

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

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

*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>
	<b>2,838,256</b>	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)
	<b>132,264,453</b>	174,704,305	200,920,848



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 Shares, Units or Par Value	Fair Value	Number of Shares, Units or Par Value	Fair Value	
<b>Quoted Market Values</b>					
Common stock LNC Pooled separate account investment contracts 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 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 Fund	<b>281,100.440</b>	<b>2,311,461</b>		336,368.921	2,542,747
Large Capitalization Equity 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 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 Fund	<b>649,762.829</b>	<b>993,292</b>		410,902.398	493,329
Scudder VIT Equity 500 Index 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 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 Growth Fund	<b>1,520,723.497</b>	<b>1,315,274</b>		2,198,999.953	1,536,221
Neuberger Berman Mid-Cap 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
		<hr/>		<hr/>
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
		<hr/>		<hr/>
Total investments		<b>\$157,855,959</b>		<b>\$132,057,974</b>

\* 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>

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Common stock	<b>\$11,125,039</b>	\$(30,005,422)	\$ (2,749,982)
Pooled separate accounts	<b>17,930,471</b>	(11,830,657)	(13,693,333)
	<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 investment contracts (Guaranteed Fund) earned an average interest rate of approximately 4.00%, 4.90% and 5.95% in 2003, 2002 and 2001 respectively. The credited interest rates for new contributions, which approximate the current market rate, were 5.00% and 4.50% at December 31, 2003 and 2002, respectively. The rate on new contributions is guaranteed through the three succeeding calendar year quarters. The credited interest rates for the remaining contract value balance were 4.00% and 4.50% at December 31, 2003 and 2002, respectively, and are determined based upon the performance of the Lincoln Life's general account. The credited interest rates change at least quarterly. The minimum guaranteed rate is 4.50% for the first 5 contract years, 4.00% for years 6-10 and 3.50% following year 10. The guarantee is based on Lincoln Life's ability to meet its financial obligations from the general assets of Lincoln Life. The fair value of the investment contracts approximates contract value.



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						
	<hr/>	<hr/>	-	<hr/>	<hr/>	<hr/>	<hr/>
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					
	<hr/>	<hr/>	-	<hr/>	<hr/>	<hr/>	<hr/>
Net assets available for plan benefits	<u>\$ 162,087,043</u>	<u>\$ 60,333,320</u>	<u>\$</u>	<u>\$ 15,948,055</u>	<u>\$ 12,101,881</u>	<u>\$ 9,474,466</u>	<u>\$ 5,601,182</u>

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	<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 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						
	132,057,974	48,719,445	-	15,383,328	9,325,441	6,729,972	8,643,870
Total investments							
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					
	132,479,930	49,141,401	-	15,383,328	9,325,441	6,729,972	8,643,870
Total assets							
<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			
	215,477			4,845	17,175	29,661	8,895
Total liabilities							

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

**Investment Options**

December 31, 2002	22	23	24	25	26	26	28	Loans
<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
<b>Total investments</b>		1,536,221		1,075,521	682,500	93,370	107,572	4,149,421
Accrued interest receivable								
Contributions receivable from participant deferrals								
Contributions receivable from Employer companies	-		-					
<b>Total assets</b>		1,536,221		1,075,521	682,500	93,370	107,572	4,149,421
<b>Liabilities</b>								
Due to (from) broker - Pooled separate accounts		5,209		5,563	3,583		74	
Due to broker - Investment contracts	-		-					
<b>Total liabilities</b>	-	5,209	-	5,563	3,583		74	
<b>Net assets available for plan benefits</b>	\$	\$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 (decrease) in net assets available for plan benefits	29,822,590	11,191,919		569,572	2,793,615	2,774,155	(3,033,793)
Net assets available for plan benefits at 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 for plan benefits at 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							
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
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
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 (decrease) in net assets available for plan benefits	(231,424)	1,480,314	286,157	941,507	2,281,289	1,051,084	2,403,302
Net assets available for plan benefits at beginning 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>
Net assets available for plan benefits at 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						-		
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)
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
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 (decrease) in net assets available for plan benefits	51,964	268,160	497,834	1,665,843	1,338,788	440,367	736,202
Net assets available for plan benefits at beginning of the year	381,844	316,526	492,177	1,860,731	1,820,458	989,396	331,809
Net assets available for plan benefits at 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 40,651	-	157,349 50,064	112,935 29,995	15,485 4,594	20,445 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	



	-		-									
Net increase (decrease) in net assets available for plan benefits		(188,043)		372,035		1,393,194		258,238		421,706		68,605
Net assets available for plan benefits at beginning of the year		1,531,012		1,069,958		678,917		93,370		107,498		4,149,421
Net assets available for plan benefits at end of the year	\$	\$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 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 (decrease) in net assets available for plan benefits	(42,439,852)	(33,433,692)		2,491,141	(3,628,752)	(3,262,520)	(493,516)
Net assets available for plan benefits at beginning of the 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 for plan benefits at 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							
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)
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
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 (decrease) in net assets available for plan benefits	872,063	(3,549,949)	(206,139)	76,216	(1,527,330)	(310,099)	(106,066)
Net assets available for plan benefits at beginning 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>
Net assets available for plan benefits at 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	_____	_____	_____	_____	_____	-	_____	_____
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)
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
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 (decrease) in net assets available for plan benefits	236,506	(49,061)	48,580	146,010	583,645	53,186	119,109
Net assets available for plan benefits at beginning of the year	145,338	365,587	443,597	1,714,721	1,236,813	936,210	212,700
Net assets available for plan benefits at end of 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 (decrease) in net assets available for plan benefits		(181,063)		(19,256)	219,933	93,370	107,498	(719,666)
Net assets available for plan benefits at beginning of the year	-	1,712,075	-	1,089,214	458,984			4,869,087
	-	_____	-	_____	_____	_____	_____	_____
Net assets available for plan benefits at end of 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)

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Net transfers	<u>                  </u>	<u>(4,369,422)</u>	<u>(422,458)</u>	<u>2,372,546</u>	<u>(815,227)</u>	<u>(615,437)</u>	<u>3,672,577</u>
Net increase (decrease) in net assets available for plan benefits	(26,216,543)	(8,642,678)	(495,898)	(127,910)	(3,284,478)	(5,888,163)	2,550,232
Net assets available for plan benefits at beginning of the year	<u>200,920,848</u>	<u>91,217,771</u>	<u>495,898</u>	<u>13,015,252</u>	<u>16,221,496</u>	<u>15,850,994</u>	<u>6,578,259</u>
Net assets available for plan benefits at end of the year	<u>\$ 174,704,305</u>	<u>\$ 82,575,093</u>	<u>\$</u>	<u>\$ 12,887,342</u>	<u>\$ 12,937,018</u>	<u>\$ 9,962,831</u>	<u>\$ 9,128,491</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						
	7	8	9	10	11	12	13
Investment income:							
Cash dividends	\$	\$	\$	\$	\$	\$	\$
Interest							
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
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
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 (decrease) in net assets available for plan benefits	618,559	(4,598,724)	(275,372)	(214,311)	(3,015,330)	(251,198)	(1,239,220)
Net assets available for plan benefits at beginning of the 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 for plan benefits at 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							
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)
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
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 (decrease) in net assets available for plan benefits	55,264	302,691	264,904	1,084,792	395,462	(2,714,107)	497,748
Net assets available for plan benefits at beginning of the year	90,074	62,896	178,693	629,929	841,351	2,714,107	438,462
Net assets available for plan benefits at end of 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	



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Net increase (decrease) in net assets available for plan benefits	155,261	(680,380)	(40,426)	(40,872)	(154,493)	276,060	(753,956)
Net assets available for plan benefits at 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 plan benefits at end of 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)  Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date Rate of Interest, Par or Maturity Value	(d)  Cost	(e)  Current 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 Life Insurance Company (Guaranteed Fund)	4.50% interest rate	**	15,955,401
Participant loans	Various loans at interest rates 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.