutual fund-based 401(k) business. In the third quarter of 2004, this business was outsourced to Bisys. As a result, the third and fourth quarter of 2004 had net outflows of assets under administration of approximately \$0.776 billion and \$0.273 billion, respectively. Assets under administration were \$0 billion at March 31, 2005.
- (2) In the third quarter of 2004, the Investment Management segment sold its London-based international investment unit. Assets under management transferred as a result of the sale were \$22.1 billion. See page 27A for assets under management without the London-based international investment unit. In addition, the London-based international investment unit began subadvising certain retail and institutional assets in the third quarter of 2004.

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3/31/2005

*Investment Management (excluding Assets  
Managed by Delaware's London-based International Investment Unit)  
Assets Under Management Rollforward  
Unaudited [Billions of Dollars]*

	2000	2001	2002	2003	2004
<b>Retail Fixed-Bal Beg-of-Period</b>	\$7.422	\$6.605	\$7.118	\$7.631	<b>\$8.186</b>
Fund Sales	0.769	0.876	1.218	1.792	<b>1.882</b>
Redemptions	(1.401)	(1.051)	(1.182)	(1.442)	<b>(1.520)</b>
Net Money Market	(0.207)	(0.046)	(0.050)	(0.028)	<b>(0.113)</b>
Transfers	(0.168)	0.405	0.206	(0.168)	<b>(0.212)</b>
Net Flows	(1.007)	0.184	0.192	0.154	<b>0.037</b>
Market	0.096	0.330	0.321	0.401	<b>0.290</b>
Transfer of Assets Under Administration (1)	0.094				<b>(0.256)</b>
Balance End-of-Period	\$6.605	\$7.118	\$7.631	\$8.186	<b>\$8.257</b>
<b>Retail Equity-Bal Beg-of-Period</b>	\$23.384	\$21.525	\$17.990	\$14.624	<b>\$20.564</b>
Fund Sales	4.117	2.817	4.182	3.780	<b>7.105</b>
Redemptions	(4.431)	(2.838)	(3.684)	(2.765)	<b>(4.024)</b>
Transfers	(0.178)	(0.538)	(0.173)	0.156	<b>0.042</b>

Net Flows	(0.492)	(0.560)	0.325	1.171	<b>3.123</b>
Market	(1.709)	(2.975)	(3.691)	4.769	<b>3.236</b>
Transfer of Assets Under Administration (1)	0.342				<b>(0.793 )</b>
Balance at End-of-Period	\$21.525	\$17.990	\$14.624	\$20.564	<b>\$26.130</b>
<b>Total Retail-Bal Beg-of-Period</b>	<b>\$30.807</b>	<b>\$28.129</b>	<b>\$25.108</b>	<b>\$22.255</b>	<b>\$28.750</b>
Retail Sales-Annuities	1.782	1.701	2.456	2.140	<b>2.752</b>
Retail Sales-Mutual Funds	2.577	1.523	1.829	2.315	<b>3.235</b>
Retail Sales-Managed Acct. & Other	0.525	0.469	1.115	1.116	<b>2.999</b>
Total Retail Sales	4.885	3.693	5.399	5.572	<b>8.987</b>
Redemptions	(5.832)	(3.889)	(4.867)	(4.207)	<b>(5.544 )</b>
Net Money Market	(0.206)	(0.046)	(0.050)	(0.028)	<b>(0.113 )</b>
Transfers	(0.346)	(0.133)	0.033	(0.012)	<b>(0.170 )</b>
Net Flows	(1.500)	(0.375)	0.517	1.325	<b>3.160</b>
Market	(1.613)	(2.646)	(3.370)	5.171	<b>3.526</b>
Transfer of Assets Under Administration (1)	0.435				<b>(1.049 )</b>



Balance at End-of-Period	\$28.129	\$25.108	\$22.255	\$28.750	<b>\$34.387</b>
<b>Institutional Fixed-Bal Beg-of-Period</b>	<b>\$4.013</b>	<b>\$3.590</b>	<b>\$3.377</b>	<b>\$5.147</b>	<b>\$5.981</b>
Inflows	0.455	0.388	2.177	1.540	<b>4.356</b>
Withdrawals/Terminations	(1.248)	(0.586)	(0.541)	(0.635)	<b>(0.452)</b>
Transfers	(0.005)	0.017	0.004	(0.126)	<b>0.009</b>
Net Flows	(0.798)	(0.181)	1.640	0.779	<b>3.913</b>
Market	0.375	(0.032)	0.130	0.055	<b>0.067</b>
Balance at End-of-Period	\$3.590	\$3.377	\$5.147	\$5.981	<b>\$9.960</b>
<b>Institutional Equity-Bal Beg-of-Period</b>	<b>\$13.909</b>	<b>\$9.664</b>	<b>\$8.186</b>	<b>\$7.201</b>	<b>\$10.318</b>
Inflows	1.469	1.555	1.532	1.780	<b>2.281</b>
Withdrawals/Terminations	(5.784)	(2.334)	(1.333)	(1.161)	<b>(2.428)</b>
Transfers	(0.008)	0.035	0.045	0.034	<b>0.118</b>
Net Flows	(4.323)	(0.744)	0.245	0.653	<b>(0.029)</b>
Market	0.078	(0.735)	(1.229)	2.463	<b>1.393</b>
Balance at End-of-Period	\$9.664	\$8.185	\$7.201	\$10.318	<b>\$11.682</b>

<b>Total Institutional-Bal Beg-of-Period</b>	\$17.923	\$13.255	\$11.563	\$12.348	<b>\$16.299</b>
Inflows	1.924	1.943	3.709	3.320	<b>6.637</b>
Withdrawals/Terminations	(7.032)	(2.920)	(1.874)	(1.796)	<b>(2.880)</b>
Transfers	(0.013)	0.052	0.050	(0.092)	<b>0.127</b>
Net Flows	(5.120)	(0.925)	1.885	1.433	<b>3.884</b>
Market	0.453	(0.767)	(1.099)	2.518	<b>1.459</b>
Balance at End-of-Period	\$13.255	\$11.562	\$12.348	\$16.299	<b>\$21.643</b>
<b>Total Retail/Institutional-At End-of-Period</b>	\$41.384	\$36.670	\$34.603	\$45.049	<b>\$56.029</b>
<b>Insurance-related Assets-At End-of-Period</b>	\$35.686	\$38.119	\$41.104	\$43.024	<b>\$43.980</b>
<b>Total Retail/Inst-Net Flows</b>	\$(6.620)	\$(1.301)	\$2.402	\$2.757	<b>\$7.045</b>
<b>Total Assets Under Management At End-of-Period</b>	\$77.070	\$74.789	\$75.707	\$88.072	<b>\$100.009</b>
<b>Subadvised Assets, included in Assets Under Management above</b>					
Retail	\$4.250	\$3.330	\$2.460	\$3.750	<b>\$10.740</b>
Institutional	0.030	0.030	0.020	0.030	<b>3.740</b>
<b>Total Subadvised Assets</b>	\$4.280	\$3.360	\$2.480	\$3.780	<b>\$14.480</b>

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- (1) Retail assets under management include assets under administration related to the mutual fund-based 401(k) business. In the third quarter of 2004, this business was outsourced to Bisys. As a result, the third and fourth quarter of 2004 had net outflows of assets under administration of approximately \$0.776 billion and \$0.273 billion, respectively. Assets under administration were \$0 billion at March 31, 2005.
  - (2) This page presents the assets under management roll-forward without the Investment Management segment's London-based international investment unit, which was sold in the third quarter of 2004 and resulted in the transfer of assets under management of \$22.1 billion.

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or keep it accurate after such date.

3/31/2005

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

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
<b>Retail Fixed - Bal- Beg-of-Qtr</b>	\$7.086	\$7.167	\$7.514	\$7.631	\$7.907	\$8.190	\$8.083	\$8.186	\$8.313	\$8.152	\$8.060	<b>\$8.257</b>
Fund Sales	0.272	0.325	0.328	0.424	0.469	0.443	0.456	0.513	0.452	0.425	0.493	<b>0.608</b>
Redemptions	(0.306)	(0.277)	(0.311)	(0.327)	(0.318)	(0.435)	(0.361 )	(0.418 )	(0.462 )	(0.341 )	(0.299 )	<b>(0.373 )</b>
Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(0.008)	(0.014 )	(0.036 )	0.012	(0.069 )	(0.020 )	<b>(0.026 )</b>
Transfers	0.021	0.134	0.092	0.062	(0.055)	(0.086)	(0.088 )	(0.035 )	(0.019 )	(0.119 )	(0.040 )	<b>0.104</b>
Net Flows	(0.015)	0.174	0.074	0.159	0.090	(0.087)	(0.008 )	0.024	(0.017 )	(0.104 )	0.134	<b>0.314</b>
Market	0.096	0.174	0.043	0.117	0.193	(0.020)	0.111	0.103	(0.144 )	0.207	0.125	<b>(0.068 )</b>
Transfer of Assets Under Administration(1)										(0.194 )	(0.062 )	<b>(0.001 )</b>
Balance at End- of-Qtr	\$7.167	\$7.514	\$7.631	\$7.907	\$8.190	\$8.083	\$8.186	\$8.313	\$8.152	\$8.060	\$8.257	<b>\$8.501</b>
<b>Retail Equity - Bal- Beg-of-Qtr</b>	\$18.255	\$16.613	\$13.705	\$14.917	\$14.286	\$16.906	\$17.961	\$20.887	\$22.546	\$23.223	\$22.620	<b>\$26.130</b>
Fund Sales	1.084	1.140	1.345	0.717	0.813	1.051	1.210	1.938	1.666	1.480	2.026	<b>2.773</b>

Redemptions	(0.881)	(1.137)	(0.881)	(0.803)	(0.612)	(0.706)	(0.710)	(0.992)	(1.028)	(1.081)	(0.953)	(1.325)
Transfers	(0.022)	(0.128)	(0.036)	(0.059)	0.011	0.112	0.092	(0.002)	(0.004)	0.085	(0.037)	(0.183)
Net Flows	0.182	(0.126)	0.428	(0.145)	0.213	0.457	0.592	0.944	0.634	0.485	1.036	1.265
Market	(1.824)	(2.782)	0.784	(0.486)	2.408	0.598	2.334	0.715	0.044	(0.188)	2.685	(0.423)
Sale of Subsidiary/ Transfer of Assets Under Administration (1) (2)										(0.901)	(0.211)	(0.003)
Balance at End- of-Qtr	\$16.613	\$13.705	\$14.917	\$14.286	\$16.906	\$17.961	\$20.887	\$22.546	\$23.223	\$22.620	\$26.130	\$26.970
<b>Total Retail - Bal- Beg-of-Qtr</b>	\$25.340	\$23.779	\$21.219	\$22.547	\$22.193	\$25.096	\$26.044	\$29.073	\$30.859	\$31.375	\$30.680	\$34.387
Retail Sales- Annuities	0.601	0.756	0.806	0.488	0.528	0.573	0.562	0.753	0.668	0.600	0.737	0.735
Retail Sales-Mutual Funds	0.562	0.416	0.399	0.450	0.558	0.644	0.663	0.905	0.729	0.680	0.922	1.336
Retail Sales- Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	0.277	0.441	0.793	0.721	0.625	0.860	1.310
Total Retail Sales	1.356	1.465	1.673	1.141	1.282	1.494	1.666	2.451	2.117	1.905	2.519	3.381
Redemptions	(1.186)	(1.414)	(1.192)	(1.130)	(0.930)	(1.141)	(1.071)	(1.409)	(1.491)	(1.422)	(1.252)	(1.697)

Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(0.008)	(0.014 )	(0.036 )	0.012	(0.069 )	(0.020 )	<b>(0.026 )</b>
Transfers	(0.001)	0.006	0.056	0.003	(0.044)	0.025	0.004	(0.037 )	(0.022 )	(0.034 )	(0.077 )	<b>(0.079 )</b>
Net Flows	0.167	0.048	0.502	0.014	0.302	0.370	0.584	0.969	0.617	0.381	1.170	<b>1.579</b>
Market	(1.728)	(2.608)	0.826	(0.369)	2.601	0.578	2.444	0.818	(0.101 )	0.019	2.810	<b>(0.491 )</b>
Sale of Subsidiary/ Transfer of Assets Under Administration (1) (2)										(1.095 )	(0.273 )	<b>(0.004 )</b>
Balance at End-of-Qtr	\$23.779	\$21.219	\$22.547	\$22.193	\$25.096	\$26.044	\$29.073	\$30.859	\$31.375	\$30.680	\$34.387	<b>\$35.471</b>
<b>Institutional Fixed - Bal-Beg-of-Qtr</b>	\$6.018	\$6.844	\$7.207	\$7.237	\$7.605	\$7.753	\$8.077	\$8.399	\$9.028	\$9.906	\$7.906	<b>\$9.960</b>
Inflows	0.663	0.530	0.283	0.592	0.126	0.556	0.663	0.806	1.281	0.947	2.100	<b>1.211</b>
Withdrawals/ Terminations	(0.161)	(0.308)	(0.438)	(0.308)	(0.188)	(0.226)	(0.503 )	(0.218 )	(0.135 )	(0.163 )	(0.077 )	<b>(0.130 )</b>
Transfers	0.000	0.007	(0.002)	0.002	0.003	(0.000)	(0.000 )	0.005	0.002	0.001	0.001	<b>0.000</b>
Net Flows	0.503	0.229	(0.157)	0.286	(0.059)	0.330	0.160	0.593	1.148	0.784	2.024	<b>1.082</b>
Market	0.323	0.134	0.187	0.083	0.207	(0.006)	0.163	0.036	(0.271 )	0.339	0.031	<b>(0.040 )</b>
Sale of Subsidiary (2)										(3.124 )		

Balance at End-of-Qtr	\$6.844	\$7.207	\$7.237	\$7.605	\$7.753	\$8.077	\$8.399	\$9.028	\$9.906	\$7.906	\$9.960	<b>\$11.002</b>
<b>Institutional Equity - Bal-Beg-of-Qtr</b>	\$18.644	\$18.120	\$14.937	\$16.711	\$15.920	\$19.607	\$21.008	\$25.322	\$27.188	\$28.362	\$10.490	<b>\$11.682</b>
Inflows	0.569	0.631	1.040	0.494	0.727	1.386	1.315	1.817	2.049	1.638	0.650	<b>0.576</b>
Withdrawals/ Terminations	(0.635)	(0.523)	(0.322)	(0.459)	(0.381)	(0.921)	(0.419)	(0.762)	(1.161)	(1.053)	(0.607)	<b>(0.473)</b>
Transfers	0.018	0.011	0.010	0.008	0.002	0.003	0.005	0.012	0.006	0.010	0.029	<b>0.033</b>
Net Flows	(0.047)	0.119	0.728	0.044	0.348	0.469	0.901	1.068	0.895	0.595	0.072	<b>0.135</b>
Market	(0.476)	(3.302)	1.046	(0.835)	3.339	0.932	3.413	0.798	0.280	0.196	1.120	<b>(0.269)</b>
Sale of Subsidiary (2)										(18.664)		
Balance at End-of-Qtr	\$18.120	\$14.937	\$16.711	\$15.920	\$19.607	\$21.008	\$25.322	\$27.188	\$28.362	\$10.490	\$11.682	<b>\$11.549</b>
<b>Total Institutional - Bal-Beg-of-Qtr</b>	\$24.661	\$24.963	\$22.143	\$23.948	\$23.526	\$27.360	\$29.085	\$33.722	\$36.216	\$38.268	\$18.396	<b>\$21.643</b>
Inflows	1.232	1.162	1.323	1.086	0.853	1.943	1.978	2.623	3.331	2.584	2.750	<b>1.787</b>
Withdrawals/ Terminations	(0.796)	(0.831)	(0.760)	(0.767)	(0.568)	(1.147)	(0.922)	(0.980)	(1.296)	(1.216)	(0.684)	<b>(0.603)</b>
Transfers	0.019	0.017	0.008	0.010	0.005	0.003	0.005	0.017	0.008	0.011	0.030	<b>0.033</b>

Net Flows	0.455	0.348	0.572	0.330	0.289	0.799	1.061	1.661	2.043	1.379	2.095	<b>1.217</b>
Market	(0.153)	(3.168)	1.233	(0.752)	3.546	0.926	3.576	0.834	0.009	0.535	1.151	<b>(0.308)</b>
Sale of Subsidiary (2)										(21.787)		
Balance at End- of-Qtr	\$24.963	\$22.143	\$23.948	\$23.526	\$27.360	\$29.085	\$33.722	\$36.216	\$38.268	\$18.396	\$21.643	<b>\$22.551</b>
<b>Total Retail/Inst - At End-of-Qtr</b>	\$48.742	\$43.362	\$46.495	\$45.718	\$52.456	\$55.129	\$62.794	\$67.075	\$69.643	\$49.076	\$56.029	<b>\$58.022</b>
<b>Insurance-related Assets-End-of-Qtr</b>	\$38.476	\$40.416	\$41.104	\$42.130	\$43.857	\$42.984	\$43.024	\$44.006	\$42.528	\$44.047	\$43.980	<b>\$44.210</b>
<b>Total Retail/Inst - Net Flows</b>	\$0.622	\$0.396	\$1.074	\$0.344	\$0.591	\$1.169	\$1.645	\$2.629	\$2.660	\$1.760	\$3.265	<b>\$2.796</b>
<b>Total Assets Under Management At End-of-Qtr</b>	\$87.218	\$83.778	\$87.599	\$87.848	\$96.313	\$98.113	\$105.818	\$111.081	\$112.172	\$93.123	\$100.009	<b>\$102.231</b>
<b>Subadvised Assets, included in Assets Under Management above</b>												
Retail	\$2.480	\$2.280	\$2.460	\$2.550	\$2.970	\$3.240	\$3.750	\$4.000	\$4.290	\$8.830	\$10.740	<b>\$12.178</b>
Institutional	0.030	0.020	0.020	0.020	0.030	0.020	0.030	0.030	0.030	3.070	3.740	<b>3.921</b>



**Total Subadvised**

<b>Assets</b>	\$2.510	\$2.300	\$2.480	\$2.570	\$3.000	\$3.260	\$3.780	\$4.030	\$4.320	\$11.900	\$14.480	<b>\$16.100</b>
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- (1) Retail assets under management include assets under administration related to the mutual fund-based 401(k) business. In the third quarter of 2004, this business was outsourced to Bisys. As a result, the third and fourth quarter of 2004 had net outflows of assets under administration of approximately \$0.776 billion and \$0.273 billion, respectively. Assets under administration were \$0 billion at March 31, 2005.
- (2) In the third quarter of 2004, the Investment Management segment sold its London-based international investment unit. Assets under management transferred as a result of the sale were \$22.1 billion. See page 27A for assets under management without the London-based international investment unit. In addition, the London-based international investment unit began subadvising certain retail and institutional assets in the third quarter of 2004.

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3/31/2005

*Investment Management (excluding Assets  
Managed by Delaware's London-based International Investment Unit)  
Assets Under Management Roll Forward  
Unaudited [Billions of Dollars]*

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
<b>Retail Fixed - Bal-Beg-of-Qtr</b>	\$7.086	\$7.167	\$7.514	\$7.631	\$7.907	\$8.190	\$8.083	\$8.186	\$8.313	\$8.152	\$8.060	<b>\$8.257</b>
Fund Sales	0.272	0.325	0.328	0.424	0.469	0.443	0.456	0.513	0.452	0.425	0.493	<b>0.608</b>
Redemptions	(0.306)	(0.277)	(0.311)	(0.327)	(0.318)	(0.435)	(0.361)	(0.418)	(0.462)	(0.341)	(0.299)	<b>(0.373)</b>
Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(0.008)	(0.014)	(0.036)	0.012	(0.069)	(0.020)	<b>(0.026)</b>
Transfers	0.021	0.134	0.092	0.062	(0.055)	(0.086)	(0.088)	(0.035)	(0.019)	(0.119)	(0.040)	<b>0.104</b>
Net Flows	(0.015)	0.174	0.074	0.159	0.090	(0.087)	(0.008)	0.024	(0.017)	(0.104)	0.134	<b>0.314</b>
Market	0.096	0.174	0.043	0.117	0.193	(0.020)	0.111	0.103	(0.144)	0.207	0.125	<b>(0.068)</b>
Transfer of Assets Under Administration (1)										(0.194)	(0.062)	<b>(0.001)</b>
Balance at End-of-Qtr	\$7.167	\$7.514	\$7.631	\$7.907	\$8.190	\$8.083	\$8.186	\$8.313	\$8.152	\$8.060	\$8.257	<b>\$8.501</b>
<b>Retail Equity - Bal-Beg-of-Qtr</b>	\$18.255	\$16.613	\$13.705	\$14.624	\$14.048	\$16.622	\$17.673	\$20.564	\$22.225	\$22.906	\$22.620	<b>\$26.130</b>
Fund Sales	1.084	1.140	1.050	0.712	0.812	1.048	1.208	1.936	1.664	1.478	2.026	<b>2.773</b>

Redemptions	(0.881)	(1.137)	(0.875)	(0.765)	(0.608)	(0.698)	(0.694)	(0.979)	(1.019)	(1.074)	(0.953)	(1.325)
Transfers	(0.022)	(0.128)	(0.036)	(0.059)	0.011	0.112	0.092	(0.002)	(0.004)	0.085	(0.037)	(0.183)
Net Flows	0.182	(0.126)	0.139	(0.111)	0.214	0.462	0.606	0.956	0.641	0.490	1.036	1.265
Market	(1.824)	(2.782)	0.780	(0.465)	2.359	0.589	2.285	0.706	0.039	(0.194)	2.685	(0.423)
Transfer of Assets Under Administration (1)										(0.582)	(0.211)	(0.003)
Balance at End- of-Qtr	\$16.613	\$13.705	\$14.624	\$14.048	\$16.622	\$17.673	\$20.564	\$22.225	\$22.906	\$22.620	\$26.130	\$26.970
<b>Total Retail - Bal-Beg- of-Qtr</b>	<b>\$25.340</b>	<b>\$23.779</b>	<b>\$21.219</b>	<b>\$22.255</b>	<b>\$21.955</b>	<b>\$24.812</b>	<b>\$25.756</b>	<b>\$28.750</b>	<b>\$30.538</b>	<b>\$31.057</b>	<b>\$30.680</b>	<b>\$34.387</b>
Retail Sales- Annuities	0.601	0.756	0.510	0.484	0.526	0.570	0.560	0.751	0.666	0.598	0.737	0.735
Retail Sales-Mutual Funds	0.562	0.416	0.399	0.450	0.558	0.644	0.663	0.905	0.729	0.680	0.922	1.336
Retail Sales- Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	0.277	0.441	0.793	0.721	0.625	0.860	1.310
Total Retail Sales	1.356	1.465	1.378	1.136	1.280	1.491	1.664	2.449	2.115	1.903	2.519	3.381
Redemptions	(1.186)	(1.414)	(1.186)	(1.092)	(0.926)	(1.133)	(1.055)	(1.396)	(1.481)	(1.415)	(1.252)	(1.697)
Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(0.008)	(0.014)	(0.036)	0.012	(0.069)	(0.020)	(0.026)

Transfers	(0.001)	0.006	0.056	0.003	(0.044)	0.025	0.004	(0.037)	(0.022)	(0.034)	(0.077 )	<b>(0.079 )</b>	
Net Flows	0.167	0.048	0.213	0.048	0.304	0.375	0.598	0.980	0.624	0.386	1.170	<b>1.579</b>	
Market	(1.728)	(2.608)	0.823	(0.347)	2.552	0.569	2.396	0.808	(0.105)	0.013	2.810	<b>(0.491 )</b>	
Transfer of Assets Under Administration (1)											(0.776)	(0.273 )	<b>(0.004 )</b>
Balance at End- of-Qtr	\$23.779	\$21.219	\$22.255	\$21.955	\$24.812	\$25.756	\$28.750	\$30.538	\$31.057	\$30.680	\$34.387	<b>\$35.471</b>	
<b>Institutional Fixed - Bal-Beg-of-Qtr</b>	\$4.062	\$4.653	\$5.010	\$5.147	\$5.530	\$5.481	\$5.834	\$5.981	\$6.501	\$6.980	\$7.906	<b>\$9.960</b>	
Inflows	0.635	0.493	0.251	0.553	0.120	0.516	0.351	0.655	0.776	0.825	2.100	<b>1.211</b>	
Withdrawals/ Terminations	(0.102)	(0.196)	(0.162)	(0.158)	(0.152)	(0.089)	(0.236)	(0.138)	(0.109)	(0.127)	(0.077 )	<b>(0.130 )</b>	
Transfers	0.000	0.007	(0.002)	0.002	(0.099)	(0.056)	0.028	0.005	0.002	0.001	0.001	<b>0.000</b>	
Net Flows	0.534	0.304	0.087	0.397	(0.132)	0.371	0.143	0.521	0.669	0.699	2.024	<b>1.082</b>	
Market	0.057	0.054	0.050	(0.013)	0.083	(0.019)	0.004	(0.001)	(0.191)	0.227	0.031	<b>(0.040 )</b>	
Balance at End- of-Qtr	\$4.653	\$5.010	\$5.147	\$5.530	\$5.481	\$5.834	\$5.981	\$6.501	\$6.980	\$7.906	\$9.960	<b>\$11.002</b>	
<b>Institutional Equity - Bal-Beg-of-Qtr</b>	\$8.299	\$7.419	\$6.116	\$7.201	\$7.041	\$8.462	\$8.826	\$10.318	\$10.713	\$10.435	\$10.490	<b>\$11.682</b>	

Inflows	0.228	0.373	0.743	0.339	0.347	0.571	0.524	0.552	0.596	0.484	0.650	<b>0.576</b>
Withdrawals/ Terminations	(0.453)	(0.351)	(0.167)	(0.182)	(0.232)	(0.516)	(0.231)	(0.501)	(0.959)	(0.361)	(0.607)	<b>(0.473)</b>
Transfers	0.018	0.011	0.010	0.008	0.002	0.003	0.021	(0.012)	0.073	0.029	0.029	<b>0.033</b>
Net Flows	(0.206)	0.033	0.586	0.165	0.116	0.059	0.314	0.038	(0.290)	0.152	0.072	<b>0.135</b>
Market	(0.674)	(1.336)	0.499	(0.326)	1.305	0.305	1.178	0.357	0.012	(0.096)	1.120	<b>(0.269)</b>
Balance at End- of-Qtr	\$7.419	\$6.116	\$7.201	\$7.041	\$8.462	\$8.826	\$10.318	\$10.713	\$10.435	\$10.490	\$11.682	<b>\$11.549</b>
<b>Total Institutional - Bal-Beg-of-Qtr</b>	<b>\$12.361</b>	<b>\$12.072</b>	<b>\$11.126</b>	<b>\$12.348</b>	<b>\$12.571</b>	<b>\$13.943</b>	<b>\$14.660</b>	<b>\$16.299</b>	<b>\$17.215</b>	<b>\$17.414</b>	<b>\$18.396</b>	<b>\$21.643</b>
Inflows	0.863	0.866	0.994	0.892	0.466	1.088	0.874	1.206	1.372	1.309	2.750	<b>1.787</b>
Withdrawals/ Terminations	(0.554)	(0.547)	(0.328)	(0.340)	(0.385)	(0.604)	(0.466)	(0.640)	(1.068)	(0.488)	(0.684)	<b>(0.603)</b>
Transfers	0.019	0.017	0.008	0.010	(0.098)	(0.053)	0.049	(0.007)	0.075	0.030	0.030	<b>0.033</b>
Net Flows	0.328	0.337	0.673	0.562	(0.016)	0.430	0.457	0.560	0.379	0.851	2.095	<b>1.217</b>
Market	(0.617)	(1.282)	0.548	(0.339)	1.388	0.287	1.182	0.356	(0.179)	0.131	1.151	<b>(0.308)</b>
Balance at End- of-Qtr	\$12.072	\$11.126	\$12.348	\$12.571	\$13.943	\$14.660	\$16.299	\$17.215	\$17.414	\$18.396	\$21.643	<b>\$22.551</b>

<b>Total Retail/Inst - At End-of-Qtr</b>	\$35.851	\$32.345	\$34.602	\$34.527	\$38.755	\$40.416	\$45.049	\$47.753	\$48.471	\$49.076	\$56.029	<b>\$58.022</b>
<b>Insurance-related Assets-End-of-Qtr</b>	\$38.476	\$40.416	\$41.104	\$42.130	\$43.857	\$42.984	\$43.024	\$44.006	\$42.528	\$44.047	\$43.980	<b>\$44.210</b>
<b>Total Retail/Inst - Net Flows</b>	\$0.494	\$0.385	\$0.886	\$0.610	\$0.288	\$0.805	\$1.055	\$1.540	\$1.003	\$1.236	\$3.265	<b>\$2.796</b>
<b>Total Assets Under Management At End-of-Qtr</b>	\$74.327	\$72.761	\$75.706	\$76.656	\$82.612	\$83.400	\$88.072	\$91.759	\$91.000	\$93.123	\$100.009	<b>\$102.231</b>
<b>Subadvised Assets, included in Assets Under Management above</b>												
Retail	\$2.480	\$2.280	\$2.460	\$2.550	\$2.970	\$3.240	\$3.750	\$4.000	\$4.290	\$8.830	\$10.740	<b>\$12.178</b>
Institutional	0.030	0.020	0.020	0.020	0.030	0.020	0.030	0.030	0.030	3.070	3.740	<b>3.921</b>
<b>Total Subadvised Assets</b>	<b>\$2.510</b>	<b>\$2.300</b>	<b>\$2.480</b>	<b>\$2.570</b>	<b>\$3.000</b>	<b>\$3.260</b>	<b>\$3.780</b>	<b>\$4.030</b>	<b>\$4.320</b>	<b>\$11.900</b>	<b>\$14.480</b>	<b>\$16.100</b>

- (1) Retail assets under management include assets under administration related to the mutual fund-based 401(k) business. In the third quarter of 2004, this business was outsourced to Bisys. As a result, the third and fourth quarter of 2004 had net outflows of assets under administration of approximately \$0.776 billion and \$0.273 billion, respectively. Assets under administration were \$0 billion at March 31, 2005.
- (2) This page presents the assets under management roll-forward without the Investment Management segment's London-based international investment unit, which was sold in the third quarter of 2004 and resulted in the transfer of assets under management of \$22.1 billion.

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3/31/2005

**Lincoln UK**  
**Income Statements**  
*Unaudited [Millions of Dollars]*

<i>For the Year Ended December 31</i>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenue</b>					
Premiums	\$148.4	\$46.1	\$50.6	\$62.2	<b>\$70.3</b>
Mortality assessments	31.4	33.9	32.4	35.7	<b>39.5</b>
Expense assessments	178.1	134.8	105.3	93.9	<b>103.9</b>
Other revenue and fees	2.6	(1.4 )	24.9	18.6	<b>52.8</b>
Net investment income	70.3	64.8	62.1	64.1	<b>75.7</b>
Realized gains (losses) on investments	3.2	12.4	1.9	(1.1 )	<b>0.2</b>
Gain on sale of subsidiaries/ businesses					<b>10.1</b>
<b>Total Revenue</b>	<b>433.8</b>	<b>290.7</b>	<b>277.2</b>	<b>273.5</b>	<b>352.5</b>
<b>Benefits and Expenses</b>					
Benefits paid or provided:					
Benefits	178.5	83.4	84.2	98.6	<b>100.4</b>
Underwriting, acquisition, insurance and other expenses:					
Commissions	37.7	10.8	6.1	3.8	<b>2.9</b>

Operating and administrative expenses	142.5	82.5	77.0	78.3	<b>81.0</b>
Restructuring charges	99.4		(1.7 )		
Subtotal	279.5	93.2	81.4	82.1	<b>83.9</b>
Deferral of acquisition costs			(3.4 )	(3.5 )	<b>(6.3 )</b>
DAC amortization			50.0	42.5	<b>79.1</b>
DAC deferral net of amortization	(7.2 )	31.7	46.5	39.1	<b>72.8</b>
PVIF amortization	4.7	22.5	30.8	(10.7 )	<b>18.1</b>
Total underwriting, acquisition, insurance and other expenses	277.0	147.4	158.7	110.4	<b>174.8</b>
Goodwill amortization	4.0	0.6			
<b>Total Benefits and Expenses</b>	459.6	231.5	242.9	209.0	<b>275.2</b>
Income before federal income tax and cumulative effect of accounting change	(25.7)	59.2	34.3	64.5	<b>77.3</b>
Federal income taxes	(10.6)	(7.6 )	(3.4 )	21.6	<b>27.2</b>
<b>Net Income</b>	<b>\$(15.1)</b>	<b>\$66.8</b>	<b>\$37.7</b>	<b>\$42.9</b>	<b>\$50.1</b>
Less:					
Realized gains (losses) on investments	2.3	8.7	1.3	(0.7 )	



Gain on sale of subsidiaries/ businesses					<b>6.6</b>
Restructuring charges	(76.5)		1.7		
<b><i>Income from Operations</i></b>	<b>\$59.2</b>	<b>\$58.1</b>	<b>\$34.6</b>	<b>\$43.6</b>	<b>\$43.5</b>
<b><i>Effective tax rate on Income from Operations</i></b>	<b>15.9 %</b>	<b>(24.2)%</b>	<b>(12.8)%</b>	<b>33.4 %</b>	<b>35.0 %</b>
<b>Revenue</b>	<b>\$433.8</b>	<b>\$290.7</b>	<b>\$277.2</b>	<b>\$273.5</b>	<b>\$352.5</b>
Less:					
Realized gains (losses) on investments	3.2	12.4	1.9	(1.1 )	<b>0.2</b>
Gain on sale of subsidiaries/ businesses					<b>10.1</b>
<b><i>Operating Revenue</i></b>	<b>\$430.6</b>	<b>\$278.2</b>	<b>\$275.4</b>	<b>\$274.5</b>	<b>\$342.2</b>
Average capital	\$494.0	\$593.8	\$549.9	\$478.9	<b>\$435.4</b>
Net Income return on average capital	(3.1 )%	11.3 %	6.9 %	9.0 %	<b>11.5 %</b>
Income from operations return on average capital	12.0 %	9.8 %	6.3 %	9.1 %	<b>10.0 %</b>
<b>Roll Forward of Deferred Acquisition Costs</b>					
Balance at beginning-of-year			\$587.3	\$597.6	<b>\$620.6</b>
Deferral			3.4	3.5	<b>6.3</b>
Amortization			(50.0)	(42.5)	<b>(79.1)</b>

Included in Total Benefits and Expenses	(46.5)	(39.1)	(72.8)
Foreign currency translation adjustment	56.8	62.0	42.9
<b>Balance at end-of-year</b>	<b>\$597.6</b>	<b>\$620.6</b>	<b>\$590.8</b>
<b>Roll Forward of Present Value of In-Force</b>			
Balance at beginning-of-year	\$244.0	\$237.3	\$274.7
Amortization	(30.8)	10.7	(18.1)
Foreign currency translation adjustment	24.1	26.7	19.6
<b>Balance at end-of-year</b>	<b>\$237.3</b>	<b>\$274.7</b>	<b>\$276.2</b>

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3/31/2005

**Lincoln UK**  
**Income Statements**  
*Unaudited [Millions of Dollars]*

<i>For the Quarter Ended</i>	<u>Mar 2003</u>	<u>Jun 2003</u>	<u>Sep 2003</u>	<u>Dec 2003</u>	<u>Mar 2004</u>	<u>Jun 2004</u>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>
<b>Revenue</b>									
Premiums	\$12.7	\$13.8	\$16.5	\$19.3	\$18.1	\$19.6	\$17.7	\$14.9	<b>\$14.6</b>
Mortality assessments	9.1	9.2	8.7	8.7	9.6	10.4	9.7	9.8	<b>9.0</b>
Expense assessments	21.6	24.5	23.2	24.6	24.2	24.4	27.0	28.3	<b>26.6</b>
Other revenue and fees	10.3	(3.9 )	2.6	9.6	5.8	8.3	22.8	16.0	<b>4.1</b>
Net investment income	15.2	16.7	16.0	16.2	18.5	18.3	18.7	20.2	<b>20.3</b>
Realized gains (losses) on investments			0.3	(1.3 )	(0.4 )	(0.1 )	(0.1 )	0.7	
Gain on sale of subsidiaries/ businesses						10.1			<b>14.2</b>
<b>Total Revenue</b>	<b>68.9</b>	<b>60.2</b>	<b>67.3</b>	<b>77.1</b>	<b>75.8</b>	<b>91.0</b>	<b>95.7</b>	<b>90.0</b>	<b>88.9</b>
<b>Benefits and Expenses</b>									
Benefits paid or provided:									
Benefits	18.2	24.3	22.7	33.3	29.0	28.8	21.4	21.3	<b>25.1</b>

Underwriting, acquisition,  
insurance and other expenses:

Commissions	1.1	0.8	1.0	0.8	0.6	0.6	0.7	1.0	<b>0.6</b>
Operating and administrative expenses	18.3	20.5	19.6	20.0	23.0	22.3	21.6	14.1	<b>25.4</b>
Restructuring charges									
Subtotal	19.4	21.3	20.6	20.8	23.5	22.9	22.4	15.1	<b>25.9</b>
Deferral of acquisition costs	(0.8 )	(0.8 )	(0.2 )	(1.6 )	(1.5 )	(1.8 )	(1.4 )	(1.6 )	<b>0.7</b>
DAC amortization	18.6	2.0	7.3	14.7	12.5	14.4	28.6	23.5	<b>6.4</b>
DAC deferral net of amortization	17.7	1.2	7.1	13.1	11.0	12.6	27.2	21.9	<b>7.1</b>
PVIF amortization	3.0	(5.7 )	(0.7 )	(7.3 )	3.0	0.1	9.4	5.6	<b>1.0</b>
Total underwriting, acquisition, insurance and other expenses	40.1	16.8	27.0	26.6	37.6	35.7	59.0	42.5	<b>34.0</b>
<b>Total Benefits and Expenses</b>	58.3	41.1	49.6	59.9	66.6	64.5	80.3	63.8	<b>59.2</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Change	10.6	19.1	17.6	17.2	9.2	26.5	15.4	26.2	<b>29.7</b>
Federal income taxes	3.8	6.6	6.1	5.1	3.2	9.3	5.5	9.1	<b>10.4</b>

<b>Net Income</b>	\$6.8	\$12.4	\$11.5	\$12.2	\$5.9	\$17.2	\$9.9	\$17.1	<b>\$19.3</b>
Less:									
Realized gains (losses) on investments			0.2	(0.9 )	(0.3 )		(0.2 )	0.5	
Gain on sale of subsidiaries/ businesses						6.6			<b>9.3</b>
Restructuring charges									
<b>Income from Operations</b>	\$6.8	\$12.4	\$11.3	\$13.0	\$6.2	\$10.7	\$10.1	\$16.6	<b>\$10.0</b>
<b>Effective tax rate on Income from Operations</b>	35.5 %	34.7 %	35.0 %	29.5 %	35.0 %	35.0 %	35.0 %	35.0 %	<b>35.0 %</b>
<b>Revenue</b>	\$68.9	\$60.2	\$67.3	\$77.1	\$75.8	\$91.0	\$95.7	\$90.0	<b>\$88.9</b>
Less:									
Realized gains (losses) on investments			0.3	(1.3 )	(0.4 )	(0.1 )	(0.1 )	0.7	
Gain on sale of subsidiaries/ businesses						10.1			<b>14.2</b>
<b>Operating Revenue</b>	\$68.9	\$60.2	\$67.0	\$78.4	\$76.1	\$81.0	\$95.8	\$89.3	<b>\$74.6</b>
Average capital	\$532.6	\$487.9	\$452.2	\$443.1	\$447.9	\$421.2	\$432.5	\$439.9	<b>\$440.2</b>
Net Income return on average capital	5.1 %	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.1	\$0.2	<b>\$0.2</b>

Return on average capital	5.1	%	10.2	%	10.0	%	11.8	%	5.5	%	10.2	%	9.3	%	15.1	%	9.1	%
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### Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	\$597.6	\$569.1	\$595.1	\$590.9	\$620.7	\$629.6	\$608.6	\$578.9	\$590.9
Deferral	0.8	0.8	0.2	1.6	1.5	1.8	1.4	1.6	(0.7)
Amortization	(18.6)	(2.0)	(7.3)	(14.7)	(12.5)	(14.4)	(28.6)	(23.5)	(6.4)
Included in Total Benefits and Expenses	(17.7)	(1.2)	(7.1)	(13.1)	(11.0)	(12.6)	(27.2)	(21.9)	(7.1)
Foreign currency translation adjustment	(10.8)	27.2	2.8	42.8	19.9	(8.4)	(2.5)	33.8	(7.0)
<b>Balance at end-of-year</b>	<b>\$569.1</b>	<b>\$595.1</b>	<b>\$590.9</b>	<b>\$620.7</b>	<b>\$629.6</b>	<b>\$608.6</b>	<b>\$578.9</b>	<b>\$590.9</b>	<b>\$576.9</b>

### Roll Forward of Present Value of In-Force

Balance at beginning-of-year	\$237.4	\$230.1	\$247.0	\$249.0	\$274.7	\$280.5	\$276.7	\$266.2	\$276.1
Amortization	(3.0)	5.7	0.7	7.3	(3.0)	(0.1)	(9.4)	(5.6)	(1.0)
Foreign currency translation adjustment	(4.3)	11.2	1.3	18.4	8.9	(3.7)	(1.1)	15.6	(3.3)
<b>Balance at end-of-year</b>	<b>\$230.1</b>	<b>\$247.0</b>	<b>\$249.0</b>	<b>\$274.7</b>	<b>\$280.5</b>	<b>\$276.7</b>	<b>\$266.2</b>	<b>\$276.1</b>	<b>\$271.9</b>

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3/31/2005

*Lincoln UK*  
*Operational Data*  
*Unaudited [Billions of Dollars]*

<i>For the Year Ended December 31</i>	2000	2001	2002	2003	2004							
<b>Unit Linked Assets - Beg-of-Year</b>	\$7.220	\$6.441	\$5.607	\$5.079	<b>\$6.390</b>							
Deposits	0.554	0.481	0.453	0.392	<b>0.378</b>							
Withdrawals (incl. chgs) & Deaths	(0.644)	(0.529)	(0.519)	(0.614)	<b>(0.712)</b>							
Net Flows	(0.090)	(0.048)	(0.066)	(0.222)	<b>(0.335)</b>							
Inv Inc & Chg in Mkt Val	(0.154)	(0.617)	(1.004)	0.918	<b>0.648</b>							
Foreign Currency Adjustment	(0.536)	(0.169)	0.542	0.616	<b>0.482</b>							
<b>Unit Linked Assets - End-of-Year</b>	<b>\$6.441</b>	<b>\$5.607</b>	<b>\$5.079</b>	<b>\$6.390</b>	<b>\$7.186</b>							
<b>Individual Life In-force</b>	<b>\$24.290</b>	<b>\$20.878</b>	<b>\$18.896</b>	<b>\$20.393</b>	<b>\$20.378</b>							
<b>Exchange Rate - Dollars to Pounds</b>												
<b>For-the-Period</b>	1.518	1.441	1.503	1.638	<b>1.834</b>							
<b>End-of-Period</b>	1.493	1.456	1.610	1.786	<b>1.919</b>							
<i>For the Quarter Ended</i>	<u>Jun 2002</u>	<u>Sep 2002</u>	<u>Dec 2002</u>	<u>Mar 2003</u>	<u>Jun 2003</u>	<u>Sep 2003</u>	<u>Dec 2003</u>	<u>Mar 2004</u>	<u>Jun 2004</u>	<u>Sep 2004</u>	<u>Dec 2004</u>	<u>Mar 2005</u>
<b>Unit Linked Assets</b>												
<b>Balance-Beg-of-Quarter</b>	\$5.618	\$5.520	\$4.825	\$5.079	\$4.748	\$5.468	\$5.692	\$6.390	\$6.528	\$6.476	\$6.468	<b>\$7.186</b>
Deposits	0.115	0.119	0.104	0.094	0.090	0.113	0.095	0.083	0.085	0.102	0.108	<b>0.075</b>

Withdrawals (incl. chgs) & Deaths	(0.137)	(0.126)	(0.129)	(0.153)	(0.137)	(0.152)	(0.172)	(0.172)	(0.177)	(0.175)	(0.188)	<b>(0.175)</b>
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Net Flows

	(0.022)	(0.006)	(0.025)	(0.059)	(0.047)	(0.039)	(0.077)	(0.090)	(0.092)	(0.074)	(0.080)	<b>(0.100)</b>
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Inv Inc & Chg in Mkt Val

	(0.479)	(0.812)	0.146	(0.184)	0.549	0.205	0.348	0.020	0.127	0.091	0.411	<b>0.171</b>
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Foreign Currency Adjustment

	0.403	0.123	0.133	(0.087)	0.218	0.059	0.427	0.207	(0.087)	(0.025)	0.387	<b>(0.085)</b>
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Unit Linked Assets - End-of-Quarter

	\$5.520	\$4.825	\$5.079	\$4.748	\$5.468	\$5.692	\$6.390	\$6.528	\$6.476	\$6.468	\$7.186	<b>\$7.173</b>
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Individual Life In-force

	\$20.401	\$19.815	\$18.896	\$18.512	\$19.138	\$19.258	\$20.393	\$20.522	\$19.846	\$19.380	\$20.378	<b>\$19.820</b>
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Exchange Rate - Dollars to Pounds

For-the-Quarter

	1.464	1.555	1.570	1.605	1.618	1.615	1.714	1.836	1.814	1.813	1.875	<b>1.904</b>
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End-of-Quarter

	1.532	1.569	1.610	1.580	1.656	1.664	1.786	1.844	1.819	1.812	1.919	<b>1.896</b>
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3/31/2005

**Other Operations**  
Unaudited [Millions of Dollars]

For the Year Ended December 31

	2000	2001	2002	2003	2004
<b>Revenue</b>	\$1,946.9	\$1,827.3	\$372.4	\$575.8	<b>\$351.9</b>
Less:					
Realized gains (losses) on investments	(5.0 )	8.2	25.6	(7.1 )	<b>0.5</b>
Gains (losses) on derivatives		(9.7 )	0.9	7.6	<b>(0.1 )</b>
Gain (loss) on reinsurance derivative/ trading account securities				1.9	<b>1.0</b>
Amortization of deferred gain-reserve development			(0.8 )	3.6	<b>1.3</b>
Gain on sale of subsidiaries/ businesses		12.8	(8.3 )		<b>14.1</b>
Mark-to-market adjustment on reclass. from AFS to trading account securities				285.5	
<b>Operating Revenue</b>	<b>\$1,951.9</b>	<b>\$1,815.9</b>	<b>\$355.0</b>	<b>\$284.2</b>	<b>\$335.1</b>
<b>Operating Revenue by Source:</b>					
Lincoln Financial Advisors	\$377.5	\$360.7	\$318.0	\$316.9	<b>\$383.6</b>
Lincoln Financial Distributors	119.9	113.4	127.3	140.9	<b>245.2</b>

Total Distribution	497.4	474.0	445.4	457.8	<b>628.8</b>
Reinsurance	1,770.6	1,699.4			
Amortization of deferred gain on indemnity reinsurance*		20.4	75.2	72.3	<b>87.0</b>
Other [Including Consolidating Adjustments]	(316.0 )	(377.9 )	(165.6)	(245.8)	<b>(380.7)</b>
<b>Total Operating Revenue</b>	<b>\$1,951.9</b>	<b>\$1,815.9</b>	<b>\$355.0</b>	<b>\$284.2</b>	<b>\$335.1</b>
<b>Income (Loss)</b>					
<b>Net Loss</b>	<b>\$(18.2 )</b>	<b>\$(6.6 )</b>	<b>\$(247.3)</b>	<b>\$(113.7)</b>	<b>\$(56.9 )</b>
Less:					
Restructuring charges	1.0	(19.5 )	1.1	(4.7 )	<b>(6.4 )</b>
Realized gains (losses) on investments	(3.2 )	5.9	16.7	(4.7 )	<b>0.3</b>
Gains (losses) on derivatives		(6.3 )	0.6	5.0	<b>(0.1 )</b>
Net gain (loss) on reinsurance derivative/ trading account securities				1.3	<b>0.6</b>
Gain on sale of subsidiaries/ businesses		15.0	(9.4 )		<b>9.1</b>
Reserve development/ amortization of deferred gain			(199.1)	(18.5 )	<b>0.9</b>
Mark-to-market adjustment on reclass. from AFS to trading account securities				185.6	



Realized gains (losses) on investments	0.4	(0.2 )	(7.6 )	0.3	0.3	0.8	1.2	(1.8 )	<b>(0.1 )</b>
Gains (losses) on derivatives	(0.4 )	0.2	7.7	0.2	(0.2 )	0.0	(1.5 )	1.5	<b>0.0</b>
Gain (loss) on reinsurance derivative/ trading account securities				1.9	(1.9 )	2.9	(0.8 )	0.7	<b>1.1</b>
Amort. of deferred gain-reserve development	(0.2 )	(0.2 )	3.7	0.3	0.3	0.3	0.3	0.3	<b>0.3</b>
Gain on sale of subsidiaries/ businesses						14.0		0.1	
Mark-to-market adjustment on reclassification from AFS to trading account securities				285.5					

**Operating Revenue**

\$73.3	\$76.3	\$70.9	\$63.7	\$56.1	\$105.5	\$92.4	\$81.1	<b>\$73.8</b>
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**Operating Revenue by Source:**

Lincoln Financial Advisors	69.4	75.3	76.7	95.5	92.0	96.0	91.7	103.9	<b>128.1</b>
Lincoln Financial Distributors	35.4	29.4	32.2	43.9	57.5	58.4	59.9	69.4	<b>63.5</b>
Total Distribution	104.8	104.6	108.9	139.5	149.6	154.4	151.6	173.2	<b>191.6</b>
Reinsurance									
Amortization of deferred gain on indemnity reinsurance*	18.4	18.2	18.3	17.4	17.9	17.9	32.1	19.1	<b>18.9</b>
Other [Including  Consolidating Adjustments]	(49.9)	(46.6)	(56.2)	(93.1 )	(111.3 )	(66.8 )	(91.2 )	(111.3)	<b>(136.7)</b>

<b>Total Operating Revenue</b>	\$73.3	\$76.3	\$70.9	\$63.7	\$56.1	\$105.5	\$92.4	\$81.1	<b>\$73.8</b>
<b>Net Income (Loss)</b>	\$ (21.7 )	\$ (21.6 )	\$ (42.4 )	\$ (28.1 )	\$ (24.8 )	\$ (10.9 )	\$ (11.1 )	\$ (10.1 )	<b>\$ (10.5 )</b>
Less:									
Restructuring charges			(2.4 )	(2.4 )	(3.6 )	(1.9 )	(0.7 )	(0.3 )	<b>(0.2 )</b>
Realized gains (losses) on investments	0.5	(0.4 )	(4.9 )	0.1	0.2	0.5	1.4	(1.7 )	<b>(0.1 )</b>
Gains (losses) on derivatives	(0.5 )	0.4	5.0	0.1	(0.1 )	0.0	(1.6 )	1.5	<b>0.1</b>
Net gain (loss) on reinsurance derivative/ trading account securities				1.3	(1.2 )	1.9	(0.5 )	0.4	<b>0.7</b>
Gain on sale of subsidiaries/ businesses						9.0		0.1	
Reserve development/ amortization of deferred gain	(0.1 )	(0.1 )	(18.5 )	0.2	0.2	0.2	0.2	0.2	<b>0.2</b>
Mark-to-market adjustment on reclassification from AFS to trading account securities				185.6					
Cumulative effect of accounting change				(192.2)					
Loss on early retirement of subordinated debt				(3.7 )				(4.1 )	
<b>Income (Loss) from Operations</b>	\$ (21.5 )	\$ (21.5 )	\$ (18.0 )	\$ (20.8 )	\$ (20.3 )	\$ (20.7 )	\$ (9.9 )	\$ (6.3 )	<b>\$ (11.3 )</b>
<b>Income from Operations by Source:</b>									
Lincoln Financial Advisors	\$ (10.4 )	\$ (7.4 )	\$ (7.4 )	\$ (8.0 )	\$ (8.7 )	\$ (5.3 )	\$ (3.5 )	\$ (0.3 )	<b>\$ (7.6 )</b>

Lincoln Financial Distributors	(8.1 )	(10.7 )	(7.5 )	(7.1 )	(4.6 )	(6.4 )	(6.3 )	(6.3 )	(6.0 )
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Total Distribution	(18.4 )	(18.1 )	(15.0 )	(15.1 )	(13.3 )	(11.8 )	(9.8 )	(6.6 )	(13.6 )
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Reinsurance

Amortization of deferred gain on indemnity reinsurance*	11.9	11.9	11.9	11.3	11.6	11.7	20.8	12.4	12.3
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LNC Financing	(15.3 )	(14.4 )	(13.3 )	(13.7 )	(14.6 )	(15.6 )	(15.7 )	(14.3 )	(14.6 )
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Other Corporate	0.3	(0.8 )	(1.5 )	(3.4 )	(4.0 )	(5.0 )	(5.2 )	2.2	4.7
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<b><i>Income(Loss) from Operations</i></b>	<b>\$(21.5 )</b>	<b>\$(21.5 )</b>	<b>\$(18.0 )</b>	<b>\$(20.8 )</b>	<b>\$(20.3 )</b>	<b>\$(20.7 )</b>	<b>\$(9.9 )</b>	<b>\$(6.3 )</b>	<b>\$(11.3 )</b>
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\* The amortization of deferred gain on sale of reinsurance business represents the amortization of deferred gain recognized on the business sold through indemnity reinsurance to Swiss Re.

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3/31/2005

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

	2000	2001	2002	2003	2004
<b>Deposits - For the Year</b>					
Lincoln Retirement - Fixed Annuities	\$2.074	\$3.342	\$3.672	\$3.125	<b>\$3.110</b>
Lincoln Retirement - Variable Annuities(1)	3.165	3.067	2.743	3.119	<b>5.910</b>
Lincoln Retirement - Life Insurance	0.014	0.012			
Life Insurance Segment - Life Insurance	1.884	1.934	2.138	2.259	<b>2.243</b>
Inv Mgmt - Annuities	1.782	1.701	2.751	2.151	<b>2.757</b>
Inv Mgmt - Mutual Funds	2.577	1.523	1.829	2.315	<b>3.235</b>
Inv Mgmt - Managed Acct. & Other	0.525	0.469	1.115	1.116	<b>2.999</b>
Consolidating Adjustments	(0.765 )	(0.608 )	(1.576 )	(0.864 )	<b>(0.975 )</b>
<b>Total Gross Retail Deposits</b>	<b>11.256</b>	<b>11.439</b>	<b>12.671</b>	<b>13.222</b>	<b>19.280</b>
Investment Management Segment - Instit.	3.501	3.826	5.194	5.859	<b>11.289</b>
Consolidating Adjustments	(0.152 )	(0.207 )	(0.232 )	(0.150 )	<b>(0.089 )</b>
<b>Total Gross Deposits</b>	<b>\$14.605</b>	<b>\$15.058</b>	<b>\$17.634</b>	<b>\$18.931</b>	<b>\$30.479</b>





Lincoln Retirement - Fixed Annuities	\$0.853	\$1.091	\$0.822	\$0.776	\$0.778	\$0.778	\$0.792	\$0.817	\$0.779	\$0.783	\$0.732	<b>\$0.740</b>
Lincoln Retirement - Variable Annuities(1)	0.787	0.603	0.545	0.648	0.584	0.800	1.087	1.407	1.424	1.424	1.655	<b>1.899</b>
Life Insurance Segment - Life Insurance	0.577	0.484	0.636	0.486	0.526	0.586	0.661	0.501	0.507	0.548	0.686	<b>0.512</b>
Inv Mgmt - Annuities	0.601	0.756	0.806	0.488	0.528	0.573	0.562	0.753	0.668	0.600	0.737	<b>0.735</b>
Inv Mgmt - Mutual Funds	0.562	0.416	0.399	0.450	0.558	0.644	0.663	0.905	0.729	0.680	0.922	<b>1.336</b>
Inv Mgmt - Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	0.277	0.441	0.793	0.721	0.625	0.860	<b>1.310</b>
Consolidating Adjustments	(0.333 )	(0.437 )	(0.525 )	(0.171 )	(0.211 )	(0.288 )	(0.193 )	(0.271 )	(0.180 )	(0.223 )	(0.302 )	<b>(0.282 )</b>
<b>Total Gross Retail Deposits</b>	<b>3.240</b>	<b>3.206</b>	<b>3.151</b>	<b>2.880</b>	<b>2.960</b>	<b>3.370</b>	<b>4.012</b>	<b>4.905</b>	<b>4.648</b>	<b>4.436</b>	<b>5.290</b>	<b>6.249</b>
Investment Management Segment - Instit.	1.232	1.162	1.323	1.086	0.853	1.943	1.978	2.623	3.331	2.584	2.750	<b>1.787</b>
Consolidating Adjustments	(0.069 )	(0.040 )	(0.076 )	(0.053 )	(0.025 )	(0.025 )	(0.047 )	(0.020 )	(0.035 )	(0.033 )	(0.002 )	<b>(0.015 )</b>

<b>Total Gross Deposits</b>	\$4.403	\$4.328	\$4.398	\$3.913	\$3.788	\$5.288	\$5.943	\$7.509	\$7.945	\$6.988	\$8.038	<b>\$8.021</b>
<b>Account Balances - End of Quarter</b>												
Lincoln Retirement - Fixed Annuities	\$16.910	\$17.650	\$18.085	\$18.537	\$18.696	\$18.868	\$18.868	\$18.930	\$19.143	\$19.317	\$19.268	<b>\$19.084</b>
Lincoln Retirement- Variable Annuities(1)	31.206	25.942	27.438	26.474	30.457	31.709	35.786	37.619	38.398	38.698	43.223	<b>43.673</b>
Lincoln Retirement - Life Insurance												
Life Insurance Segment - Life Insurance	11.759	11.726	12.086	12.233	12.663	12.958	13.420	13.606	13.770	13.912	14.382	<b>14.466</b>
Inv Mgmt - Annuities	10.896	9.327	9.981	9.660	11.002	11.392	12.691	13.294	13.355	13.074	14.494	<b>14.356</b>
Inv Mgmt - Mutual Funds	11.036	10.072	10.296	10.241	11.356	11.615	12.614	13.199	12.971	12.234	13.251	<b>13.478</b>
Inv Mgmt - Managed Acct. & Other	1.847	1.820	2.270	2.292	2.737	3.037	3.768	4.366	5.051	5.374	6.642	<b>7.638</b>
Consolidating Adjustments	(6.000 )	(4.940)	(5.123)	(4.891)	(5.628 )	(5.792 )	(6.553 )	(6.881 )	(6.829 )	(7.216 )	(7.476 )	<b>(7.758 )</b>

**Total  
Retail  
Account  
Balances**

77.654 71.597 75.033 74.546 81.283 83.787 90.593 94.133 95.860 95.393 103.784 **104.936**

Investment  
Management  
Segment -  
Instit.

24.963 22.143 23.948 23.526 27.360 29.085 33.722 36.216 38.268 18.396 21.643 **22.551**

Consolidating  
Adjustments

(1.045 ) (0.866 ) (0.924 ) (0.933 ) (1.049 ) (1.044 ) (1.183 ) (1.176 ) (1.168 ) (1.140 ) (1.248 ) **(1.166 )**

**Total  
Account  
Balances**

\$101.573 \$92.874 \$98.057 \$97.140 \$107.595 \$111.828 \$123.132 \$129.173 \$132.961 \$112.649 \$124.179 **\$126.321**

***Total Domestic Net Flows***  
*Unaudited [Billions of Dollars]*

**For the Year**

**2000 2001 2002 2003 2004**

Lincoln Retirement(1)

**\$(2.874) \$0.105 \$0.453 \$1.007 \$2.922**

Life Insurance Segment

**1.158 1.163 1.320 1.377 1.247**

Investment Management Segment - Retail

**(1.500) (0.375) 0.806 1.271 3.136**

Consolidating Adjustments

**1.022 0.035 (0.082) 0.064 0.030**

**Total Retail Net Flows**

**(2.194) 0.927 2.496 3.719 7.335**

Investment Management Segment - Institutional

**(5.693) (0.231) 2.106 2.478 7.178**

## Consolidating Adjustments

0.035 (0.015) 0.005 (0.002) **0.031****Total Net Flows****\$(7.853) \$0.681 \$4.608 \$6.195 \$14.545**

For the Quarter	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
Lincoln Retirement(1)	\$0.223	\$0.068	\$0.074	\$0.095	\$0.099	\$0.277	\$0.536	\$0.712	\$0.701	\$0.716	\$0.794	<b>\$0.776</b>
Life Insurance Segment	0.385	0.297	0.402	0.296	0.324	0.355	0.402	0.248	0.291	0.300	0.408	<b>0.260</b>
Investment Management Segment - Retail	0.167	0.048	0.502	0.014	0.302	0.370	0.584	0.969	0.617	0.381	1.170	<b>1.579</b>
Consolidating Adjustments	(0.038)	0.133	(0.187)	0.162	(0.003)	(0.038)	(0.058)	(0.096)	0.060	(0.089)	0.154	<b>(0.021)</b>
<b>Total Retail Net Flows</b>	<b>0.737</b>	<b>0.545</b>	<b>0.791</b>	<b>0.568</b>	<b>0.723</b>	<b>0.965</b>	<b>1.464</b>	<b>1.832</b>	<b>1.669</b>	<b>1.308</b>	<b>2.527</b>	<b>2.593</b>
Investment Management Segment - Instit.	0.455	0.348	0.572	0.330	0.289	0.799	1.061	1.661	2.043	1.379	2.095	<b>1.217</b>
Consolidating Adjustments	(0.026)	0.008	0.001	(0.030)	0.009	0.035	(0.017)	0.038	(0.001)	(0.006)	0.000	<b>0.040</b>
<b>Total Net Flows</b>	<b>\$1.166</b>	<b>\$0.901</b>	<b>\$1.364</b>	<b>\$0.868</b>	<b>\$1.021</b>	<b>\$1.799</b>	<b>\$2.508</b>	<b>\$3.530</b>	<b>\$3.710</b>	<b>\$2.682</b>	<b>\$4.622</b>	<b>\$3.851</b>

(1) Includes amounts attributable to Alliance program mutual fund net flows. Account values for the Alliance program are not included in the separate accounts reported on our balance sheet.

(2) Amounts for the Investment Management segment exclude amounts reported as Assets Under Management - Insurance-related Assets.

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

3/31/2005

*Consolidated Domestic Deposits/Account Balances (excluding Assets  
Managed by Delaware's London-based International Investment Unit)  
Unaudited [Billions of Dollars]*

	2000	2001	2002	2003	2004
<b>Deposits - For the Year</b>					
Lincoln Retirement - Fixed Annuities	\$2.074	\$3.342	\$3.672	\$3.125	<b>\$3.110</b>
Lincoln Retirement - Variable Annuities(1)	3.165	3.067	2.743	3.119	<b>5.910</b>
Lincoln Retirement - Life Insurance	0.014	0.012			
Life Insurance Segment - Life Insurance	1.884	1.934	2.138	2.259	<b>2.243</b>
Inv Mgmt - Annuities	1.782	1.701	2.456	2.140	<b>2.752</b>
Inv Mgmt - Mutual Funds	2.577	1.523	1.829	2.315	<b>3.235</b>
Inv Mgmt - Managed Acct. & Other	0.525	0.469	1.115	1.116	<b>2.999</b>
Consolidating Adjustments	(0.765 )	(0.608 )	(1.576 )	(0.864 )	<b>(0.975 )</b>

<b>Total Gross Retail Deposits</b>	11.256	11.439	12.376	13.210	<b>19.274</b>
Investment Management Segment - Instit.	1.924	1.943	3.709	3.320	<b>6.637</b>
Consolidating Adjustments	(0.152 )	(0.207 )	(0.232 )	(0.150 )	<b>(0.089 )</b>
<b>Total Gross Deposits</b>	<b>\$13.029</b>	<b>\$13.175</b>	<b>\$15.854</b>	<b>\$16.380</b>	<b>\$25.822</b>
<b>Account Balances - End of Year</b>					
Lincoln Retirement - Fixed Annuities	\$15.394	\$16.491	\$18.085	\$18.868	<b>\$19.268</b>
Lincoln Retirement - Variable Annuities(1)	39.427	34.638	27.438	35.786	<b>43.223</b>
Lincoln Retirement - Life Insurance	0.160	0.149			
Life Insurance Segment - Life Insurance	10.847	11.377	12.086	13.420	<b>14.382</b>
Inv Mgmt - Annuities	13.527	11.835	9.688	12.368	<b>14.494</b>
Inv Mgmt - Mutual Funds	13.260	11.554	10.296	12.614	<b>13.251</b>

Inv Mgmt - Managed Acct. & Other								1.342	1.719	2.270	3.768	<b>6.642</b>
Consolidating Adjustments								(7.757 )	(6.676 )	(5.123 )	(6.553 )	<b>(7.476 )</b>
<b>Total Retail Account Balances</b>								86.200	81.088	74.741	90.271	<b>103.784</b>
Investment Management Segment - Instit.								25.225	11.562	12.348	16.299	<b>21.643</b>
Consolidating Adjustments								(1.434 )	(1.211 )	(0.924 )	(1.183 )	<b>(1.248 )</b>
<b>Total Account Balances</b>								\$109.991	\$91.439	\$86.165	\$105.387	<b>\$124.179</b>
	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>
	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2005</b>
<b>Deposits - For the Quarter</b>												
Lincoln Retirement - Fixed Annuities	\$0.853	\$1.091	\$0.822	\$0.776	\$0.778	\$0.778	\$0.792	\$0.817	\$0.779	\$0.783	\$0.732	<b>\$0.740</b>
Lincoln Retirement - Variable Annuities(1)	0.787	0.603	0.545	0.648	0.584	0.800	1.087	1.407	1.424	1.424	1.655	<b>1.899</b>
Life Insurance Segment - Life Insurance	0.577	0.484	0.636	0.486	0.526	0.586	0.661	0.501	0.507	0.548	0.686	<b>0.512</b>

Inv Mgmt - Annuities	0.601	0.756	0.510	0.484	0.526	0.570	0.560	0.751	0.666	0.598	0.737	<b>0.735</b>
Inv Mgmt - Mutual Funds	0.562	0.416	0.399	0.450	0.558	0.644	0.663	0.905	0.729	0.680	0.922	<b>1.336</b>
Inv Mgmt - Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	0.277	0.441	0.793	0.721	0.625	0.860	<b>1.310</b>
Consolidating Adjustments	(0.333)	(0.437)	(0.525)	(0.171)	(0.211)	(0.288)	(0.193 )	(0.271 )	(0.180 )	(0.223 )	(0.302 )	<b>(0.282 )</b>
<b>Total Gross Retail Deposits</b>	<b>3.240</b>	<b>3.206</b>	<b>2.856</b>	<b>2.875</b>	<b>2.958</b>	<b>3.367</b>	<b>4.010</b>	<b>4.903</b>	<b>4.646</b>	<b>4.435</b>	<b>5.290</b>	<b>6.249</b>
Investment Management Segment - Instit.	0.863	0.866	0.994	0.892	0.466	1.088	0.874	1.206	1.372	1.309	2.750	<b>1.787</b>
Consolidating Adjustments	(0.069)	(0.040)	(0.076)	(0.053)	(0.025)	(0.025)	(0.047 )	(0.020 )	(0.035 )	(0.033 )	(0.002 )	<b>(0.015 )</b>
<b>Total Gross Deposits</b>	<b>\$4.034</b>	<b>\$4.032</b>	<b>\$3.773</b>	<b>\$3.714</b>	<b>\$3.400</b>	<b>\$4.430</b>	<b>\$4.837</b>	<b>\$6.090</b>	<b>\$5.983</b>	<b>\$5.711</b>	<b>\$8.038</b>	<b>\$8.021</b>
<b>Account Balances - End of Quarter</b>												
Lincoln Retirement - Fixed Annuities	\$16.910	\$17.650	\$18.085	\$18.537	\$18.696	\$18.868	\$18.868	\$18.930	\$19.143	\$19.317	\$19.268	<b>\$19.084</b>
Lincoln Retirement - Variable Annuities(1)	31.206	25.942	27.438	26.474	30.457	31.709	35.786	37.619	38.398	38.698	43.223	<b>43.673</b>



Life Insurance													
Segment - Life Insurance	11.759	11.726	12.086	12.233	12.663	12.958	13.420	13.606	13.770	13.912	14.382	<b>14.466</b>	
Inv Mgmt - Annuities	10.896	9.327	9.688	9.423	10.718	11.104	12.368	12.973	13.037	13.074	14.494	<b>14.356</b>	
Inv Mgmt - Mutual Funds	11.036	10.072	10.296	10.241	11.356	11.615	12.614	13.199	12.971	12.234	13.251	<b>13.478</b>	
Inv Mgmt - Managed Acct. & Other	1.847	1.820	2.270	2.292	2.737	3.037	3.768	4.366	5.051	5.374	6.642	<b>7.638</b>	
Consolidating Adjustments	(6.000)	(4.940)	(5.123)	(4.891)	(5.628)	(5.792)	(6.553 )	(6.881 )	(6.829 )	(7.216 )	(7.476 )	<b>(7.758 )</b>	
<b>Total Retail Account Balances</b>	<b>77.654</b>	<b>71.597</b>	<b>74.741</b>	<b>74.309</b>	<b>80.999</b>	<b>83.499</b>	<b>90.271</b>	<b>93.812</b>	<b>95.542</b>	<b>95.393</b>	<b>103.784</b>	<b>104.936</b>	
Investment Management Segment - Instit.	12.072	11.126	12.348	12.571	13.943	14.660	16.299	17.215	17.414	18.396	21.643	<b>22.551</b>	
Consolidating Adjustments	(1.045)	(0.866)	(0.924)	(0.933)	(1.049)	(1.044)	(1.183 )	(1.176 )	(1.168 )	(1.140 )	(1.248 )	<b>(1.166 )</b>	
<b>Total Account Balances</b>	<b>\$88.681</b>	<b>\$81.857</b>	<b>\$86.165</b>	<b>\$85.948</b>	<b>\$93.894</b>	<b>\$97.115</b>	<b>\$105.387</b>	<b>\$109.851</b>	<b>\$111.789</b>	<b>\$112.649</b>	<b>\$124.179</b>	<b>\$126.321</b>	

***Total Domestic Net Flows (excluding Assets  
Managed by Delaware's London-based International Investment Unit)***

For the Year	2000	2001	2002	2003	2004
Lincoln Retirement(1)	\$(2.874)	\$0.105	\$0.453	\$1.007	<b>\$2.922</b>

Life Insurance Segment								1.158	1.163	1.320	1.377	<b>1.247</b>
Investment Management Segment - Retail								(1.500)	(0.375)	0.517	1.325	<b>3.160</b>
Consolidating Adjustments								1.022	0.035	(0.082)	0.064	<b>0.030</b>
<b>Total Retail Net Flows</b>								(2.194)	0.927	2.207	3.773	<b>7.359</b>
Investment Management Segment - Institutional								(5.120)	(0.925)	1.885	1.433	<b>3.884</b>
Consolidating Adjustments								0.035	(0.015)	0.005	(0.002)	<b>0.031</b>
<b>Total Net Flows</b>								\$(7.280)	\$(0.013)	\$4.097	\$5.203	<b>\$11.274</b>

For the Quarter	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
Lincoln Retirement(1)	\$0.223	\$0.068	\$0.074	\$0.095	\$0.099	\$0.277	\$0.536	\$0.712	\$0.701	\$0.716	\$0.794	<b>\$0.776</b>
Life Insurance Segment	0.385	0.297	0.402	0.296	0.324	0.355	0.402	0.248	0.291	0.300	0.408	<b>0.260</b>
Investment Management Segment - Retail	0.167	0.048	0.213	0.048	0.304	0.375	0.598	0.980	0.624	0.386	1.170	<b>1.579</b>
Consolidating Adjustments	(0.038)	0.133	(0.187)	0.162	(0.003)	(0.038)	(0.058)	(0.096)	0.060	(0.089)	0.154	<b>(0.021)</b>
<b>Total Retail Net Flows</b>	<b>0.737</b>	<b>0.545</b>	<b>0.502</b>	<b>0.602</b>	<b>0.725</b>	<b>0.970</b>	<b>1.478</b>	<b>1.843</b>	<b>1.676</b>	<b>1.313</b>	<b>2.527</b>	<b>2.593</b>
Investment Management Segment - Instit.	0.328	0.337	0.673	0.562	(0.016)	0.430	0.457	0.560	0.379	0.850	2.095	<b>1.217</b>

Consolidating Adjustments

(0.026) 0.008 0.001 (0.030) 0.009 0.035 (0.017) 0.038 (0.001) (0.006) 0.000 **0.040**

**Total Net Flows**

\$1.039 \$0.890 \$1.176 \$1.134 \$0.718 \$1.435 \$1.918 \$2.441 \$2.054 \$2.157 \$4.622 **\$3.851**

- (1) Includes amounts attributable to Alliance program mutual fund net flows. Account values for the Alliance program are not included in the separate accounts reported on our balance sheet.
- (2) This page presents the assets under management roll-forward without the Investment Management segment's London-based international investment unit, which was sold in the third quarter of 2004 and resulted in the transfer of assets under management of
- (3) Amounts for the Investment Management segment exclude amounts reported as Assets Under Management - Insurance-related Assets.

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3/31/2005

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

<i>For the Year Ended December 31</i>	2000	2001	2002	2003	2004
<b>Assets Managed by Source</b>					
LNC' s Investments and Cash					
Fixed maturity securities - available for sale	\$27.450	\$28.346	\$32.767	\$32.769	<b>\$34.701</b>
Equity securities - available for sale	0.550	0.470	0.337	0.199	<b>0.161</b>
Trading securities				3.120	<b>3.237</b>
Other investments	7.369	7.297	6.895	6.689	<b>6.408</b>
<b>Total LNC Investments</b>	<b>35.369</b>	<b>36.113</b>	<b>40.000</b>	<b>42.778</b>	<b>44.507</b>
Separate accounts	50.580	44.833	36.178	46.565	<b>55.205</b>
Cash and invested cash	1.927	3.095	1.691	1.711	<b>1.662</b>
<b>Total LNC</b>	<b>87.876</b>	<b>84.042</b>	<b>77.869</b>	<b>91.054</b>	<b>101.374</b>
Non-affiliate assets managed	41.861	38.421	38.052	49.587	<b>42.966</b>
<b>Total Assets Managed</b>	<b>\$129.737</b>	<b>\$122.463</b>	<b>\$115.921</b>	<b>\$140.641</b>	<b>\$144.340</b>

**Assets Managed by Advisor**

Investment Management segment	53.355	48.412	46.495	62.794	<b>56.029</b>
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(See page 28 for additional detail)

DLIA-Corp	35.686	38.119	41.104	43.024	<b>43.980</b>
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(Assets managed internally-see page 28)

Lincoln (UK)	7.873	6.847	6.351	7.668	<b>8.599</b>
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Policy Loans (within business units)	1.961	1.940	1.946	1.924	<b>1.871</b>
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Non-LNC Affiliates	30.862	27.145	20.026	25.231	<b>33.862</b>
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**Total Assets Managed**

\$129.737	\$122.463	\$115.921	\$140.641	<b>\$144.340</b>
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<i>For the Quarter Ended</i>	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005
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**Assets Managed by Source**

LNC's Investments and Cash:

Fixed maturity securities  
- available for sale

\$29.725	\$32.037	\$32.767	\$33.887	\$35.355	\$35.384	\$32.769	\$33.667	\$32.808	\$34.223	\$34.701	\$34.701	\$34.701
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Equity securities -  
available for sale

0.419	0.397	0.337	0.249	0.257	0.243	0.199	0.198	0.183	0.178	0.161	0.161	0.161
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Trading securities

3.120	3.191	3.088	3.224	3.237	3.237	3.237	3.237	3.237	3.237	3.237	3.237	3.237
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Other investments

7.016	6.928	6.895	6.872	6.980	6.796	6.689	6.446	6.284	6.302	6.408	6.408	6.408
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Total LNC Investments	37.160	39.363	40.000	41.008	42.592	42.423	42.778	43.502	42.362	43.927	44.507	43.500
Separate accounts	40.580	34.069	36.178	34.775	39.943	41.283	46.565	48.558	49.344	49.658	55.205	55.205
Cash and invested cash	2.265	1.600	1.691	1.635	1.946	1.961	1.711	2.256	2.214	1.996	1.662	1.495
<b>Total LNC</b>	<b>80.005</b>	<b>75.031</b>	<b>77.869</b>	<b>77.419</b>	<b>84.480</b>	<b>85.667</b>	<b>91.054</b>	<b>94.315</b>	<b>93.920</b>	<b>95.580</b>	<b>101.374</b>	<b>100.195</b>
Non-affiliate assets managed	39.531	35.650	38.052	37.501	42.917	45.176	49.587	54.977	57.361	37.060	42.966	44.000
<b>Total Assets Managed</b>	<b>\$119.536</b>	<b>\$110.682</b>	<b>\$115.921</b>	<b>\$114.920</b>	<b>\$127.397</b>	<b>\$130.844</b>	<b>\$140.641</b>	<b>\$149.292</b>	<b>\$151.281</b>	<b>\$132.640</b>	<b>\$144.340</b>	<b>\$145.195</b>
<b>Assets Managed by Advisor</b>												
Investment Management segment	\$48.742	\$43.362	\$46.495	\$45.718	\$52.456	\$55.129	\$62.794	\$67.075	\$69.643	\$49.076	\$56.029	\$58.000
(See page 28 for additional detail)												
DLIA-Corp	38.476	40.416	41.104	42.130	43.857	42.984	43.024	44.006	42.528	44.047	43.980	44.000
(Assets managed internally- see page 28)												
Lincoln (UK)	6.753	6.068	6.351	5.962	6.726	6.887	7.668	7.837	7.763	7.768	8.599	8.500
Policy Loans (within business units)	1.906	1.899	1.946	1.929	1.920	1.910	1.924	1.877	1.871	1.872	1.871	1.800

Non-LNC Affiliates

23.659 18.937 20.026 19.181 22.439 23.933 25.231 28.497 29.476 29.877 33.862 32.8

**Total Assets  
Managed**

\$119.536 \$110.682 \$115.921 \$114.920 \$127.397 \$130.844 \$140.641 \$149.292 \$151.281 \$132.640 \$144.340 \$145.8

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3/31/2005

*Consolidated Investment Data - Assets Managed (excluding Assets  
Managed by Delaware's London-based International Investment Unit)  
Unaudited [Billions of Dollars]*

<i>For the Year Ended December 31</i>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Assets Managed by Source</b>					
LNC's Investments and Cash					
Fixed maturity securities - available for sale	\$27.450	\$28.346	\$32.767	\$32.769	<b>\$34.701</b>
Equity securities - available for sale	0.550	0.470	0.337	0.199	<b>0.161</b>
Trading securities				3.120	<b>3.237</b>
Other investments	7.369	7.297	6.895	6.689	<b>6.408</b>
<b>Total LNC Investments</b>	<b>35.369</b>	<b>36.113</b>	<b>40.000</b>	<b>42.778</b>	<b>44.507</b>
Separate accounts	50.580	44.833	36.178	46.565	<b>55.205</b>
Cash and invested cash	1.927	3.095	1.691	1.711	<b>1.662</b>
<b>Total LNC</b>	<b>87.876</b>	<b>84.042</b>	<b>77.869</b>	<b>91.054</b>	<b>101.374</b>
Non-affiliate assets managed	29.891	26.679	26.159	31.842	<b>42.966</b>
<b>Total Assets Managed</b>	<b>\$117.767</b>	<b>\$110.721</b>	<b>\$104.028</b>	<b>\$122.896</b>	<b>\$144.340</b>



## Assets Managed by Advisor

Investment Management segment \$41.384 \$36.670 \$34.602 \$45.049 **\$56.029**

(See page 28A for additional detail)

DLIA-Corp 35.686 38.119 41.104 43.024 **43.980**

(Assets managed internally-see page 28A)

Lincoln (UK) 7.873 6.847 6.351 7.668 **8.599**

Policy Loans (within business units) 1.961 1.940 1.946 1.924 **1.871**

Non-LNC Affiliates 30.862 27.145 20.026 25.231 **33.862**

### Total Assets Managed

\$117.767 \$110.721 \$104.028 \$122.896 **\$144.340**

*For the Quarter Ended* **Jun 2002** **Sep 2002** **Dec 2002** **Mar 2003** **Jun 2003** **Sep 2003** **Dec 2003** **Mar 2004** **Jun 2004** **Sep 2004** **Dec 2004** **Mar 2005**

## Assets Managed by Source

LNC's Investments and Cash:

Fixed maturity securities  
- available for sale

\$29.725 \$32.037 \$32.767 \$33.887 \$35.355 \$35.384 \$32.769 \$33.667 \$32.808 \$34.223 \$34.701 **\$34.223**

Equity securities -  
available for sale

0.419 0.397 0.337 0.249 0.257 0.243 0.199 0.198 0.183 0.178 0.161 **0.155**

Trading securities

3.120 3.191 3.088 3.224 3.237 **3.200**

Other investments

7.016 6.928 6.895 6.872 6.980 6.796 6.689 6.446 6.284 6.302 6.408 **6.390**

Total LNC Investments	37.160	39.363	40.000	41.008	42.592	42.423	42.778	43.502	42.362	43.927	44.507	43.927
Separate accounts	40.580	34.069	36.178	34.775	39.943	41.283	46.565	48.558	49.344	49.658	55.205	55.305
Cash and invested cash	2.265	1.600	1.691	1.635	1.946	1.961	1.711	2.256	2.214	1.996	1.662	1.495
<b>Total LNC</b>	<b>80.005</b>	<b>75.031</b>	<b>77.869</b>	<b>77.419</b>	<b>84.480</b>	<b>85.667</b>	<b>91.054</b>	<b>94.315</b>	<b>93.920</b>	<b>95.580</b>	<b>101.374</b>	<b>100.727</b>
Non-affiliate assets managed	26.639	24.633	26.159	26.309	29.216	30.463	31.842	35.655	36.190	37.060	42.966	44.600
<b>Total Assets Managed</b>	<b>\$106.645</b>	<b>\$99.665</b>	<b>\$104.028</b>	<b>\$103.728</b>	<b>\$113.696</b>	<b>\$116.131</b>	<b>\$122.896</b>	<b>\$129.970</b>	<b>\$130.110</b>	<b>\$132.641</b>	<b>\$144.340</b>	<b>\$145.327</b>
<b>Assets Managed by Advisor</b>												
Investment Management segment	\$35.851	\$32.345	\$34.602	\$34.527	\$38.755	\$40.416	\$45.049	\$47.753	\$48.471	\$49.076	\$56.029	\$58.029
(See page 28A for additional detail)												
DLIA-Corp	38.476	40.416	41.104	42.130	43.857	42.984	43.024	44.006	42.528	44.047	43.980	44.200
(Assets managed internally- see page 28A)												
Lincoln (UK)	6.753	6.068	6.351	5.962	6.726	6.887	7.668	7.837	7.763	7.768	8.599	8.570
Policy Loans (within business units)	1.906	1.899	1.946	1.929	1.920	1.910	1.924	1.877	1.871	1.872	1.871	1.860

Non-LNC Affiliates

23.659 18.937 20.025 19.181 22.439 23.933 25.231 28.497 29.476 29.878 33.862 32.8

**Total Assets  
Managed**

\$106.645 \$99.665 \$104.028 \$103.728 \$113.696 \$116.131 \$122.896 \$129.970 \$130.110 \$132.641 \$144.340 **\$145.4**

NOTE: This page presents the assets under management roll-forward without the Investment Management segment's London-based international investment unit, which was sold in the third quarter of 2004 and resulted in the transfer of assets under management

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**Consolidated Investment Data**  
Unaudited [Millions of Dollars]

<i>For the Year Ended December 31</i>	2000	2001	2002	2003	2004
<b>Net Investment Income</b>					
Fixed maturity AFS securities	\$2,148.7	\$2,121.0	\$2,117.0	\$2,113.2	<b>\$2,005.7</b>
Equity AFS securities	19.5	17.6	15.4	12.3	<b>10.9</b>
Trading securities				46.5	<b>193.5</b>
Mortgage loans on real estate	373.8	374.5	356.8	338.3	<b>350.1</b>
Real estate	51.8	49.5	47.4	43.9	<b>26.9</b>
Policy loans	125.0	125.3	134.5	123.2	<b>119.8</b>
Invested cash	87.2	68.4	37.6	7.8	<b>32.2</b>
Other investments	66.8	69.4	16.3	48.8	<b>55.3</b>
Investment revenue	2,872.8	2,825.9	2,725.0	2,734.0	<b>2,794.4</b>
Investment expense	(88.7 )	(117.1 )	(93.1 )	(95.4 )	<b>(90.3 )</b>
<b>Net Investment Income</b>	<b>\$2,784.1</b>	<b>\$2,708.7</b>	<b>\$2,631.9</b>	<b>\$2,638.5</b>	<b>\$2,704.1</b>
Gross-up of Tax Exempt Income	7.8	7.2	7.5	7.7	<b>7.7</b>

Adjusted Net Investment Income	\$2,791.9	\$2,715.9	\$2,639.4	\$2,646.2	<b>\$2,711.8</b>
Mean Invested Assets (Amortized Cost)	\$37,471.3	\$37,616.9	\$38,828.5	\$41,042.8	<b>\$43,216.4</b>
Ratio of Adjusted Net Invest Income Over Mean Invested Assets	7.45	% 7.22	% 6.80	% 6.45	% <b>6.27</b>
<b>Investment Gains (Losses)</b>					
Realized Gains (Losses) on Investments	\$(17.5 )	\$(68.7 )	\$(177.2 )	\$(11.0 )	<b>\$(30.0 )</b>
Gains(Losses) on Derivatives		(4.9 )	0.8	(1.6 )	<b>(7.4 )</b>
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	477.7	183.7	557.6	39.8	<b>29.8</b>
Incr (Decr) on Derivatives		21.4	24.4	(6.3 )	<b>(8.1 )</b>
Securities Available-for-Sale					
[Billions of Dollars]					
Fixed Maturity Sec (Fair Value)	27.450	28.346	32.767	35.887	<b>37.936</b>
Fixed Maturity Sec (Amortized Cost)	27.373	27.956	31.103	33.743	<b>35.692</b>
Equity Securities (Fair Value)	0.550	0.470	0.337	0.201	<b>0.163</b>

Equity Securities (Amortized Cost)	0.458	0.444	0.334	0.176	<b>0.148</b>
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**% of Fixed Maturity Securities  
(Based on Fair Value)**

Treasuries and AAA	22.1	%	17.2	%	20.1	%	22.8	%	<b>23.5</b>	%
AA or better	29.2	%	23.6	%	25.8	%	29.3	%	<b>29.9</b>	%
BB or less	6.7	%	8.3	%	6.6	%	6.8	%	<b>7.0</b>	%

<i>For the Quarter Ended</i>	<b>Mar 2003</b>	<b>Jun 2003</b>	<b>Sep 2003</b>	<b>Dec 2003</b>	<b>Mar 2004</b>	<b>Jun 2004</b>	<b>Sep 2004</b>	<b>Dec 2004</b>	<b>Mar 2005</b>
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**Net Investment Income**

Fixed maturity AFS securities	\$542.3	\$546.8	\$536.6	\$487.5	\$493.0	\$496.4	\$501.5	\$514.8	<b>\$505.1</b>
Equity AFS securities	2.8	2.9	3.9	2.7	2.4	2.0	2.2	4.4	<b>1.8</b>
Trading securities				46.5	47.5	48.6	47.7	49.7	<b>47.6</b>
Mortgage loans on real estate	81.6	84.3	94.5	77.9	100.4	92.1	83.8	73.8	<b>70.9</b>
Real estate	10.7	10.0	10.0	13.2	7.6	5.9	8.0	5.4	<b>4.3</b>
Policy loans	30.9	30.6	30.9	30.8	29.2	29.6	29.7	31.3	<b>29.6</b>
Invested cash	4.5	(1.7 )	3.2	1.7	3.5	5.2	5.6	17.9	<b>12.7</b>
Other investments	8.2	10.7	8.9	20.9	15.0	23.8	14.0	2.4	<b>13.5</b>
Investment revenue	681.0	683.5	688.2	681.3	698.6	703.6	692.4	699.8	<b>685.6</b>

Investment expense	(26.3 )	(23.3 )	(23.8 )	(22.1 )	(21.0 )	(20.5 )	(23.0 )	(25.7 )	(25.8 )
<b>Net Investment Income</b>	\$654.6	\$660.2	\$664.4	\$659.2	\$677.5	\$683.1	\$669.4	\$674.1	<b>\$659.8</b>
Gross-up of Tax Exempt Income	1.7	1.8	2.3	1.8	1.7	1.6	1.7	2.6	1.6
Adjusted Net Invest Income	\$656.4	\$662.0	\$666.8	\$661.0	\$679.3	\$684.8	\$671.1	\$676.6	<b>\$661.4</b>
Mean Invested Assets (Amortized Cost)	\$39,733.1	\$40,342.2	\$41,597.9	\$41,999.1	\$42,615.7	\$42,987.4	\$43,499.3	\$43,763.4	<b>\$44,268.5</b>
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	6.61 %	6.56 %	6.41 %	6.30 %	6.38 %	6.37 %	6.17 %	6.18 %	<b>5.98 %</b>
<b>Investment Gains (Losses)</b>									
Realized Gains (Losses) on Investments	(58.2 )	(1.1 )	6.4	42.0	(7.9 )	(11.6 )	(14.5 )	3.9	<b>(6.0 )</b>
Gains (Losses) on Derivatives	(1.2 )	(0.6 )	5.9	(5.7 )	(2.5 )	(1.8 )	(3.4 )	0.3	<b>1.4</b>
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(64.3 )	245.9	(313.4 )	(11.4 )	244.9	(626.0 )	368.1	42.8	<b>(240.0 )</b>
Incr (Decr) on Derivatives	1.0	3.8	(5.6 )	(1.1 )	6.9	(10.5 )	1.3	(5.8 )	<b>(6.3 )</b>
Available-for-Sale and Trading Securities									

[Billions of Dollars]

Fixed Maturity Sec (Fair Value)	33.887	35.355	35.384	35.887	36.856	35.894	37.444	37.936	<b>37.429</b>
Fixed Maturity Sec (Amortized Cost)	31.905	32.257	32.896	33.743	34.031	34.648	35.256	35.692	<b>35.849</b>
Equity Securities (Fair Value)	0.249	0.257	0.243	0.201	0.200	0.185	0.180	0.163	<b>0.157</b>
Equity Securities (Amortized Cost)	0.241	0.244	0.223	0.176	0.171	0.162	0.156	0.148	<b>0.145</b>
<b><i>% of Fixed Maturity Securities (Based on Fair Value)</i></b>									
Treasuries and AAA	20.1	% 19.5	% 20.4	% 22.8	% 23.4	% 23.3	% 23.6	% 23.5	% <b>24.4</b>
AA or better	25.7	% 25.1	% 26.4	% 29.3	% 29.6	% 29.5	% 29.7	% 29.9	% <b>32.2</b>
BB or less	6.6	% 6.6	% 6.9	% 6.8	% 6.9	% 7.1	% 6.9	% 7.0	% <b>6.2</b>

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

<i>For the Year Ended December 31</i>	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Common Stock [1]</b>										
Highest Price	\$22.188	\$26.875	\$28.500	\$39.063	\$49.438	\$57.500	\$56.375	\$52.750	\$53.650	\$41.375
Lowest Price	17.313	17.313	20.375	24.500	33.500	36.000	22.625	38.000	25.150	\$24.375
<b>Closing Price</b>	<b>17.500</b>	<b>26.875</b>	<b>26.250</b>	<b>39.063</b>	<b>40.907</b>	<b>40.000</b>	<b>47.313</b>	<b>48.570</b>	<b>31.580</b>	<b>\$40.375</b>
Dividend Payout Ratio [2]	51.0 %	39.7 %	38.2 %	22.8 %	43.9 %	50.5 %	38.3 %	44.9 %	273.5 %	49.1 %
Yield [3]	4.9 %	3.4 %	3.7 %	2.7 %	2.7 %	2.9 %	2.6 %	2.6 %	4.2 %	3.5 %
<b>Preferred Stock Dividend (Millions)</b>	\$17.119	\$8.644	\$0.112	\$0.106	\$0.100	\$0.089	\$0.078	\$0.071	\$0.061	\$0.050
<b>Debt: (End of Period)</b>										
Senior Debt Ratings										
A.M. Best							a	a	a	a-
Fitch	AA-	AA-	AA-	AA-	A+	A+	A+	A+	A	A
Moody' s	A1	A2	A2	A2	A2	A2	A3	A3	A3	A3
Standard and Poors	A+	A	A	A	A-	A-	A-	A-	A-	A-

**Claims Paying Ratings:**

Lincoln Life - A.M. Best	A+	A+	A+	A+	A	A	A	A	A+	A+
Lincoln Life - Fitch	AAA	AA+	AA+	AA+	AA+	AA+	AA	AA	AA	AA
Lincoln Life - Moody' s	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A+	A+	A+	A+	A	A	A	A	A+	A+
First Penn - Fitch				AA+	AA+	AA+	AA	AA	AA	AA
First Penn - Moody' s				A1	A1	A1	A1	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	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
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-
<b>Ratios</b>										
Debt to Total Capitalization [4]	19.9 %	22.8 %	18.8 %	17.0 %	21.2 %	23.2 %	20.8 %	21.3 %	23.4 %	20.7 %

## Debt to Equity [4]

24.9 % 29.5 % 23.1 % 20.5 % 26.9 % 30.3 % 26.3 % 27.0 % 30.5 % 26.1

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004
<i>For the Quarter Ended</i>											

**Common Stock:**

## Highest Price

	\$52.540	\$42.080	\$35.950	\$35.700	\$37.500	\$38.640	\$41.320	\$48.870	\$50.380	\$47.500	\$48.700
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## Lowest Price

	40.750	29.120	25.150	24.730	27.870	34.630	35.410	40.060	43.260	41.900	40.700
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**Closing Price**

	42.000	30.550	31.580	28.000	35.630	35.380	40.370	47.320	47.250	47.000	46.000
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## Yield [3]

	3.0 %	4.2 %	4.2 %	4.8 %	3.8 %	3.8 %	3.5 %	3.0 %	3.0 %	3.0 %	3.1 %
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**Preferred Stock Dividend  
(Millions)**

	\$0.016	\$0.015	\$0.015	\$0.015	\$0.014	\$0.016	\$0.014	\$0.013	\$0.013	\$0.013	\$0.013
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**Debt: (End of Period)**

## Senior Debt Ratings

## A.M. Best

	a	a	a	a	a	a	a-	a-	a-	a-	a-
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## Fitch

	A+	A	A	A	A	A	A	A	A	A	A
--	----	---	---	---	---	---	---	---	---	---	---

## Moody' s

	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3
--	----	----	----	----	----	----	----	----	----	----	----

## Standard and Poors

	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-
--	----	----	----	----	----	----	----	----	----	----	----

**Claims Paying Ratings:**

## Lincoln Life - A.M. Best

	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+
--	----	----	----	----	----	----	----	----	----	----	----

## Lincoln Life - Fitch

	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA
--	----	----	----	----	----	----	----	----	----	----	----

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

## Ratios

Debt to Total Capitalization [4]	22.5	%	23.0	%	23.4	%	23.1	%	22.3	%	21.5	%	20.7	%	22.8	%	22.6	%	22.0	%	20.9
Debt to Equity [4]	29.0	%	29.9	%	30.5	%	<u>30.0</u>	%	28.7	%	27.5	%	26.1	%	29.5	%	29.1	%	28.1	%	26.3

\* Rating based on affiliation with Lincoln Life

[1] Stock prices include the 2-for-1split in June 1999

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

[4] Equity used in calculation excludes accumulated other comprehensive income (loss). Junior subordinated debentures issued to affiliated trusts (hybrid securities) are considered 50% debt and 50% equity.

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