
Lincoln Financial Group Profitable So Far in 2010

By Editor Test *Wed, May 5, 2010*

The Individual Annuities segment reported operating income of \$119 million in the first quarter of 2010, up from \$74 million a year ago, reflecting a 34% increase in average annuity account values.

Lincoln Financial Group net income for the first quarter of 2010 of \$283 million, including net realized losses of \$27 million, compared to a net loss in the first quarter of 2009 of \$579 million, which included net realized losses of \$136 million.

The current quarter included income from discontinued operations of \$28 million, including a gain on the disposition of Lincoln UK and Delaware Investments. The first quarter of 2009 included a non-cash charge of \$600 million, after tax, for the impairment of goodwill in the annuity business.

The Individual Annuities segment reported operating income of \$119 million in the first quarter of 2010, up from \$74 million a year ago, reflecting a 34% increase in average annuity account values. The first quarter of 2010 included a net positive after-tax impact of approximately \$21 million, primarily from DAC unlocking.

Gross annuity deposits were \$2.3 billion and net flows were \$575 million, up 4% and 34%, respectively, versus the prior year.

Income from Defined Contribution operations was \$36 million, up from \$30 million a year ago, reflecting a 26% increase in the average account values.

Gross deposits of \$1.3 billion were down 16% versus the prior year quarter. Total net flows in the current quarter were \$109 million, down from \$657 million in the 2009 quarter. The year-over-year declines are primarily attributable to the timing of the placement of a few large cases.

The first quarter income from operations was \$276 million, up from \$163 million in the first quarter of 2009. Income from operations in the current quarter reflected growth in average variable account values driven by positive net flows and improvement in equity markets, favorable unlocking of deferred acquisition costs ("DAC") in the annuity business and unfavorable mortality in the individual and group life businesses.

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