

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)

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

**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 |
| | <u> </u> | <u> </u> |
| Assets | | |
| Investments: | | |
| Common stock Lincoln National Corporation (cost: 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 Insurance Company Separate Accounts (cost: 2003 \$62,467,176; 2002 \$62,674,128) | 81,529,299 | 63,805,780 |
| Investment contracts The Lincoln National Life Insurance Company | 15,955,401 | 15,383,328 |
| Participant loans | 4,218,026 | 4,149,421 |
| | <u> </u> | <u> </u> |
| 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 companies | 3,946,241 | 234,230 |
| | <u> </u> | <u> </u> |
| Total assets | 162,087,043 | 132,479,930 |
| | <u> </u> | <u> </u> |
| Liabilities | | |
| Due to broker | | 215,477 |
| | <u> </u> | <u> </u> |
| Total liabilities | | 215,477 |
| | <u> </u> | <u> </u> |
| Net assets available for plan benefits | \$162,087,043 | \$132,264,453 |
| | <u> </u> | <u> </u> |

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 | \$162,087,043 | \$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 | |
| Quoted Market Values | | | | | |
| Common stock LNC Pooled separate account investment contracts underwritten by Lincoln Life: | 1,350,605 | \$ 54,523,924 | * | 1,498,506 | \$ 47,322,819 * |
| Core Equity Fund | 957,140.858 | 12,133,579 | * | 954,956.965 | 9,325,441 * |
| Medium Capitalization Equity Fund | 864,898.815 | 9,452,047 | * | 818,731.445 | 6,729,972 * |
| Short Term Fund | 1,539,780.100 | 5,616,810 | | 2,388,799.176 | 8,643,870 * |
| Government/Corporate Bond Fund | 281,100.440 | 2,311,461 | | 336,368.921 | 2,542,747 |
| Large Capitalization Equity Fund | 1,242,408.641 | 10,116,809 | * | 1,316,490.767 | 8,643,025 * |
| Balanced Fund | 221,520.392 | 1,555,405 | | 219,595.706 | 1,271,415 |
| High Yield Bond Fund | 677,534.414 | 2,268,995 | | 510,776.918 | 1,325,261 |
| Small Capitalization Equity Fund | 1,410,390.044 | 9,851,575 | * | 1,486,056.176 | 7,656,013 * |
| Value Equity Fund | 2,115,372.390 | 4,636,896 | | 2,108,481.408 | 3,643,245 |
| International Equity Fund | 932,529.673 | 6,704,888 | | 856,385.074 | 4,326,372 |
| Conservative Balanced Fund | 221,093.519 | 434,050 | | 218,189.490 | 382,268 |
| Aggressive Balanced Fund | 275,088.192 | 587,726 | | 185,948.674 | 317,693 |
| Delaware Growth and Income Fund | 649,762.829 | 993,292 | | 410,902.398 | 493,329 |
| Scudder VIT Equity 500 Index Fund | 3,871,959.676 | 3,529,291 | | 2,612,449.526 | 1,861,370 |
| Fidelity VIP Contrafund | 2,917,953.594 | 3,166,855 | | 2,155,409.188 | 1,825,200 |
| Neuberger-Berman AMT Regency Fund | 1,224,187.180 | 1,429,483 | | 1,153,223.566 | 992,810 |
| Social Awareness Fund | 1,152,697.791 | 1,090,452 | | 459,948.576 | 330,565 |
| Janus Aspen Series Worldwide Growth Fund | 1,520,723.497 | 1,315,274 | | 2,198,999.953 | 1,536,221 |
| Neuberger Berman Mid-Cap Growth Fund | 1,506,601.361 | 1,387,881 | | 1,492,950.088 | 1,075,521 |

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

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

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

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| | | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| Common stock | \$11,125,039 | \$(30,005,422) | \$ (2,749,982) |
| Pooled separate accounts | 17,930,471 | (11,830,657) | (13,693,333) |
| | <u> </u> | <u> </u> | <u> </u> |
| Change in net unrealized appreciation (depreciation) of investments | \$29,055,510 | \$(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 |
| Assets | | | | | | | |
| 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 |
| Assets | | | | | | | |
| 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 |
| Assets | | | | | | | | |
| 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 |
| Assets | | | | | | | | |
| 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 |
| Assets | | | | | | | |
| 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 | | | | | | | |
| Liabilities | | | | | | | |
| 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 |
|--|---------------|--------------|----|--------------|-------------|-------------|-------------|

Investment Options

| December 31, 2002 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Assets | | | | | | | |
| 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 |
| Liabilities | | | | | | | |
| 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 |
| Assets | | | | | | | | |
| 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 |
| Liabilities | | | | | | | | |
| 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 | |
| Assets | | | | | | | | |
| 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 from participant deferrals | | | | | | | | |
| Contributions receivable from Employer companies | - | | - | | | | | |
| Total assets | | 1,536,221 | | 1,075,521 | 682,500 | 93,370 | 107,572 | 4,149,421 |
| Liabilities | | | | | | | | |
| Due to (from) broker - Pooled separate accounts | | 5,209 | | 5,563 | 3,583 | | 74 | |
| Due to broker - Investment contracts | - | | - | | | | | |
| Total liabilities | - | 5,209 | - | 5,563 | 3,583 | | 74 | |
| Net assets available for plan 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 (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 | |

| | | | | | | | | |
|--|----|--------------------|----|--------------------|--------------------|-------------------|-------------------|--------------------|
| | - | <u> </u> | - | <u> </u> | <u> </u> | <u> </u> | <u> </u> | |
| 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 | - | <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 plan benefits at end of 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 | | | |
| Total investment income | 3,002,934 | 1,987,002 | | 644,711 | | | |
| 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 |
| Total net realized gains (losses) | 1,457,978 | 4,050,730 | 100,813 | | (253,270) | (472,407) | 197,620 |
| 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 |
| Total contributions | 8,327,144 | 1,785,544 | | 189,487 | 793,444 | 766,663 | 347,324 |
| 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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| | | | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 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 | <u>145,338</u> | <u>365,587</u> | <u>443,597</u> | <u>1,714,721</u> | <u>1,236,813</u> | <u>936,210</u> | <u>212,700</u> |
| Net assets available for plan benefits at end of the year | <u>\$381,844</u> | <u>\$316,526</u> | <u>\$492,177</u> | <u>\$1,860,731</u> | <u>\$1,820,458</u> | <u>\$ 989,396</u> | <u>\$331,809</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 | | | | | | | 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 | | | |
| Total investment income | 3,326,629 | 2,112,904 | | 787,654 | | | |
| 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 |
| Total net realized gains (losses) | 4,245,227 | 4,871,991 | 61,275 | | 354,102 | 224,511 | 304,907 |
| 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 |
| Total contributions | 8,001,063 | 1,083,137 | 16,460 | 139,283 | 1,010,354 | 1,004,494 | 268,840 |
| 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>(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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| | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 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 | <u>90,074</u> | <u>62,896</u> | <u>178,693</u> | <u>629,929</u> | <u>841,351</u> | <u>2,714,107</u> | <u>438,462</u> |
| Net assets available for plan benefits at end of the year | \$ 145,338 | \$ 365,587 | \$ 443,597 | \$ 1,714,721 | \$ 1,236,813 | \$ | \$ |