

fairly intended by the policy and provisions of the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26204; File No. 812-12722]

The Lincoln National Life Insurance Company, et al.; Notice of Application

October 8, 2003.

AGENCY: Securities and Exchange Commission (the "Commission").

ACTION: Notice of application for an order pursuant to Section 11(a) of the Investment Company Act of 1940 (the "Act") approving the terms of an exchange offer to issued and outstanding variable annuity contracts.

APPLICANTS: The Lincoln National Life Insurance Company ("Lincoln Life") and Lincoln National Variable Annuity Account C ("Account C").

FILING DATE: The application was filed on December 13, 2001, and amended and restated on September 22, 2003.

SUMMARY OF APPLICATION: Applicants request an order approving the terms of a proposed offer of exchange of MultiFund® 5 (with contract value death benefit), an existing variable annuity contract issued by Lincoln Life and made available through Variable Annuity Account C ("New Contract"), for MultiFund® 2, 3, and 4 (with contract value death benefit), outstanding annuity contracts issued by Lincoln Life and made available through Variable Annuity Account C ("Old Contracts").

HEARING OR NOTIFICATION OF HEARING: An order granting the amended and restated application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on November 3, 2003, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a

hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, c/o Mary Jo Ardington, Esq., Counsel, The Lincoln National Life Insurance Company, 1300 S. Clinton Street, P.O. Box 1110, Fort Wayne, Indiana 46801-1110. Copy to Judith A. Hasenauer, Esq., Blazzard, Grodd & Hasenauer, P.C., Federal Tower, Suite 500, 1600 S. Federal Highway, Pompano Beach, Florida 33062.

FOR FURTHER INFORMATION CONTACT: Ellen J. Sazzman, Senior Counsel, or Lorna J. MacLeod, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Lincoln Life is a stock life insurance company that was founded in 1905 under Indiana law, and is a wholly-owned subsidiary of Lincoln National Corporation ("LNC"), which is also organized under Indiana law. LNC's primary businesses are insurance and financial services. Lincoln Life is Account C's depositor within the meaning of the Act.

2. Lincoln Life is the principal underwriter of the contracts issued by Lincoln Life through Account C. Lincoln Life is registered as a broker-dealer under the Securities Exchange Act of 1934.

3. Account C was established on June 3, 1981, as an insurance company separate account under Indiana law. Account C is a segregated investment account and, as such, its assets may not be charged with liabilities resulting from any other business that Lincoln Life may conduct. Income, gains, and losses, whether realized or not, from assets allocated to Account C are, in accordance with applicable annuity contracts, credited to or charged against Account C, and without regard to any other income, gains, or losses of Lincoln Life. Account C satisfies the definition of a separate account under the federal securities law. Account C is registered on Form N-4 under the Act as a unit investment trust (File No. 811-3214).

4. Account C funds the MultiFund® Series of Variable Annuity Contracts including the MultiFund® 2, 3, 4, and

5 Contracts ("MultiFund® Contracts"). Certain MultiFund® Contracts have been offered and sold for a number of years.

5. There are four MultiFund® Contracts which are the subject of this Application: MultiFund® 2, MultiFund® 3, MultiFund® 4 and MultiFund® 5, all with the contract value death benefit. The MultiFund® 2, 3, and 4 Contracts issued through Account C have been registered under the Securities Act of 1933 pursuant to a registration statement on Form N-4 (File No. 33-25990). The MultiFund® 5 Contract issued through Account C has been registered under the Securities Act of 1933 pursuant to a registration statement on Form N-4 (File No. 333-68842).

6. The MultiFund® Contracts are flexible premium deferred annuity contracts under which contract owners may make one or more purchase payments over a period of time (called the "accumulation period"). During the accumulation period, based upon the contract owner's instructions, such purchase payments are allocated to the selected subaccounts of Account C and/or Lincoln Life's general account. To the extent that an owner selects one or more subaccounts, his or her investment in the contract will vary with the investment performance of the selected subaccounts. To the extent that an owner selects the general account, Lincoln Life guarantees that the amount allocated to the general account will be credited with a minimum interest rate and Lincoln Life may credit additional interest that it may declare from time to time.

7. A contract owner can elect to receive annuity payments under his or her contract. Under a contract, annuity payments are based upon the life of an annuitant and in some cases the lives of two (or joint) annuitants. Annuity options are available on a variable basis (*i.e.*, funded by Account C) and/or on a fixed basis (*i.e.*, funded through Lincoln Life's general account). The contracts incorporate other features, some of which are described more fully below under the discussion of the specific contract.

8. The minimum purchase payment for MultiFund® 2, 3, and 4 Contracts is \$3000 for nonqualified contracts and \$1000 for qualified contracts. The MultiFund® 2, 3 and 4 Contracts impose a surrender charge of up to 7% of any amount by which purchase payments withdrawn in any year exceed 15% of purchase payments. (However, this 15% withdrawal exception does not apply to a surrender of a contract.) The surrender charge associated with each