

LINCOLN NATIONAL CORP

Form 11-K

March 30, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 11-K** ANNUAL REPORT

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

For the fiscal year ended December 31, 2003

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY  
AGENTS SAVINGS AND PROFIT-SHARING PLAN

(Full title of the Plan)

[Current Registration Number 33-04711]

Lincoln National Corporation

1500 Market Street, Suite 3900  
Centre Square West Tower  
Philadelphia, PA 19102

(Name of Issuer and principal executive office)

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Financial Statements

**The Lincoln National Life Insurance Company**  
**Agents Savings and Profit-Sharing Plan**

*Years ended December 31, 2003, 2002, and 2001 with Report of Independent Auditors*

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**The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan**

**Financial Statements and Supplemental Schedule**

Years ended December 31, 2003, 2002, and 2001

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**Report of Independent Auditors**

Lincoln National Corporation Plan Administrator  
Lincoln National Corporation

We have audited the accompanying statements of net assets available for plan benefits of The Lincoln National Life Insurance Company Agents Savings and Profit-Sharing Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of The Lincoln National Life Insurance Company Agents Savings and Profit-Sharing Plan at December 31, 2003 and 2002, and the changes in its net assets available for plan benefits for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003 is presented for purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania  
March 16, 2004

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Statements of Net Assets Available for Plan Benefits

|   | December 31          |                      |
|---|----------------------|----------------------|
|   | 2003                 | 2002                 |
| <b>Assets</b>   |                      |                      |
| Investments:  |                      |                      |
| Common stock Lincoln National Corporation (cost:<br>2003 \$43,488,868; 2002 \$47,412,802)   | \$ 54,523,924        | \$ 47,322,819        |
| Wells Fargo Bank Short-Term Investment Fund   | 1,629,309            | 1,396,626            |
| Pooled separate accounts The Lincoln National Life<br>Insurance Company Separate Accounts (cost:<br>2003 \$62,467,176; 2002 \$62,674,128) | 81,529,299           | 63,805,780           |
| Investment contracts The Lincoln National Life<br>Insurance Company   | 15,955,401           | 15,383,328           |
| Participant loans   | 4,218,026            | 4,149,421            |
|   | <hr/>                | <hr/>                |
| Total Investments   | 157,855,959          | 132,057,974          |
| Accrued interest receivable   | 1,328                | 1,961                |
| Due from broker   | 50,997               |                      |
| Contributions receivable from participant deferrals   | 232,518              | 185,765              |
| Contributions receivable from Employer<br>companies   | 3,946,241            | 234,230              |
|   | <hr/>                | <hr/>                |
| Total assets  | 162,087,043          | 132,479,930          |
|   | <hr/>                | <hr/>                |
| <b>Liabilities</b>  |                      |                      |
| Due to broker   |                      | 215,477              |
|   | <hr/>                | <hr/>                |
| Total liabilities   |                      | 215,477              |
|   | <hr/>                | <hr/>                |
| Net assets available for plan benefits  | <b>\$162,087,043</b> | <b>\$132,264,453</b> |
|   | <hr/>                | <hr/>                |

*See accompanying notes.*



The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Statements of Changes in Net Assets Available for Plan Benefits

|  | Year ended December 31 |                    |                    |
|--|------------------------|--------------------|--------------------|
|  | 2003                   | 2002               | 2001               |
| Investment income:   |                        |                    |                    |
| Cash dividends Lincoln National Corporation  | \$ 1,924,171           | \$ 1,954,337       | \$ 2,023,000       |
| Interest:  |                        |                    |                    |
| The Lincoln National Life Insurance Company  | 638,100                | 677,376            | 871,198            |
| Other  | 275,985                | 371,221            | 432,431            |
|  | <u>914,085</u>         | <u>1,048,597</u>   | <u>1,303,629</u>   |
|  | 2,838,256              | 3,002,934          | 3,326,629          |
| Net realized gain (loss) on sale and distributions of investments:                     |                        |                    |                    |
| Common stock Lincoln National Corporation  | 1,563,498              | 4,050,730          | 4,871,991          |
| Pooled separate accounts The Lincoln National Life Insurance Company Separate Accounts | (1,040,533)            | (2,592,752)        | (626,764)          |
|  | <u>522,965</u>         | <u>1,457,978</u>   | <u>4,245,227</u>   |
| Net unrealized appreciation (depreciation) of investments                              | 29,055,510             | (41,836,079)       | (16,443,315)       |
| Contributions:   |                        |                    |                    |
| Participants   | 6,280,189              | 6,068,580          | 6,244,407          |
| Employer companies   | 6,056,534              | 2,258,564          | 1,756,656          |
|  | <u>12,336,723</u>      | <u>8,327,144</u>   | <u>8,001,063</u>   |
| Transfers from (to) affiliated plans   | 285,051                | (42,253)           | (9,410,752)        |
| Distributions to participants  | (15,112,736)           | (13,242,739)       | (15,811,537)       |
| Administrative expenses  | (103,179)              | (106,837)          | (123,858)          |
|  | <u>12,336,723</u>      | <u>8,327,144</u>   | <u>8,001,063</u>   |
| Net increase (decrease) in net assets available for plan benefits                      | 29,822,590             | (42,439,852)       | (26,216,543)       |
|  | <u>132,264,453</u>     | <u>174,704,305</u> | <u>200,920,848</u> |



|   |                      |               |               |
|---|----------------------|---------------|---------------|
| Net assets available for plan benefits at beginning of the year | _____                | _____         | _____         |
| Net assets available for plan benefits at end of the year       | <b>\$162,087,043</b> | \$132,264,453 | \$174,704,305 |

*See accompanying notes.*

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements

December 31, 2003

## 1. Significant Accounting Policies

### Investments

The investment in Lincoln National Corporation ( LNC ) common stock is valued at the last reported sales price per the national securities exchange on the last business day of the year.

The Wells Fargo Bank Short-Term Investment Fund is valued at cost, which approximates fair value.

The fair value of participation units in pooled separate accounts is based on quoted redemption value on the last business day of the year.

The investment contracts are valued at contract value as estimated by The Lincoln National Life Insurance Company ( Lincoln Life or Employer ). Contract value represents net contributions plus interest at the contract rate. The contracts are fully benefit responsive.

Participant loans are valued at their outstanding balances, which approximate fair value.

The cost of investments sold or distributed is determined using the specific identification method.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. Description of the Plan

The Lincoln National Life Insurance Company Agents Savings and Profit-Sharing Plan ( Plan ) is a contributory, defined contribution plan which covers eligible agents of Lincoln Life and other participating agents who are employed by Lincoln Life. Any person who is a full-time agent of Lincoln Life is eligible to enroll in the Plan. A participant may make pre-tax contributions at a rate of at least 1%, but not more than 15% of eligible earnings, up to a maximum annual amount as determined and adjusted annually by the Internal Revenue Service ( IRS ).

During 2001, Plan assets relating to the former employees of Sagemark were transferred into another affiliated Plan of Lincoln Life, in the amount of \$9,410,752

Participants direct the Plan to invest their contributions and the guaranteed Employer contributions in any combination of the investment options as described in *Note 4*. Prior to April 1, 2002, discretionary Employer contributions were required to be invested in the LNC Common Stock Fund. Effective April 1, 2002, participants could immediately direct the investment of the discretionary Employer contributions to other funds.



The Lincoln National Life Insurance Company  
 Agents' Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**2. Description of the Plan (continued)**

Employer contributions to the Plan are based on an amount equal to a participant's contributions, not to exceed 6% of eligible earnings, multiplied by a percentage, ranging from 50% to 150%, which is based on LNC's increase in operating income.

Participants' contributions are fully vested. Employer contributions vest based upon years of service as defined in the Plan agreement as follows:

| <u>Years of Service</u> | <u>Percent Vested</u> |
|-------------------------|-----------------------|
| 1                       | 0%                    |
| 2                       | 50%                   |
| 3 or more               | 100%                  |

The Employer has the right to discontinue contributions at any time and terminate the Plan. In the event of termination of the Plan, all amounts allocated to participants' accounts shall become vested.

The Plan allows loans to participants in amounts up to 50% of the vested account value to a maximum of \$50,000 but not more than the total value of the participant's accounts excluding Employer contributions that haven't been in the Plan for two full years, less the highest outstanding loan balance in the previous twelve month period.

Upon termination of service due to disability or retirement, a participant or beneficiary, in case of the participant's death, may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a five-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Vested account balances less than \$5,000 are immediately distributable under the terms of the Plan, without the Participant's consent, unless a timely election of rollover to an IRA or another qualified plan has been made.

Each participant's account is credited with the participant's contributions, matching contributions from the Employer and allocations of Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Forfeited non-vested amounts are used to reduce future Employer contributions.

The Plan invests in various investments that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

### 3. Investments

The following is a summary of assets held for investment:

|  | December 31, 2003                          |                      | December 31, 2002                          |               |                 |
|--|--|----------------------|--|---------------|-----------------|
|  | Number of<br>Shares, Units<br>or Par Value | Fair<br>Value        | Number of<br>Shares, Units<br>or Par Value | Fair<br>Value |                 |
| <b>Quoted Market Values</b>  |  |                      |  |               |                 |
| Common stock LNC<br>Pooled separate account<br>investment contracts<br>underwritten by Lincoln Life: | <b>1,350,605</b>                           | <b>\$ 54,523,924</b> | *  | 1,498,506     | \$ 47,322,819 * |
| Core Equity Fund   | <b>957,140.858</b>                         | <b>12,133,579</b>    | *  | 954,956.965   | 9,325,441 *     |
| Medium Capitalization Equity<br>Fund   | <b>864,898.815</b>                         | <b>9,452,047</b>     | *  | 818,731.445   | 6,729,972 *     |
| Short Term Fund  | <b>1,539,780.100</b>                       | <b>5,616,810</b>     |  | 2,388,799.176 | 8,643,870 *     |
| Government/Corporate Bond<br>Fund  | <b>281,100.440</b>                         | <b>2,311,461</b>     |  | 336,368.921   | 2,542,747       |
| Large Capitalization Equity<br>Fund  | <b>1,242,408.641</b>                       | <b>10,116,809</b>    | *  | 1,316,490.767 | 8,643,025 *     |
| Balanced Fund  | <b>221,520.392</b>                         | <b>1,555,405</b>     |  | 219,595.706   | 1,271,415       |
| High Yield Bond Fund   | <b>677,534.414</b>                         | <b>2,268,995</b>     |  | 510,776.918   | 1,325,261       |
| Small Capitalization Equity<br>Fund  | <b>1,410,390.044</b>                       | <b>9,851,575</b>     | *  | 1,486,056.176 | 7,656,013 *     |
| Value Equity Fund  | <b>2,115,372.390</b>                       | <b>4,636,896</b>     |  | 2,108,481.408 | 3,643,245       |
| International Equity Fund  | <b>932,529.673</b>                         | <b>6,704,888</b>     |  | 856,385.074   | 4,326,372       |
| Conservative Balanced Fund   | <b>221,093.519</b>                         | <b>434,050</b>       |  | 218,189.490   | 382,268         |
| Aggressive Balanced Fund   | <b>275,088.192</b>                         | <b>587,726</b>       |  | 185,948.674   | 317,693         |
| Delaware Growth and Income<br>Fund   | <b>649,762.829</b>                         | <b>993,292</b>       |  | 410,902.398   | 493,329         |
| Scudder VIT Equity 500 Index<br>Fund   | <b>3,871,959.676</b>                       | <b>3,529,291</b>     |  | 2,612,449.526 | 1,861,370       |
| Fidelity VIP Contrafund  | <b>2,917,953.594</b>                       | <b>3,166,855</b>     |  | 2,155,409.188 | 1,825,200       |
| Neuberger-Berman AMT<br>Regency Fund   | <b>1,224,187.180</b>                       | <b>1,429,483</b>     |  | 1,153,223.566 | 992,810         |
| Social Awareness Fund  | <b>1,152,697.791</b>                       | <b>1,090,452</b>     |  | 459,948.576   | 330,565         |
| Janus Aspen Series Worldwide<br>Growth Fund  | <b>1,520,723.497</b>                       | <b>1,315,274</b>     |  | 2,198,999.953 | 1,536,221       |
| Neuberger Berman Mid-Cap<br>Growth Fund  | <b>1,506,601.361</b>                       | <b>1,387,881</b>     |  | 1,492,950.088 | 1,075,521       |

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|   |                      |                             |             |                             |
|---|----------------------|-----------------------------|-------------|-----------------------------|
| Scudder VIT Small Cap Index Fund                  | <b>1,559,466.488</b> | <b>2,064,734</b>            | 753,643.462 | 682,500                     |
| Janus Aspen Growth Fund                           | <b>38,684.997</b>    | <b>351,608</b>              | 13,467.484  | 93,370                      |
| Fidelity VIP Overseas Fund                        | <b>49,003.881</b>    | <b>530,188</b>              | 14,179.022  | 107,572                     |
|   |                      | <u>                    </u> |             | <u>                    </u> |
| Total pooled separate accounts                    |                      | <b>81,529,299</b>           |             | 63,805,780                  |
| <b>Contract Values</b>                            |                      |                             |             |                             |
| Investment contracts underwritten by Lincoln Life | <b>15,955,401</b>    | <b>15,955,401</b>           | *           | 15,383,328                  |
|   |                      |                             |             | 15,383,328                  |
| <b>Estimated Values</b>                           |                      |                             |             |                             |
| Wells Fargo Bank short-term investment fund       | <b>1,629,309</b>     | <b>1,629,309</b>            | 1,396,626   | 1,396,626                   |
| Participants loans                                | <b>4,218,026</b>     | <b>4,218,026</b>            | 4,149,421   | 4,149,421                   |
|   |                      | <u>                    </u> |             | <u>                    </u> |
| Total investments                                 |                      | <b>\$157,855,959</b>        |             | <b>\$132,057,974</b>        |
|   |                      | <u>                    </u> |             | <u>                    </u> |

\* Investments that represent 5% or more of the fair value of net assets available for benefits as of the indicated date.

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**3. Investments (continued)**

Net realized gain (loss) on sale and distributions of investments is summarized as follows:

|  | <b>Year ended December 31</b> |                   |                   |
|--|-------------------------------|-------------------|-------------------|
|  | <b>2003</b>                   | <b>2002</b>       | <b>2001</b>       |
|  | <u>          </u>             | <u>          </u> | <u>          </u> |
| <b>Common stock</b>  |                               |                   |                   |
| Proceeds from disposition of stock                                     | <b>\$ 6,636,009</b>           | \$ 9,787,848      | \$10,870,074      |
| Cost of stock disposed   | <b>5,072,511</b>              | 5,737,118         | 5,998,083         |
|  | <u>          </u>             | <u>          </u> | <u>          </u> |
| Net realized gain on sale and distribution of common stock             | <b>\$ 1,563,498</b>           | \$ 4,050,730      | \$ 4,871,991      |
|  | <u>          </u>             | <u>          </u> | <u>          </u> |
| <b>Pooled separate accounts</b>  |                               |                   |                   |
| Proceeds from disposition of units                                     | <b>\$33,001,417</b>           | \$38,447,890      | \$49,062,442      |
| Cost of units disposed   | <b>34,041,950</b>             | 41,040,642        | 49,689,206        |
|  | <u>          </u>             | <u>          </u> | <u>          </u> |
| Net realized loss on sale and distribution of pooled separate accounts | <b>\$ (1,040,533)</b>         | \$ (2,592,752)    | \$ (626,764)      |
|  | <u>          </u>             | <u>          </u> | <u>          </u> |

The net change in unrealized appreciation (depreciation) of investments in total and by investment classification as determined by quoted market price is summarized as follows:

|   | <b>Year ended December 31</b> |                   |                   |
|---|-------------------------------|-------------------|-------------------|
|   | <b>2003</b>                   | <b>2002</b>       | <b>2001</b>       |
|   | <u>          </u>             | <u>          </u> | <u>          </u> |
| Fair value in excess of cost:                                       |                               |                   |                   |
| At beginning of the year  | <b>\$ 1,041,669</b>           | \$ 42,877,748     | \$ 59,321,063     |
| At end of the year  | <b>30,097,179</b>             | 1,041,669         | 42,877,748        |
|   | <u>          </u>             | <u>          </u> | <u>          </u> |
| Change in net unrealized appreciation (depreciation) of investments | <b>\$29,055,510</b>           | \$(41,836,079)    | \$(16,443,315)    |
|   | <u>          </u>             | <u>          </u> | <u>          </u> |





The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

#### 4. Investment Options

The detail of the net assets available for plan benefits by investment option is as follows:

| December 31, 2003                                   | Investment Options |              |    |              |              |             |             |
|---|--------------------|--------------|----|--------------|--------------|-------------|-------------|
|   | Total              | 1            | 2  | 3            | 4            | 5           | 6           |
| <b>Assets</b>                                       |                    |              |    |              |              |             |             |
| Investments:  |                    |              |    |              |              |             |             |
| Common stock  | \$ 54,523,924      | \$54,523,924 | \$ | \$           | \$           | \$          | \$          |
| Short-term investment fund                          | 1,629,309          | 1,629,309    |    |              |              |             |             |
| Pooled separate accounts                            | 81,529,299         |              |    |              | 12,133,579   | 9,452,047   | 5,616,810   |
| Investment contracts                                | 15,955,401         |              |    | 15,955,401   |              |             |             |
| Participant loans                                   | 4,218,026          |              |    |              |              |             |             |
| Total investments                                   | 157,855,959        | 56,153,233   |    | 15,955,401   | 12,133,579   | 9,452,047   | 5,616,810   |
| Accrued interest receivable                         | 1,328              | 1,328        |    |              |              |             |             |
| Due (to) from broker                                | 50,997             |              |    | (7,346)      | (31,698)     | 22,419      | (15,628)    |
| Contributions receivable from participant deferrals | 232,518            | 232,518      |    |              |              |             |             |
| Contributions receivable from Employer companies    | 3,946,241          | 3,946,241    |    |              |              |             |             |
| Net assets available for plan benefits              | \$162,087,043      | \$60,333,320 | \$ | \$15,948,055 | \$12,101,881 | \$9,474,466 | \$5,601,182 |

| December 31, 2003 | Investment Options |   |   |    |    |    |    |
|-------------------|--------------------|---|---|----|----|----|----|
|                   | 7                  | 8 | 9 | 10 | 11 | 12 | 13 |
| <b>Assets</b>     |                    |   |   |    |    |    |    |
| Investments:      |                    |   |   |    |    |    |    |

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|                       | \$                | \$                | \$                | \$                | \$                | \$                | \$                |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Common stock          |                   |                   |                   |                   |                   |                   |                   |
| Short-term            |                   |                   |                   |                   |                   |                   |                   |
| investment fund       |                   |                   |                   |                   |                   |                   |                   |
| Pooled separate       |                   |                   |                   |                   |                   |                   |                   |
| accounts              | 2,311,461         | 10,116,809        | 1,555,405         | 2,268,995         | 9,851,575         | 4,636,896         | 6,704,888         |
| Investment contracts  |                   |                   |                   |                   |                   |                   |                   |
| Participant loans     |                   |                   |                   |                   |                   |                   |                   |
|                       | _____             | _____             | _____             | _____             | _____             | _____             | _____             |
| Total investments     | 2,311,461         | 10,116,809        | 1,555,405         | 2,268,995         | 9,851,575         | 4,636,896         | 6,704,888         |
| Accrued interest      |                   |                   |                   |                   |                   |                   |                   |
| receivable            |                   |                   |                   |                   |                   |                   |                   |
| Due (to) from broker  | (3,469)           | (29,148)          | (5,955)           | (11,070)          | 56,547            | 35,557            | 1,638             |
| Contributions         |                   |                   |                   |                   |                   |                   |                   |
| receivable from       |                   |                   |                   |                   |                   |                   |                   |
| participant deferrals |                   |                   |                   |                   |                   |                   |                   |
| Contributions         |                   |                   |                   |                   |                   |                   |                   |
| receivable from       |                   |                   |                   |                   |                   |                   |                   |
| Employer companies    |                   |                   |                   |                   |                   |                   |                   |
|                       | _____             | _____             | _____             | _____             | _____             | _____             | _____             |
| Net assets available  |                   |                   |                   |                   |                   |                   |                   |
| for plan benefits     | \$2,307,992       | \$10,087,661      | \$1,549,450       | \$2,257,925       | \$9,908,122       | \$4,672,453       | \$6,706,526       |
|                       | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the net assets available for plan benefits by investment option is as follows:

| December 31, 2003                                   | Investment Options |           |           |             |             |    |             |             |
|---|--------------------|-----------|-----------|-------------|-------------|----|-------------|-------------|
|   | 14                 | 15        | 16        | 17          | 18          | 19 | 20          | 21          |
| <b>Assets</b>                                       |                    |           |           |             |             |    |             |             |
| Investments:  |                    |           |           |             |             |    |             |             |
| Common stock  | \$                 | \$        | \$        | \$          | \$          | \$ | \$          | \$          |
| Short-term investment fund                          |                    |           |           |             |             |    |             |             |
| Pooled separate accounts                            | 434,050            | 587,726   | 993,292   | 3,529,291   | 3,166,855   |    | 1,429,483   | 1,090,452   |
| Investment contracts                                |                    |           |           |             |             |    |             |             |
| Participant loans                                   |                    |           |           |             |             | -  |             |             |
| Total investments                                   | 434,050            | 587,726   | 993,292   | 3,529,291   | 3,166,855   |    | 1,429,483   | 1,090,452   |
| Accrued interest receivable                         |                    |           |           |             |             |    |             |             |
| Due (to) from broker                                | (242)              | (3,040)   | (3,281)   | (2,717)     | (7,609)     |    | 280         | (22,441)    |
| Contributions receivable from participant deferrals |                    |           |           |             |             |    |             |             |
| Contributions receivable from Employer companies    |                    |           |           |             |             | -  |             |             |
| Net assets available for plan benefits              | \$433,808          | \$584,686 | \$990,011 | \$3,526,574 | \$3,159,246 | \$ | \$1,429,763 | \$1,068,011 |

| December 31, 2003 | Investment Options |    |    |    |    |    |    |       |
|-------------------|--------------------|----|----|----|----|----|----|-------|
|                   | 22                 | 23 | 24 | 25 | 26 | 27 | 28 | Loans |
| <b>Assets</b>     |                    |    |    |    |    |    |    |       |
| Investments:      |                    |    |    |    |    |    |    |       |

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|   |    |             |             |             |           |           |             |
|---|----|-------------|-------------|-------------|-----------|-----------|-------------|
| Common stock  | \$ | \$          | \$          | \$          | \$        | \$        | \$          |
| Short-term investment fund                          |    |             |             |             |           |           |             |
| Pooled separate accounts                            |    | 1,315,274   | 1,387,881   | 2,064,734   | 351,608   | 530,188   |             |
| Investment contracts                                |    |             |             |             |           |           |             |
| Participant loans                                   | -  |             | -           |             |           |           | 4,218,026   |
| Total investments                                   |    | 1,315,274   | 1,387,881   | 2,064,734   | 351,608   | 530,188   | 4,218,026   |
| Accrued interest receivable                         |    |             |             |             |           |           |             |
| Due (to) from broker                                |    | 27,695      | 54,112      | (2,623)     |           | (984)     |             |
| Contributions receivable from participant deferrals |    |             |             |             |           |           |             |
| Contributions receivable from Employer companies    | -  |             | -           |             |           |           |             |
| Net assets available for plan benefits              | \$ | \$1,342,969 | \$1,441,993 | \$2,062,111 | \$351,608 | \$529,204 | \$4,218,026 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the net assets available for plan benefits by investment option is as follows:

| December 31, 2002                                   | Investment Options |              |    |            |           |           |           |
|---|--------------------|--------------|----|------------|-----------|-----------|-----------|
|   | Total              | 1            | 2  | 3          | 4         | 5         | 6         |
| <b>Assets</b>                                       |                    |              |    |            |           |           |           |
| Investments:  |                    |              |    |            |           |           |           |
| Common stock  | \$ 47,322,819      | \$47,322,819 | \$ | \$         | \$        | \$        | \$        |
| Short-term investment fund                          | 1,396,626          | 1,396,626    |    |            |           |           |           |
| Pooled separate accounts                            | 63,805,780         |              |    |            | 9,325,441 | 6,729,972 | 8,643,870 |
| Investment contracts                                | 15,383,328         |              |    | 15,383,328 |           |           |           |
| Participant loans                                   | 4,149,421          |              |    |            |           |           |           |
|   | <hr/>              | <hr/>        | -  | <hr/>      | <hr/>     | <hr/>     | <hr/>     |
| Total investments                                   | 132,057,974        | 48,719,445   |    | 15,383,328 | 9,325,441 | 6,729,972 | 8,643,870 |
| Accrued interest receivable                         | 1,961              | 1,961        |    |            |           |           |           |
| Contributions receivable from participant deferrals | 185,765            | 185,765      |    |            |           |           |           |
| Contributions receivable from Employer companies    | 234,230            | 234,230      |    |            |           |           |           |
|   | <hr/>              | <hr/>        | -  | <hr/>      | <hr/>     | <hr/>     | <hr/>     |
| Total assets  | 132,479,930        | 49,141,401   |    | 15,383,328 | 9,325,441 | 6,729,972 | 8,643,870 |
|   | <hr/>              | <hr/>        | -  | <hr/>      | <hr/>     | <hr/>     | <hr/>     |
| <b>Liabilities</b>                                  |                    |              |    |            |           |           |           |
| Due to (from) broker - Pooled separate accounts     | 210,632            |              |    |            | 17,175    | 29,661    | 8,895     |
| Due to broker - Investment contracts                | 4,845              |              |    | 4,845      |           |           |           |
|   | <hr/>              | <hr/>        | -  | <hr/>      | <hr/>     | <hr/>     | <hr/>     |
| Total liabilities                                   | 215,477            |              |    | 4,845      | 17,175    | 29,661    | 8,895     |

|  |               |              |    |              |             |             |             |
|--|---------------|--------------|----|--------------|-------------|-------------|-------------|
| Net assets available for plan benefits | \$132,264,453 | \$49,141,401 | \$ | \$15,378,483 | \$9,308,266 | \$6,700,311 | \$8,634,975 |
|--|---------------|--------------|----|--------------|-------------|-------------|-------------|

**Investment Options**

| <b>December 31, 2002</b>                            | <b>7</b>    | <b>8</b>    | <b>9</b>    | <b>10</b>   | <b>11</b>   | <b>12</b>   | <b>13</b>   |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Assets</b>                                       |             |             |             |             |             |             |             |
| Investments:  |             |             |             |             |             |             |             |
| Common stock  | \$          | \$          | \$          | \$          | \$          | \$          | \$          |
| Short-term investment fund                          |             |             |             |             |             |             |             |
| Pooled separate accounts                            | 2,542,747   | 8,643,025   | 1,271,415   | 1,325,261   | 7,656,013   | 3,643,245   | 4,326,372   |
| Investment contracts                                |             |             |             |             |             |             |             |
| Participant loans                                   |             |             |             |             |             |             |             |
| Total investments                                   | 2,542,747   | 8,643,025   | 1,271,415   | 1,325,261   | 7,656,013   | 3,643,245   | 4,326,372   |
| Accrued interest receivable                         |             |             |             |             |             |             |             |
| Contributions receivable from participant deferrals |             |             |             |             |             |             |             |
| Contributions receivable from Employer companies    |             |             |             |             |             |             |             |
| Total assets  | 2,542,747   | 8,643,025   | 1,271,415   | 1,325,261   | 7,656,013   | 3,643,245   | 4,326,372   |
| <b>Liabilities</b>                                  |             |             |             |             |             |             |             |
| Due to (from) broker - Pooled separate accounts     | 3,331       | 35,678      | 8,122       | 8,843       | 29,180      | 21,876      | 23,148      |
| Due to broker - Investment contracts                |             |             |             |             |             |             |             |
| Total liabilities                                   | 3,331       | 35,678      | 8,122       | 8,843       | 29,180      | 21,876      | 23,148      |
| Net assets available for plan benefits              | \$2,539,416 | \$8,607,347 | \$1,263,293 | \$1,316,418 | \$7,626,833 | \$3,621,369 | \$4,303,224 |



The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the net assets available for plan benefits by investment option is as follows:

| December 31, 2002                                   | Investment Options |           |           |             |             |    |           |           |
|---|--------------------|-----------|-----------|-------------|-------------|----|-----------|-----------|
|   | 14                 | 15        | 16        | 17          | 18          | 19 | 20        | 21        |
| <b>Assets</b>                                       |                    |           |           |             |             |    |           |           |
| Investments:  |                    |           |           |             |             |    |           |           |
| Common stock  | \$                 | \$        | \$        | \$          | \$          | \$ | \$        | \$        |
| Short-term investment fund                          |                    |           |           |             |             |    |           |           |
| Pooled separate accounts                            | 382,268            | 317,693   | 493,329   | 1,861,370   | 1,825,200   |    | 992,810   | 330,565   |
| Investment contracts                                |                    |           |           |             |             |    |           |           |
| Participant loans                                   | _____              | _____     | _____     | _____       | _____       | -  | _____     | _____     |
| Total investments                                   | 382,268            | 317,693   | 493,329   | 1,861,370   | 1,825,200   |    | 992,810   | 330,565   |
| Accrued interest receivable                         |                    |           |           |             |             |    |           |           |
| Contributions receivable from participant deferrals |                    |           |           |             |             |    |           |           |
| Contributions receivable from Employer companies    | _____              | _____     | _____     | _____       | _____       | -  | _____     | _____     |
| Total assets  | 382,268            | 317,693   | 493,329   | 1,861,370   | 1,825,200   |    | 992,810   | 330,565   |
| <b>Liabilities</b>                                  |                    |           |           |             |             |    |           |           |
| Due to (from) broker - Pooled separate accounts     | 424                | 1,167     | 1,152     | 639         | 4,742       |    | 3,414     | (1,244)   |
| Due to broker - Investment contracts                | _____              | _____     | _____     | _____       | _____       | -  | _____     | _____     |
| Total liabilities                                   | 424                | 1,167     | 1,152     | 639         | 4,742       | -  | 3,414     | (1,244)   |
|   | \$381,844          | \$316,526 | \$492,177 | \$1,860,731 | \$1,820,458 | \$ | \$989,396 | \$331,809 |



Net assets available for  
plan benefits

| December 31, 2002                                      | Investment Options |             |    |             |           |          |           | Loans       |
|--|--------------------|-------------|----|-------------|-----------|----------|-----------|-------------|
|  | 22                 | 23          | 24 | 25          | 26        | 26       | 28        |             |
| <b>Assets</b>  |                    |             |    |             |           |          |           |             |
| Investments:   |                    |             |    |             |           |          |           |             |
| Common stock   | \$                 | \$          | \$ | \$          | \$        | \$       | \$        | \$          |
| Short-term investment fund                             |                    |             |    |             |           |          |           |             |
| Pooled separate accounts                               |                    | 1,536,221   |    | 1,075,521   | 682,500   | 93,370   | 107,572   |             |
| Investment contracts                                   |                    |             |    |             |           |          |           |             |
| Participant loans                                      | -                  |             | -  |             |           |          |           | 4,149,421   |
| Total investments                                      |                    | 1,536,221   |    | 1,075,521   | 682,500   | 93,370   | 107,572   | 4,149,421   |
| Accrued interest receivable                            |                    |             |    |             |           |          |           |             |
| Contributions receivable<br>from participant deferrals |                    |             |    |             |           |          |           |             |
| Contributions receivable<br>from Employer companies    | -                  |             | -  |             |           |          |           |             |
| Total assets   |                    | 1,536,221   |    | 1,075,521   | 682,500   | 93,370   | 107,572   | 4,149,421   |
| <b>Liabilities</b>                                     |                    |             |    |             |           |          |           |             |
| Due to (from) broker -<br>Pooled separate accounts     |                    | 5,209       |    | 5,563       | 3,583     |          | 74        |             |
| Due to broker - Investment<br>contracts                | -                  |             | -  |             |           |          |           |             |
| Total liabilities                                      | -                  | 5,209       | -  | 5,563       | 3,583     |          | 74        |             |
| Net assets available for plan<br>benefits              | \$                 | \$1,531,012 | \$ | \$1,069,958 | \$678,917 | \$93,370 | \$107,498 | \$4,149,421 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2003  | Investment Options |              |    |             |           |           |             |
|--|--------------------|--------------|----|-------------|-----------|-----------|-------------|
|  | Total              | 1            | 2  | 3           | 4         | 5         | 6           |
| Investment income:   |                    |              |    |             |           |           |             |
| Cash dividends   | \$ 1,924,171       | \$ 1,924,171 | \$ | \$          | \$        | \$        | \$          |
| Interest   | 914,085            | 15,311       | -  | 622,789     | -         | -         | -           |
|  | 2,838,256          | 1,939,482    | -  | 622,789     | -         | -         | -           |
| Total investment income  | 2,838,256          | 1,939,482    | -  | 622,789     | -         | -         | -           |
| Net realized gain (loss) on sale and distributions of investments: |                    |              |    |             |           |           |             |
| Common stock   | 1,563,498          | 1,563,498    | -  | -           | -         | -         | -           |
| Pooled separate accounts   | (1,040,533)        | -            | -  | -           | (86,860)  | (324,703) | 99,353      |
|  | 522,965            | 1,563,498    | -  | -           | (86,860)  | (324,703) | 99,353      |
| Total net realized gains (losses)                                  | 522,965            | 1,563,498    | -  | -           | (86,860)  | (324,703) | 99,353      |
| Net unrealized appreciation (depreciation) of investments          | 29,055,510         | 11,125,039   | -  | -           | 2,867,561 | 2,607,152 | (38,827)    |
| Contributions:   |                    |              |    |             |           |           |             |
| Participant  | 6,280,189          | 954,053      | -  | 229,346     | 618,903   | 547,801   | 202,458     |
| Employer companies   | 6,056,534          | 4,300,682    | -  | 81,192      | 210,048   | 190,321   | 62,817      |
|  | 12,336,723         | 5,254,735    | -  | 310,538     | 828,951   | 738,122   | 265,275     |
| Total contributions  | 12,336,723         | 5,254,735    | -  | 310,538     | 828,951   | 738,122   | 265,275     |
| Transfers from (to) affiliated plans                               | 285,051            | 72,815       | -  | (225,925)   | (27,431)  | 72,098    | (85,843)    |
| Distributions to participants                                      | (15,112,736)       | (3,938,718)  | -  | (1,674,653) | (690,935) | (672,902) | (1,906,570) |
| Administrative expenses  | (103,179)          | (37,385)     | -  | (11,496)    | (7,744)   | (5,938)   | (6,154)     |
| Net transfers  | (103,179)          | (4,787,547)  | -  | 1,548,319   | (89,927)  | 360,326   | (1,361,027) |

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|  |                             |                             |                             |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | 29,822,590                  | 11,191,919                  | 569,572                     | 2,793,615                   | 2,774,155                   | (3,033,793)                 |
| Net assets available<br>for plan benefits at<br>beginning of the year      | <u>132,264,453</u>          | <u>49,141,401</u>           | <u>15,378,483</u>           | <u>9,308,266</u>            | <u>6,700,311</u>            | <u>8,634,975</u>            |
| Net assets available<br>for plan benefits at<br>end of the year            | <u>\$162,087,043</u>        | <u>\$60,333,320</u>         | <u>\$15,948,055</u>         | <u>\$12,101,881</u>         | <u>\$9,474,466</u>          | <u>\$5,601,182</u>          |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2003  | Investment Options |             |           |           |           |           |           |
|--|--------------------|-------------|-----------|-----------|-----------|-----------|-----------|
|  | 7                  | 8           | 9         | 10        | 11        | 12        | 13        |
| Investment income:   |                    |             |           |           |           |           |           |
| Cash dividends   | \$                 | \$          | \$        | \$        | \$        | \$        | \$        |
| Interest   |                    |             |           |           |           |           |           |
| <br>   |                    |             |           |           |           |           |           |
| Total investment income  |                    |             |           |           |           |           |           |
| Net realized gain (loss) on sale and distributions of investments: |                    |             |           |           |           |           |           |
| Common stock Pooled separate accounts                              | 186,429            | (505,088)   | 12,908    | 212,775   | (144,779) | (102,761) | 22,254    |
| <br>   |                    |             |           |           |           |           |           |
| Total net realized gains (losses)                                  | 186,429            | (505,088)   | 12,908    | 212,775   | (144,779) | (102,761) | 22,254    |
| Net unrealized appreciation (depreciation) of investments          | 27,141             | 2,489,266   | 251,242   | 291,368   | 2,699,755 | 1,078,364 | 1,851,824 |
| Contributions:   |                    |             |           |           |           |           |           |
| Participant  | 181,394            | 726,921     | 145,412   | 133,667   | 619,840   | 429,409   | 396,354   |
| Employer companies   | 44,803             | 247,494     | 49,839    | 44,696    | 203,487   | 140,182   | 139,205   |
| <br>   |                    |             |           |           |           |           |           |
| Total contributions  | 226,197            | 974,415     | 195,251   | 178,363   | 823,327   | 569,591   | 535,559   |
| Transfers from (to) affiliated plans                               | 16,781             | 49,433      | 54,428    | 86,123    | 141,515   | (1,140)   | 55,930    |
| Distributions to participants                                      | (1,060,535)        | (1,053,523) | (264,923) | (394,941) | (904,542) | (410,144) | (570,470) |
| Administrative expenses  | (2,038)            | (7,124)     | (1,140)   | (1,480)   | (6,280)   | (3,027)   | (3,912)   |

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|  |                     |                      |                     |                     |                     |                     |                     |
|--|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net transfers  | <u>374,601</u>      | <u>(467,065)</u>     | <u>38,391</u>       | <u>569,299</u>      | <u>(327,707)</u>    | <u>(79,799)</u>     | <u>512,117</u>      |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | (231,424)           | 1,480,314            | 286,157             | 941,507             | 2,281,289           | 1,051,084           | 2,403,302           |
| Net assets available<br>for plan benefits at<br>beginning of the<br>year   | <u>2,539,416</u>    | <u>8,607,347</u>     | <u>1,263,293</u>    | <u>1,316,418</u>    | <u>7,626,833</u>    | <u>3,621,369</u>    | <u>4,303,224</u>    |
| Net assets available<br>for plan benefits at<br>end of the year            | <u>\$ 2,307,992</u> | <u>\$ 10,087,661</u> | <u>\$ 1,549,450</u> | <u>\$ 2,257,925</u> | <u>\$ 9,908,122</u> | <u>\$ 4,672,453</u> | <u>\$ 6,706,526</u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2003  | Investment Options |          |          |           |           |    |           |          |
|--|--------------------|----------|----------|-----------|-----------|----|-----------|----------|
|  | 14                 | 15       | 16       | 17        | 18        | 19 | 20        | 21       |
| Investment income:   |                    |          |          |           |           |    |           |          |
| Cash dividends   | \$                 | \$       | \$       | \$        | \$        | \$ | \$        | \$       |
| Interest   |                    |          |          |           |           | -  |           |          |
| <br>   |                    |          |          |           |           |    |           |          |
| Total investment income  |                    |          |          |           |           |    |           |          |
| Net realized gain (loss) on sale and distributions of investments: |                    |          |          |           |           |    |           |          |
| Common stock Pooled separate accounts                              | 17,868             | 7,119    | (6,874)  | (54,667)  | 6,812     | -  | (171)     | (6,860)  |
| <br>   |                    |          |          |           |           |    |           |          |
| Total net realized gains (losses)                                  | 17,868             | 7,119    | (6,874)  | (54,667)  | 6,812     |    | (171)     | (6,860)  |
| Net unrealized appreciation (depreciation) of investments          | 30,107             | 94,774   | 187,710  | 735,010   | 618,239   |    | 351,190   | 169,673  |
| Contributions:   |                    |          |          |           |           |    |           |          |
| Participant  | 36,302             | 68,137   | 75,269   | 138,688   | 196,536   |    | 102,623   | 33,513   |
| Employer companies   | 13,290             | 16,468   | 24,366   | 45,675    | 65,512    | -  | 34,251    | 10,930   |
| <br>   |                    |          |          |           |           |    |           |          |
| Total contributions  | 49,592             | 84,605   | 99,635   | 184,363   | 262,048   |    | 136,874   | 44,443   |
| Transfers from (to) affiliated plans                               | (2,816)            | 28,712   | (1,152)  | 44,307    |           |    | 11,882    | 5,252    |
| Distributions to participants                                      | (126,688)          | (52,635) | (29,174) | (265,152) | (206,183) |    | (116,579) | (31,733) |
| Administrative expenses  | (360)              | (376)    | (536)    | (1,818)   | (1,716)   |    | (853)     | (411)    |
| Net transfers  | 84,261             | 105,961  | 248,225  | 1,023,800 | 659,588   |    | 58,024    | 555,838  |

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|  |            |           |           |             |             |              |             |
|--|------------|-----------|-----------|-------------|-------------|--------------|-------------|
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | 51,964     | 268,160   | 497,834   | 1,665,843   | 1,338,788   | 440,367      | 736,202     |
| Net assets available<br>for plan benefits at<br>beginning of the year      | 381,844    | 316,526   | 492,177   | 1,860,731   | 1,820,458   | 989,396      | 331,809     |
| Net assets available<br>for plan benefits at<br>end of the year            | \$ 433,808 | \$584,686 | \$990,011 | \$3,526,574 | \$3,159,246 | \$ 1,429,763 | \$1,068,011 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2003  | Investment Options |                   |    |                   |                   |                 |                 | Loans     |
|--|--------------------|-------------------|----|-------------------|-------------------|-----------------|-----------------|-----------|
|  | 22                 | 23                | 24 | 25                | 26                | 27              | 28              |           |
| Investment income:   |                    |                   |    |                   |                   |                 |                 |           |
| Cash dividends   | \$                 | \$                | \$ | \$                | \$                | \$              | \$              | \$        |
| Interest   | -                  |                   | -  |                   |                   |                 |                 | 275,985   |
| Total investment income  |                    |                   |    |                   |                   |                 |                 | 275,985   |
| Net realized gain (loss) on sale and distributions of investments: |                    |                   |    |                   |                   |                 |                 |           |
| Common stock Pooled separate accounts                              | -                  | (340,337)         | -  | (91,840)          | 35,349            | 5,706           | 17,834          |           |
| Total net realized gains (losses)                                  |                    | (340,337)         |    | (91,840)          | 35,349            | 5,706           | 17,834          |           |
| Net unrealized appreciation (depreciation) of investments          |                    | 648,753           |    | 386,369           | 422,749           | 62,822          | 98,229          |           |
| Contributions:   |                    |                   |    |                   |                   |                 |                 |           |
| Participant Employer companies                                     | -                  | 137,349<br>40,651 | -  | 157,349<br>50,064 | 112,935<br>29,995 | 15,485<br>4,594 | 20,445<br>5,972 |           |
| Total contributions  |                    | 178,000           |    | 207,413           | 142,930           | 20,079          | 26,417          |           |
| Transfers from (to) affiliated plans                               |                    | (4,398)           |    | (262)             | 3,783             |                 | (9,041)         |           |
| Distributions to participants                                      |                    | (236,552)         |    | (140,046)         | (136,746)         | (19,714)        | (1,298)         | (207,380) |
| Administrative expenses  |                    | (1,295)           |    | (930)             | (846)             | (145)           | (175)           |           |
| Net transfers  |                    | (432,214)         |    | 11,331            | 915,975           | 189,490         | 289,740         |           |



|  |    |                    |    |                    |                    |                   |                   |                    |
|--|----|--------------------|----|--------------------|--------------------|-------------------|-------------------|--------------------|
|  | -  | <u>          </u>  | -  | <u>          </u>  | <u>          </u>  | <u>          </u> | <u>          </u> |                    |
| Net increase<br>(decrease) in net assets<br>available for plan<br>benefits |    | (188,043)          |    | 372,035            | 1,393,194          | 258,238           | 421,706           | 68,605             |
| Net assets available for<br>plan benefits at<br>beginning of the year      | -  | <u>1,531,012</u>   | -  | <u>1,069,958</u>   | <u>678,917</u>     | <u>93,370</u>     | <u>107,498</u>    | <u>4,149,421</u>   |
| Net assets available for<br>plan benefits at end of<br>the year            | \$ | <u>\$1,342,969</u> | \$ | <u>\$1,441,993</u> | <u>\$2,062,111</u> | <u>\$351,608</u>  | <u>\$529,204</u>  | <u>\$4,218,026</u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2002  | Investment Options |                  |                |                |                  |                  |                |
|--|--------------------|------------------|----------------|----------------|------------------|------------------|----------------|
|  | Total              | 1                | 2              | 3              | 4                | 5                | 6              |
| Investment income:   |                    |                  |                |                |                  |                  |                |
| Cash dividends   | \$ 1,954,337       | \$ 1,954,337     | \$             | \$             | \$               | \$               | \$             |
| Interest   | 1,048,597          | 32,665           |                | 644,711        |                  |                  |                |
| <b>Total investment income</b>                                     | <b>3,002,934</b>   | <b>1,987,002</b> |                | <b>644,711</b> |                  |                  |                |
| Net realized gain (loss) on sale and distributions of investments: |                    |                  |                |                |                  |                  |                |
| Common stock   | 4,050,730          | 4,050,730        |                |                |                  |                  |                |
| Pooled separate accounts   | (2,592,752)        |                  | 100,813        |                | (253,270)        | (472,407)        | 197,620        |
| <b>Total net realized gains (losses)</b>                           | <b>1,457,978</b>   | <b>4,050,730</b> | <b>100,813</b> |                | <b>(253,270)</b> | <b>(472,407)</b> | <b>197,620</b> |
| Net unrealized appreciation (depreciation) of investments          | (41,836,079)       | (30,005,422)     | (100,813)      |                | (2,472,769)      | (2,515,825)      | (65,128)       |
| Contributions:   |                    |                  |                |                |                  |                  |                |
| Participant  | 6,068,580          | 1,164,032        |                | 139,184        | 590,732          | 572,190          | 259,361        |
| Employer companies   | 2,258,564          | 621,512          |                | 50,303         | 202,712          | 194,473          | 87,963         |
| <b>Total contributions</b>   | <b>8,327,144</b>   | <b>1,785,544</b> |                | <b>189,487</b> | <b>793,444</b>   | <b>766,663</b>   | <b>347,324</b> |
| Transfers from (to) affiliated plans                               | (42,253)           | (174,166)        |                | (8,922)        | 46,286           | 4,439            | 12,428         |
| Distributions to participants                                      | (13,242,739)       | (5,986,944)      |                | (947,254)      | (660,430)        | (502,205)        | (1,737,364)    |
| Administrative expenses  | (106,837)          | (46,821)         |                | (9,052)        | (8,097)          | (6,212)          | (6,356)        |

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|  |                             |                             |                             |                             |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net transfers  |                             | (5,043,615)                 |                             | 2,622,171                   | (1,073,916)                 | (536,973)                   | 757,960                     |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | (42,439,852)                | (33,433,692)                |                             | 2,491,141                   | (3,628,752)                 | (3,262,520)                 | (493,516)                   |
| Net assets available<br>for plan benefits at<br>beginning of the<br>year   | 174,704,305                 | 82,575,093                  |                             | 12,887,342                  | 12,937,018                  | 9,962,831                   | 9,128,491                   |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Net assets available<br>for plan benefits at<br>end of the year            | \$132,264,453               | \$ 49,141,401               | \$                          | \$15,378,483                | \$ 9,308,266                | \$ 6,700,311                | \$ 8,634,975                |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2002  | Investment Options |             |           |           |             |           |           |
|--|--------------------|-------------|-----------|-----------|-------------|-----------|-----------|
|  | 7                  | 8           | 9         | 10        | 11          | 12        | 13        |
| Investment income:   |                    |             |           |           |             |           |           |
| Cash dividends   | \$                 | \$          | \$        | \$        | \$          | \$        | \$        |
| Interest   |                    |             |           |           |             |           |           |
| <br>   |                    |             |           |           |             |           |           |
| Total investment income  |                    |             |           |           |             |           |           |
| Net realized gain (loss) on sale and distributions of investments: |                    |             |           |           |             |           |           |
| Common stock Pooled separate accounts                              | 128,462            | (647,710)   | (12,538)  | (12,251)  | (400,749)   | (238,697) | (28,967)  |
| <br>   |                    |             |           |           |             |           |           |
| Total net realized gains (losses)                                  | 128,462            | (647,710)   | (12,538)  | (12,251)  | (400,749)   | (238,697) | (28,967)  |
| Net unrealized appreciation (depreciation) of investments          | 61,596             | (2,980,705) | (168,217) | 36,874    | (1,343,817) | (548,135) | (419,400) |
| Contributions:   |                    |             |           |           |             |           |           |
| Participant  | 83,869             | 786,073     | 111,369   | 108,073   | 633,221     | 397,522   | 379,964   |
| Employer companies   | 27,224             | 252,249     | 39,860    | 40,432    | 197,214     | 132,360   | 130,153   |
| <br>   |                    |             |           |           |             |           |           |
| Total contributions  | 111,093            | 1,038,322   | 151,229   | 148,505   | 830,435     | 529,882   | 510,117   |
| Transfers from (to) affiliated plans                               | 52,250             | (18,100)    |           | (24,805)  | (4,158)     | (4,536)   | 1,818     |
| Distributions to participants                                      | (176,883)          | (700,483)   | (94,582)  | (167,138) | (579,365)   | (173,951) | (219,333) |
| Administrative expenses  | (1,551)            | (7,859)     | (1,077)   | (922)     | (6,127)     | (2,866)   | (3,233)   |

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|  |                    |                     |                    |                    |                     |                    |                    |
|--|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Net transfers  | <u>697,096</u>     | <u>(233,414)</u>    | <u>(80,954)</u>    | <u>95,953</u>      | <u>(23,549)</u>     | <u>128,204</u>     | <u>52,932</u>      |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | 872,063            | (3,549,949)         | (206,139)          | 76,216             | (1,527,330)         | (310,099)          | (106,066)          |
| Net assets available<br>for plan benefits at<br>beginning of the<br>year   | <u>1,667,353</u>   | <u>12,157,296</u>   | <u>1,469,432</u>   | <u>1,240,202</u>   | <u>9,154,163</u>    | <u>3,931,468</u>   | <u>4,409,290</u>   |
| Net assets available<br>for plan benefits at<br>end of the year            | <u>\$2,539,416</u> | <u>\$ 8,607,347</u> | <u>\$1,263,293</u> | <u>\$1,316,418</u> | <u>\$ 7,626,833</u> | <u>\$3,621,369</u> | <u>\$4,303,224</u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2002  | Investment Options |          |          |           |           |    |          |          |
|--|--------------------|----------|----------|-----------|-----------|----|----------|----------|
|  | 14                 | 15       | 16       | 17        | 18        | 19 | 20       | 21       |
| Investment income:   |                    |          |          |           |           |    |          |          |
| Cash dividends   | \$                 | \$       | \$       | \$        | \$        | \$ | \$       | \$       |
| Interest   | _____              | _____    | _____    | _____     | _____     | -  | _____    | _____    |
| <br>Total investment income  |                    |          |          |           |           |    |          |          |
| Net realized gain (loss) on sale and distributions of investments: |                    |          |          |           |           |    |          |          |
| Common stock Pooled separate accounts                              | (1,205)            | (16,947) | (46,485) | (82,669)  | (42,364)  | -  | (57,377) | (22,034) |
| <br>Total net realized gains (losses)                              | (1,205)            | (16,947) | (46,485) | (82,669)  | (42,364)  | -  | (57,377) | (22,034) |
| Net unrealized appreciation (depreciation) of investments          | 189                | (15,289) | (74,029) | (452,930) | (113,994) | -  | (75,724) | (65,549) |
| Contributions:   |                    |          |          |           |           |    |          |          |
| Participant  | 23,988             | 40,194   | 64,486   | 109,092   | 125,242   | -  | 88,624   | 24,539   |
| Employer companies   | 8,248              | 12,974   | 22,387   | 35,487    | 42,174    | -  | 32,030   | 8,403    |
| <br>Total contributions  | 32,236             | 53,168   | 86,873   | 144,579   | 167,416   | -  | 120,654  | 32,942   |
| Transfers from (to) affiliated plans                               |                    |          |          | 9,512     | 3,823     |    |          |          |
| Distributions to participants                                      | (364)              | (15,507) | (26,195) | (18,360)  | (47,672)  | -  | (34,315) | 5,902    |
| Administrative expenses  | (174)              | (234)    | (332)    | (1,296)   | (1,088)   | -  | (764)    | (194)    |
| Net transfers  | 205,824            | (54,252) | 108,748  | 547,174   | 617,524   | -  | 100,712  | 168,042  |

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|  |           |           |           |             |             |           |           |
|--|-----------|-----------|-----------|-------------|-------------|-----------|-----------|
| Net increase<br>(decrease) in net assets<br>available for plan<br>benefits | 236,506   | (49,061)  | 48,580    | 146,010     | 583,645     | 53,186    | 119,109   |
| Net assets available for<br>plan benefits at<br>beginning of the year      | 145,338   | 365,587   | 443,597   | 1,714,721   | 1,236,813   | 936,210   | 212,700   |
| Net assets available for<br>plan benefits at end of<br>the year            | \$381,844 | \$316,526 | \$492,177 | \$1,860,731 | \$1,820,458 | \$989,396 | \$331,809 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2002  | Investment Options |           |    |           |           |          |         | Loans       |
|--|--------------------|-----------|----|-----------|-----------|----------|---------|-------------|
|  | 22                 | 23        | 24 | 25        | 26        | 27       | 28      |             |
| Investment income:   |                    |           |    |           |           |          |         |             |
| Cash dividends   | \$                 | \$        | \$ | \$        | \$        | \$       | \$      | \$          |
| Interest   | -                  |           | -  |           |           |          |         | 371,221     |
| Total investment income  |                    |           |    |           |           |          |         | 371,221     |
| Net realized gain (loss) on sale and distributions of investments: |                    |           |    |           |           |          |         |             |
| Common stock Pooled separate accounts                              | -                  | (215,497) | -  | (421,707) | (27,372)  | (12,174) | (7,227) |             |
| Total net realized gains (losses)                                  |                    | (215,497) |    | (421,707) | (27,372)  | (12,174) | (7,227) |             |
| Net unrealized appreciation (depreciation) of investments          |                    | (278,665) |    | (66,601)  | (157,741) | (5,914)  | (8,071) |             |
| Contributions:   |                    |           |    |           |           |          |         |             |
| Participant  |                    | 160,898   |    | 135,227   | 58,510    | 5,619    | 6,571   |             |
| Employer companies   |                    | 52,320    |    | 46,589    | 18,013    | 1,677    | 1,807   |             |
| Total contributions  |                    | 213,218   |    | 181,816   | 76,523    | 7,296    | 8,378   |             |
| Transfers from (to) affiliated plans                               |                    | 20,255    |    | 20,416    | 21,207    |          |         |             |
| Distributions to participants                                      |                    | (17,714)  |    | (38,899)  | (14,053)  | 247      | 1,010   | (1,090,887) |
| Administrative expenses  |                    | (1,208)   |    | (873)     | (441)     | (26)     | (34)    |             |
| Net transfers  |                    | 98,548    |    | 306,592   | 321,810   | 103,941  | 113,442 |             |



|  |    |             |    |             |            |           |           |              |
|--|----|-------------|----|-------------|------------|-----------|-----------|--------------|
|  | -  |             | -  |             |            |           |           |              |
| Net increase<br>(decrease) in net assets<br>available for plan<br>benefits |    | (181,063)   |    | (19,256)    | 219,933    | 93,370    | 107,498   | (719,666)    |
| Net assets available for<br>plan benefits at<br>beginning of the year      |    | 1,712,075   |    | 1,089,214   | 458,984    |           |           | 4,869,087    |
|  | -  |             | -  |             |            |           |           |              |
| Net assets available for<br>plan benefits at end of<br>the year            | \$ | \$1,531,012 | \$ | \$1,069,958 | \$ 678,917 | \$ 93,370 | \$107,498 | \$ 4,149,421 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2001  | Investment Options |                  |               |                |                  |                  |                |
|--|--------------------|------------------|---------------|----------------|------------------|------------------|----------------|
|  | Total              | 1                | 2             | 3              | 4                | 5                | 6              |
| Investment income:   |                    |                  |               |                |                  |                  |                |
| Cash dividends   | \$ 2,023,000       | \$ 2,023,000     | \$            | \$             | \$               | \$               | \$             |
| Interest   | 1,303,629          | 89,904           |               | 787,654        |                  |                  |                |
| <b>Total investment income</b>                                     | <b>3,326,629</b>   | <b>2,112,904</b> |               | <b>787,654</b> |                  |                  |                |
| Net realized gain (loss) on sale and distributions of investments: |                    |                  |               |                |                  |                  |                |
| Common stock   | 4,871,991          | 4,871,991        |               |                |                  |                  |                |
| Pooled separate accounts   | (626,764)          |                  | 61,275        |                | 354,102          | 224,511          | 304,907        |
| <b>Total net realized gains (losses)</b>                           | <b>4,245,227</b>   | <b>4,871,991</b> | <b>61,275</b> |                | <b>354,102</b>   | <b>224,511</b>   | <b>304,907</b> |
| Net unrealized appreciation (depreciation) of investments          | (16,443,315)       | (2,749,982)      | (21,748)      |                | (2,117,826)      | (5,306,791)      | 516            |
| Contributions:   |                    |                  |               |                |                  |                  |                |
| Participant  | 6,244,407          | 1,055,952        | 12,393        | 95,881         | 770,119          | 752,272          | 206,641        |
| Employer companies   | 1,756,656          | 27,185           | 4,067         | 43,402         | 240,235          | 252,222          | 62,199         |
| <b>Total contributions</b>   | <b>8,001,063</b>   | <b>1,083,137</b> | <b>16,460</b> | <b>139,283</b> | <b>1,010,354</b> | <b>1,004,494</b> | <b>268,840</b> |
| Transfers from (to) affiliated plans                               | (9,410,752)        | (3,675,051)      | (40,612)      | (497,724)      | (727,398)        | (670,943)        | (223,492)      |
| Distributions to participants                                      | (15,811,537)       | (5,845,392)      | (88,418)      | (2,923,298)    | (981,409)        | (518,143)        | (1,469,290)    |
| Administrative expenses  | (123,858)          | (70,863)         | (397)         | (6,371)        | (7,074)          | (5,854)          | (3,826)        |



The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2001  | Investment Options |             |           |           |             |           |           |
|--|--------------------|-------------|-----------|-----------|-------------|-----------|-----------|
|  | 7                  | 8           | 9         | 10        | 11          | 12        | 13        |
| Investment income:   |                    |             |           |           |             |           |           |
| Cash dividends   | \$                 | \$          | \$        | \$        | \$          | \$        | \$        |
| Interest   |                    |             |           |           |             |           |           |
| <br>   |                    |             |           |           |             |           |           |
| Total investment income  |                    |             |           |           |             |           |           |
| Net realized gain (loss) on sale and distributions of investments: |                    |             |           |           |             |           |           |
| Common stock   |                    |             |           |           |             |           |           |
| Pooled separate accounts   | 116,662            | 250,685     | 46,477    | 42,824    | (2,923)     | (65,907)  | 40,057    |
| <br>   |                    |             |           |           |             |           |           |
| Total net realized gains (losses)                                  | 116,662            | 250,685     | 46,477    | 42,824    | (2,923)     | (65,907)  | 40,057    |
| Net unrealized appreciation (depreciation) of investments          | (16,207)           | (3,665,314) | (123,273) | (69,808)  | (1,848,079) | (150,404) | (574,247) |
| Contributions:   |                    |             |           |           |             |           |           |
| Participant  | 38,913             | 908,465     | 117,925   | 109,375   | 702,292     | 402,758   | 405,485   |
| Employer companies   | 16,363             | 290,363     | 42,068    | 36,629    | 230,822     | 134,079   | 148,130   |
| <br>   |                    |             |           |           |             |           |           |
| Total contributions  | 55,276             | 1,198,828   | 159,993   | 146,004   | 933,114     | 536,837   | 553,615   |
| Transfers from (to) affiliated plans                               | (208,189)          | (929,925)   | (232,278) | (172,201) | (789,746)   | (434,893) | (406,531) |
| Distributions to participants                                      | (68,786)           | (802,781)   | (192,777) | (88,585)  | (754,491)   | (211,619) | (455,896) |
| Administrative expenses  | (816)              | (6,958)     | (1,099)   | (1,151)   | (5,192)     | (2,752)   | (2,566)   |

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|  |                    |                     |                    |                    |                     |                    |                     |
|--|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| Net transfers  | <u>740,619</u>     | <u>(643,259)</u>    | <u>67,585</u>      | <u>(71,394)</u>    | <u>(548,013)</u>    | <u>77,540</u>      | <u>(393,652)</u>    |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits | 618,559            | (4,598,724)         | (275,372)          | (214,311)          | (3,015,330)         | (251,198)          | (1,239,220)         |
| Net assets available<br>for plan benefits at<br>beginning of the<br>year   | <u>1,048,794</u>   | <u>16,756,020</u>   | <u>1,744,804</u>   | <u>1,454,513</u>   | <u>12,169,493</u>   | <u>4,182,666</u>   | <u>5,648,510</u>    |
| Net assets available<br>for plan benefits at<br>end of the year            | <u>\$1,667,353</u> | <u>\$12,157,296</u> | <u>\$1,469,432</u> | <u>\$1,240,202</u> | <u>\$ 9,154,163</u> | <u>\$3,931,468</u> | <u>\$ 4,409,290</u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2001  | Investment Options |         |          |           |          |             |           |
|--|--------------------|---------|----------|-----------|----------|-------------|-----------|
|  | 14                 | 15      | 16       | 17        | 18       | 19          | 20        |
| Investment income:   |                    |         |          |           |          |             |           |
| Cash dividends   | \$                 | \$      | \$       | \$        | \$       | \$          | \$        |
| Interest   | _____              | _____   | _____    | _____     | _____    | _____       | _____     |
| <br>   |                    |         |          |           |          |             |           |
| Total investment income  |                    |         |          |           |          |             |           |
| Net realized gain (loss) on sale and distributions of investments: |                    |         |          |           |          |             |           |
| Common stock   |                    |         |          |           |          |             |           |
| Pooled separate accounts   | 720                | (3,140) | (4,009)  | (109,182) | (42,165) | (1,011,529) | (139,152) |
|  | _____              | _____   | _____    | _____     | _____    | _____       | _____     |
| <br>   |                    |         |          |           |          |             |           |
| Total net realized gains (losses)                                  | 720                | (3,140) | (4,009)  | (109,182) | (42,165) | (1,011,529) | (139,152) |
| Net unrealized appreciation (depreciation) of investments          | 2,544              | (4,792) | (10,947) | 34,842    | (59,897) | 503,683     | (47,917)  |
| Contributions:   |                    |         |          |           |          |             |           |
| Participant  | 1,100              | 19,331  | 33,873   | 59,804    | 62,774   | 134,421     | 56,738    |
| Employer companies   | 681                | 5,682   | 12,820   | 20,840    | 22,644   | 41,892      | 21,007    |
|  | _____              | _____   | _____    | _____     | _____    | _____       | _____     |
| <br>   |                    |         |          |           |          |             |           |
| Total contributions  | 1,781              | 25,013  | 46,693   | 80,644    | 85,418   | 176,313     | 77,745    |
| Transfers from (to) affiliated plans                               | (25)               | (1,426) | (25,301) | (41,834)  | (17,327) | (139,891)   | (11,507)  |
| Distributions to participants                                      | (39,749)           | 1,742   | 2,731    | (15,547)  | (3,498)  | (32,330)    | (16,536)  |
| Administrative expenses  | (298)              | (406)   | (386)    | (856)     | (906)    | (1,357)     | (947)     |
| Net transfers  | 90,291             | 285,700 | 256,123  | 1,136,725 | 433,837  | (2,208,996) | 636,062   |

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|  |            |            |            |              |              |             |            |
|--|------------|------------|------------|--------------|--------------|-------------|------------|
| Net increase<br>(decrease) in net assets<br>available for plan<br>benefits | 55,264     | 302,691    | 264,904    | 1,084,792    | 395,462      | (2,714,107) | 497,748    |
| Net assets available for<br>plan benefits at<br>beginning of the year      | 90,074     | 62,896     | 178,693    | 629,929      | 841,351      | 2,714,107   | 438,462    |
| Net assets available for<br>plan benefits at end of<br>the year            | \$ 145,338 | \$ 365,587 | \$ 443,597 | \$ 1,714,721 | \$ 1,236,813 | \$          | \$ 936,210 |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The detail of the changes in net assets available for plan benefits by investment option is as follows:

| December 31, 2001  | Investment Options |           |           |          |           |          | Loans       |
|--|--------------------|-----------|-----------|----------|-----------|----------|-------------|
|  | 21                 | 22        | 23        | 24       | 25        | 26       |             |
| Investment income:   |                    |           |           |          |           |          |             |
| Cash dividends   | \$                 | \$        | \$        | \$       | \$        | \$       | \$          |
| Interest   |                    |           |           | (6,360)  |           |          | 432,431     |
|  |                    |           |           |          |           |          |             |
| Total investment income  |                    |           |           | (6,360)  |           |          | 432,431     |
| Net realized gain (loss) on sale and distributions of investments: |                    |           |           |          |           |          |             |
| Common stock Pooled separate accounts                              | (13,459)           | (197,258) | (118,617) | 607      | (326,130) | (36,120) |             |
|  |                    |           |           |          |           |          |             |
| Total net realized gains (losses)                                  | (13,459)           | (197,258) | (118,617) | 607      | (326,130) | (36,120) |             |
| Net unrealized appreciation (depreciation) of investments          | 3,031              | 68,423    | (298,808) | (2,646)  | (22,552)  | 34,884   |             |
| Contributions:   |                    |           |           |          |           |          |             |
| Participant  | 3,897              | 39,263    | 150,588   | 232      | 87,390    | 16,525   |             |
| Employer companies   | 1,233              | 12,809    | 51,368    | 41       | 31,001    | 6,874    |             |
|  |                    |           |           |          |           |          |             |
| Total contributions  | 5,130              | 52,072    | 201,956   | 273      | 118,391   | 23,399   |             |
| Transfers from (to) affiliated plans                               | 5,818              | (38,094)  | (45,433)  | (24)     | (68,466)  | (18,259) |             |
| Distributions to participants                                      | 1,602              | (29,011)  | (21,102)  |          | (42,123)  | (30,444) | (1,186,387) |
| Administrative expenses  | (341)              | (465)     | (1,388)   | (160)    | (968)     | (461)    |             |
| Net transfers  | 153,480            | (536,047) | 242,966   | (32,562) | 187,355   | 303,061  |             |



|  |                  |                |                    |               |                    |                  |                     |
|--|------------------|----------------|--------------------|---------------|--------------------|------------------|---------------------|
| Net increase<br>(decrease) in net assets<br>available for plan<br>benefits | 155,261          | (680,380)      | (40,426)           | (40,872)      | (154,493)          | 276,060          | (753,956)           |
| Net assets available for<br>plan benefits at<br>beginning of the year      | <u>57,439</u>    | <u>680,380</u> | <u>1,752,501</u>   | <u>40,872</u> | <u>1,243,707</u>   | <u>182,924</u>   | <u>5,623,043</u>    |
| Net assets available for<br>plan benefits at end of<br>the year            | <u>\$212,700</u> | <u>\$</u>      | <u>\$1,712,075</u> | <u>\$</u>     | <u>\$1,089,214</u> | <u>\$458,984</u> | <u>\$ 4,869,087</u> |

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

Information with respect to investment options is as follows:

| <b>Option</b> | <b>Description of Investment Option</b>  |
|---------------|--|
| 1             | LNC Common Stock Fund, which invests exclusively in the stock of LNC. However, some funds may be invested in the Wells Fargo Bank Short-Term Investment Fund until the LNC stock can be purchased.                             |
| 2             | Government Bond Fund (SA#26), which invests primarily in fixed income securities backed by the United States government that will mature in 3 to 5 years.  |
| 3             | Guaranteed Fund, which invests in investment contracts underwritten by Lincoln Life. The account's balances are backed by the general assets of Lincoln Life.  |
| 4             | Core Equity Fund (SA#11), which invests primarily in large capitalization stocks of well-established companies.  |
| 5             | Medium Capitalization Equity Fund (SA#17), which invests primarily in medium-sized companies.  |
| 6             | Short-Term Fund (SA#14), which invests in high quality money market securities that include commercial paper, bankers acceptances, certificates of deposit, loan participation and short-term U.S. government debt.            |
| 7             | Government/Corporate Bond Fund (SA#12), which invests primarily in U.S. government and high-quality corporate bonds and securities.  |
| 8             | Large Capitalization Equity Fund (SA#23), which invests primarily in high-risk common stocks which have the potential for a significant appreciation in value within 18 months from the date of purchase.                      |
| 9             | Balanced Fund (SA#21), which invests in three different asset classes: stocks, bonds and money market instruments, which provides growth through the stock portion and reduced risk through the bond and money market portion. |
| 10            | High Yield Bond Fund (SA#20), which invests primarily in below-investment-grade bonds, providing higher rates of return to compensate for higher risk.   |
| 11            | Small Capitalization Equity Fund (SA#24), which invests primarily in the stock of new, rapid growth companies.   |
| 12            | Value Equity Fund (SA#28), which invests primarily in large capitalization stocks of undervalued companies that are industry leaders.  |
| 13            | International Equity Fund (SA#22), which invests primarily in stocks of non-United States companies.   |

- 14 Conservative Balanced Account (SA#30), which invests in three different asset classes with a bias towards fixed-income investments and some equity exposure. The emphasis is on maximum long-term return.

The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

- 15 Aggressive Balanced Fund (SA#32), which invests in three different asset classes with a bias towards equities. The emphasis is on maximum long-term total return.
- 16 Delaware Growth and Income Fund (SA#61), which invests in large-capitalization/value securities and seeks to provide high returns with reduced risk over the long term.
- 17 Scudder VIT Equity 500 Index Fund (formerly Deutsche VIT Equity 500 Index Fund) (SA#27), which invests in large cap/blend equities and seeks to provide maximum long-term total return.
- 18 Fidelity VIP Contrafund (SA#35), which seeks diversified capital appreciation by investing in VIP II Contrafund Portfolio.
- 19 Janus Fund (SA#42), which seeks to provide long-term growth of capital in a manner consistent with preservation of capital by investing in the Janus Fund which has an emphasis on large-cap/growth securities.
- 20 Neuberger Berman AMT Regency Fund (SA#38), which seeks capital growth by investing in AMT Partners Portfolio which has an aggressive growth investment style.
- 21 Social Awareness Fund (SA#33), which seeks capital growth and social responsibility by investing in the Social Awareness Portfolio.
- 22 T. Rowe Price International Equity Fund (SA#45), which seeks to provide long-term growth of capital by investing in non-U.S. large cap/growth and value-blend securities.
- 23 Janus Aspen Series Worldwide Growth Fund (SA#34), which seeks long-term growth of capital by investing in the Janus Aspen Series Worldwide Growth Portfolio.
- 24 Delaware Global Bond Fund (SA#60), which seeks to provide high total return with reduced risk over the long-term by investments in high-quality global fixed income/intermediate-term maturities.
- 25 Neuberger Berman Mid-Cap Growth Fund (SA#37), which seeks growth of capital by investing in the AMT Mid-Cap Growth Portfolio.
- 26 Scudder VIT Small Cap Index Fund (formerly Deutsche VIT Small Cap Index Fund) (SA#36), which seeks to reflect Russell 2000 performance by investing in the Small Cap Index Portfolio.
- 27 Janus Aspen Growth Fund (SA#70), which seeks long-term growth of capital in a manner consistent with the preservation of capital.
- 28 Fidelity VIP Overseas Fund (SA#59), which seeks long-term growth of capital by investing mainly in foreign securities.



The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

The information as to the number of participants selecting each investment option is not readily available. During 2002, the Plan also began offering investment options 27 and 28. Investment options 2 and 4 through 28 are invested in pooled separate accounts of Lincoln Life through a group annuity contract issued by Lincoln Life.

Interest charged on new loans to participants is established monthly based upon the prime rate plus 1%. Loans may be repaid over any period selected by the participant up to a maximum repayment period of 5 years except that the maximum repayment period may be 20 years for the purchase of a principal residence.

**5. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated February 9, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. However, subsequent to the issuance of the favorable determination letter, the Plan was amended. Once qualified, the Plan, as amended, is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan, as amended, is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt. The Plan Sponsor has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.

**6. Tax Implications to Participants**

There are no income tax consequences to participants arising from their pre-tax contributions, the Employer's contributions, and income earned in the Plan until actual distribution or withdrawal from the Plan.

**7. Transactions with Parties-in-Interest**

The Plan has investments in common stock of LNC and in pooled separate accounts and investment contracts with Lincoln Life. Lincoln Life charges the Plan for certain administrative expenses including trustee and audit fees. Total administrative expenses charged were \$103,179, \$106,837 and \$123,858 in 2003, 2002 and 2001, respectively.

**8. Concentrations of Credit Risks**

The Plan has investments in common stock of LNC, pooled separate accounts, and unallocated investment contracts with Lincoln Life of \$54,523,924, \$81,529,299, and \$15,955,401, respectively, at December 31, 2003 (33.6%, 50.3% and 9.8% of net assets, respectively). LNC and Lincoln Life operate predominately in the insurance and investment management industries.

**Schedule**

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The Lincoln National Life Insurance Company  
Agents Savings and Profit-Sharing Plan

Plan Number: 006  
EIN: 35-0472300

Schedule H, Line 4i Schedule of Assets (Held At End of Year)

December 31, 2003

| (b)<br><br>Identity of Issue, Borrower,<br>Lessor or Similar Party | (c)<br>Description of Investment<br>Including Maturity Date<br>Rate of Interest,<br>Par or Maturity Value | (d)<br><br>Cost | (e)<br><br>Current<br>Value |
|--|---|-----------------|-----------------------------|
| *Common stock fund:  |   |                 |                             |
| Lincoln National Corporation common stock                          | 1,350,605 shares  | **              | \$ 54,523,924               |
| Wells Fargo Bank Short-Term Investment Fund                        | 1,629,309 par value   | **              | 1,629,309                   |
|  |   |                 | 56,153,233                  |
| *Pooled separate accounts  |   |                 |                             |
| The Lincoln National Life Insurance Company                        |   |                 |                             |
| Separate Accounts:   |   |                 |                             |
| Core Equity Fund   | 957,140.858 participation units   | **              | 12,133,579                  |
| Medium Capitalization Equity Fund                                  | 864,898.815 participation units   | **              | 9,452,047                   |
| Short Term Fund  | 1,539,780.100 participation units   | **              | 5,616,810                   |
| Government/Corporate Bond Fund                                     | 281,100.440 participation units   | **              | 2,311,461                   |
| Large Capitalization Equity Fund                                   | 1,242,408.641 participation units   | **              | 10,116,809                  |
| Balanced Fund  | 221,520.392 participation units   | **              | 1,555,405                   |
| High Yield Bond Fund   | 677,534.414 participation units   | **              | 2,268,995                   |
| Small Capitalization Equity Fund                                   | 1,410,390.044 participation units   | **              | 9,851,575                   |
| Value Equity Fund  | 2,115,372.390 participation units   | **              | 4,636,896                   |
| International Equity Fund  | 932,529.673 participation units   | **              | 6,704,888                   |
| Conservative Balanced Fund   | 221,093.519 participation units   | **              | 434,050                     |
| Aggressive Balanced Fund   | 275,088.192 participation units   | **              | 587,726                     |
| Delaware Growth and Income Fund                                    | 649,762.829 participation units   | **              | 993,292                     |
| Scudder VIT Equity 500 Index Fund                                  | 3,871,959.676 participation units   | **              | 3,529,291                   |
| Fidelity VIP Contrafund  | 2,917,953.594 participation units   | **              | 3,166,855                   |
| Neuberger-Berman AMT Regency Fund                                  | 1,224,187.180 participation units   | **              | 1,429,483                   |
| Social Awareness Fund  | 1,152,697.791 participation units   | **              | 1,090,452                   |
| Janus Aspen Series Worldwide Growth Fund                           | 1,520,723.497 participation units   | **              | 1,315,274                   |
| Neuberger Berman Mid-Cap Growth Fund                               | 1,506,601.361 participation units   | **              | 1,387,881                   |
| Scudder VIT Small Cap Index Fund                                   | 1,559,466.488 participation units   | **              | 2,064,734                   |
| Janus Aspen Growth Fund  | 38,684.997 participation units  | **              | 351,608                     |



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|  |  |    |               |
|--|--|----|---------------|
| Fidelity VIP Overseas Fund   | 49,003.881 participation units                                   | ** | 530,188       |
|  |  |    | <hr/>         |
|  |  |    | 81,529,299    |
| *Investment contracts The Lincoln National<br>Life Insurance Company (Guaranteed Fund) | 4.50% interest rate  | ** | 15,955,401    |
| Participant loans  | Various loans at interest rates<br>varying from 5.25% to 10.75%. |    | 4,218,026     |
|  |  |    | <hr/>         |
|  |  |    | \$157,855,959 |
|  |  |    | <hr/>         |

\* Indicates party-in-interest to the Plan.

\*\* Indicates a participant-directed fund. The cost disclosure is not required.