

LINCOLN NATIONAL CORP
Form 11-K
March 31, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-6028

A. Full title of the plan and the address of the plan, if different from that of the
issuer named below:

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

B. Name of issuer of the securities held pursuant to the plan and the address of its
principal executive office:

Lincoln National Corporation
150 N. Radnor Chester Road, Suite A305
Radnor, PA 19087

REQUIRED INFORMATION

Financial statements and schedule for The Lincoln National Life Insurance Company Agents' Savings And Profit-Sharing Plan, prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974, are contained in this Annual Report on Form 11-K.

Financial Statements and Supplemental Schedule

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

December 31, 2007 and 2006, and for three years ended December 31, 2007, 2006, and
2005

With Report of Independent Registered Public Accounting Firm

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

Financial Statements and Supplemental Schedule

December 31, 2007 and 2006, and for three years ended December 31, 2007, 2006, and
2005

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Report of Independent Registered Public Accounting Firm

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, 2007 and 2006, 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, 2007. 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 the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Plan at December 31, 2007 and 2006, and the changes in its net assets available for plan benefits for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

Our audits were performed 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, 2007, is presented for purposes 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.

Philadelphia, Pennsylvania
March 26, 2008

/s/ Ernst & Young LLP

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

Statements of Net Assets Available for Plan Benefits

| | December 31 | |
|---|----------------|----------------|
| | 2007 | 2006 |
| Assets | | |
| Investments: | | |
| Common stock – Lincoln National Corporation (cost: 2007 – \$33,920,977; 2006 – \$35,751,944) | \$ 47,511,770 | \$ 59,554,426 |
| Wells Fargo Bank short-term investment account | 1,564,190 | 1,748,430 |
| Pooled separate accounts – The Lincoln National Life Insurance Company Separate Accounts (cost: 2007 – \$91,414,277; 2006 – \$87,337,123) | 133,100,849 | 126,882,016 |
| Investment contracts – The Lincoln National Life Insurance Company | 14,604,738 | 16,312,170 |
| Participant loans | 3,996,682 | 4,010,852 |
| Total investments | 200,778,229 | 208,507,894 |
| Accrued interest receivable | 54,904 | 58,106 |
| Cash | (4,648) | 740,328 |
| Contributions receivable from participant deferrals | – | 12,646 |
| Contributions receivable from Employer companies | 2,212,179 | – |
| Total assets | 203,040,664 | 209,318,974 |
| Liabilities | | |
| Due to broker | 214 | 21,546 |
| Total liabilities | 214 | 21,546 |
| Net assets available for plan benefits | \$ 203,040,450 | \$ 209,297,428 |

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 | | |
|--|------------------------|----------------|----------------|
| | 2007 | 2006 | 2005 |
| Investment income: | | | |
| Cash dividends – Lincoln National Corporation | \$ 1,336,688 | \$ 1,431,425 | \$ 1,637,253 |
| Interest | 965,603 | 907,029 | 926,170 |
| | 2,302,291 | 2,338,454 | 2,563,423 |
| Net realized gain on sale and distributions of investments: | | | |
| Lincoln National Corporation common stock | 3,844,371 | 5,504,007 | 5,362,745 |
| The Lincoln National Life Insurance Company Separate Accounts | 8,568,425 | 5,920,004 | 3,712,858 |
| | 12,412,796 | 11,424,011 | 9,075,603 |
| Net change in unrealized (depreciation) appreciation of investments | (8,070,015) | 14,925,196 | 5,961,900 |
| Contributions: | | | |
| Participants | 8,793,200 | 7,889,483 | 7,297,381 |
| Employer companies | 4,661,121 | 1,960,209 | 3,068,581 |
| | 13,454,321 | 9,849,692 | 10,365,962 |
| Transfers (to) from affiliated plans | (36,541) | (204,186) | 593,910 |
| Deposit from Jefferson-Pilot 401(k) Plan | – | 14,357,318 | – |
| Distributions to participants | (26,167,088) | (26,009,979) | (29,711,933) |
| Administrative expenses | (152,742) | (173,808) | (168,180) |
| Net (decrease) increase in net assets available for plan benefits | (6,256,978) | 26,506,698 | (1,319,315) |
| Net assets available for plan benefits at beginning of the year | 209,297,428 | 182,790,730 | 184,110,045 |
| Net assets available for plan benefits at end of the year | \$ 203,040,450 | \$ 209,297,428 | \$ 182,790,730 |

See accompanying notes.

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

Notes to Financial Statements

December 31, 2007

1. Significant Accounting Policies

Investments Valuation and Income Recognition

The investment in Lincoln National Corporation (LNC) common stock is valued at the closing sales price reported on the New York Stock Exchange Consolidated Transactions Tape on the last business day of the year.

The Wells Fargo Bank Short-Term Investment Account, which is invested in the common stock fund, is valued at cost, which approximates fair value.

The fair value of participation units in pooled separate accounts estimated by The Lincoln National Life Insurance Company (Lincoln Life) is based on quoted redemption value of the underlying investments on the last business day of the year.

The investment contracts are valued at contract value as estimated by Lincoln Life. As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan (Plan) adopted FSP AAG INV-1 in 2006. The adoption did not have a material effect on the Plan's financial statements, as interest rates are adjusted to market quarterly. Accordingly, contract value, which represents net contributions plus interest at the contract rate, approximates fair value. The contracts are fully benefit-responsive.

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

The cost of investments sold, distributed, or forfeited is determined using the specific identification method. Investment purchases and sales are accounted for on a trade-date basis.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

Preparation of financial statements in conformity with U.S. 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.

New Accounting Pronouncement

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for accounting periods beginning after

November 15, 2007. Lincoln Financial Group Finance is currently evaluating the impact, if any, that the adoption of SFAS 157 will have on the Plan's 2008 financial statements.

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

Notes to Financial Statements (continued)

2. Description of the Plan

The following description of the Plan is a summary only and is qualified in its entirety by the terms and provisions of the Plan document itself.

The Plan is a contributory, defined contribution plan which covers eligible full-time agents of Lincoln Life, Lincoln Financial Advisors Corporation and Lincoln Life & Annuity Company of New York (Employer). Effective April 3, 2006, LNC acquired Jefferson-Pilot Financial Corporation (Jefferson-Pilot). Jefferson-Pilot sponsored a 401(k) plan for its eligible agents. On June 1, 2006, a plan amendment made legacy Jefferson-Pilot agents eligible to participate in the Plan, and assets from legacy Jefferson-Pilot plan accounts were transferred to this Plan. This increased the net assets of the Plan by \$14.4 million. Also effective June 1, 2006, participants were permitted to make pre-tax contributions at a rate of at least 1% but not more than 50% of eligible earnings (increased from the 25% maximum in effect from January 1, 2004 through May 31, 2006) up to a maximum annual amount as determined under applicable law. Highly compensated agents, as defined in the Plan, are limited to 9%.

In addition to each participant's pre-tax contributions, Employer matching contributions are provided to the Plan. As of January 1, 2007, the Employer matching contribution for eligible participants is equal to 50% of each participant's pre-tax contributions, not to exceed 6% of eligible earnings per pay period. Prior to January 1, 2007, the Employer matching contribution for eligible former Jefferson-Pilot agents was equal to 10% of each participant's pre-tax contribution, not to exceed 6% of eligible compensation. In addition, the Employer may contribute an additional discretionary matching contribution, the amount of which (if any) is determined at the sole discretion of LNC's Board after a review of whether Lincoln Financial Advisors has met certain performance-based criteria. To be eligible for the discretionary Employer match, the participant must be employed on the last day of the plan year or have died or become disabled during the plan year. The investment of any Employer matching contributions made are directed by the participant.

Participants' pre-tax, other contributions, and earnings thereon are fully vested at all times. Employer contributions vest based upon years of service as defined in the Plan agreement as follows:

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

Participants direct the Plan to invest their contributions, the basic Employer matching contributions, and the Employer discretionary matching contribution in any combination of the investment options offered under the Plan. For 2007, Employer discretionary matching contributions were made in cash, and allocated to the investment funds in accordance with the Participant's elections. No Employer discretionary matching contributions were made for 2006. Employer discretionary matching contributions for 2005 were initially invested in the LNC Common Stock Account. Participants can immediately direct the investment of the Employer discretionary matching contributions to other investment options, subject to certain restrictions set forth in our Insider Trading and Confidentiality policy.

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

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

The Employer has the right to discontinue contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all non-vested amounts allocated to participant accounts would become fully vested.

The Plan may make 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 have not been in the Plan for two full years, less the highest outstanding loan balance in the previous 12-month period. Interest charged on new loans to participants is established monthly based upon the prime rate plus 1%. Interest income credited was \$293,769, \$225,353, and \$236,082 in 2007, 2006, and 2005, respectively. 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.

Upon termination of service due to disability or retirement, a participant may elect to receive either a lump-sum amount equal to the entire value of the participant's account or an installment option if certain criteria are met; in cases of death, the participant's beneficiary makes that election. 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 \$1,000 are immediately distributable under the terms of the Plan, without the participant's consent, unless the participant has made a timely election of rollover to an Individual Retirement Account or other qualified arrangement.

Each participant's account is credited with the participant's contributions, Employer matching contributions, and applicable investment earnings thereon and is charged with an allocation of administrative expenses and applicable investment losses. Forfeited non-vested amounts are used to reduce future Employer contributions.

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, 2007 | | | December 31, 2006 | | |
|---|--|--------------------------------|----------------|--|-----------------------------------|----------------|
| | Number of Shares, Units or Par Value | Net Asset Value Per Unit | Fair Value | Number of Shares, Units or Par Value | Net Asset Value Per Unit | Fair Value |
| Fair Values | | | | | | |
| Common stock – LNC** | 816,073 | \$ 58.220 | \$ 47,511,770* | 896,904 | \$ 66.400 | \$ 59,554,426* |
| Pooled separate account investment contracts underwritten by Lincoln Life: | | | | | | |
| Core Equity Account | 603,408.454 | 17.535 | 10,580,767* | 675,925.619 | 16.597 | 11,218,540* |
| Medium Capitalization Equity Account | 558,122.762 | 17.023 | 9,500,756 | 637,440.864 | 15.038 | 9,586,154 |
| Short-Term Account | 2,707,860.831 | 4.142 | 11,214,877* | 2,474,519.389 | 3.950 | 9,774,599 |
| Government/Corporate Bond Account | 502,647.363 | 9.843 | 4,947,357 | 478,163.909 | 9.428 | 4,508,225 |
| Large Capitalization Equity Account | 703,700.685 | 10.991 | 7,734,304 | 845,211.812 | 9.783 | 8,268,538 |
| Balanced Account | 399,671.268 | 9.426 | 3,767,261 | 329,975.428 | 8.897 | 2,935,692 |
| High Yield Bond Account | 842,282.306 | 4.488 | 3,780,163 | 861,514.961 | 4.386 | 3,778,949 |
| Small Capitalization Equity Account | 882,868.835 | 9.896 | 8,737,135 | 1,004,016.412 | 8.930 | 8,966,268 |
| Value Equity Account | 1,922,453.540 | 3.122 | 6,001,708 | 2,106,200.926 | 3.048 | 6,418,858 |
| International Equity Account | 941,916.059 | 12.562 | 11,832,632* | 1,078,128.890 | 12.018 | 12,957,276* |
| Conservative Balanced Account | 409,589.675 | 2.510 | 1,028,234 | 327,871.900 | 2.388 | 783,056 |
| Aggressive Balanced Account | 608,494.129 | 2.988 | 1,817,998 | 494,596.549 | 2.815 | 1,392,190 |
| Delaware Growth and Income Account | 2,079,971.566 | 2.138 | 4,446,147 | 2,315,835.708 | 2.205 | 5,106,881 |
| Scudder VIT Equity 500 Index Account | 4,049,051.948 | 1.268 | 5,133,793 | 4,198,242.064 | 1.208 | 5,071,896 |
| Fidelity VIP Contrafund | 6,414,875.498 | 1.906 | 12,229,960* | 6,248,064.787 | 1.625 | 10,151,855 |
| Neuberger-Berman AMT Regency Account | 1,506,244.982 | 1.827 | 2,751,458 | 1,777,817.112 | 1.771 | 3,148,514 |
| Social Awareness Account | 1,311,610.737 | 1.365 | 1,789,955 | 1,514,969.167 | 1.329 | 2,014,000 |

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| | | | | | | |
|---|---------------|--------|---------------|---------------|--------|---------------|
| American Funds | | | | | | |
| Insurance | | | | | | |
| Series Global Growth | 4,869,650.703 | 1.457 | 7,094,107 | 4,481,783.250 | 1.270 | 5,693,657 |
| Neuberger-Berman | | | | | | |
| Mid-Cap Growth Account | 3,341,287.715 | 1.702 | 5,687,874 | 3,099,565.265 | 1.391 | 4,312,735 |
| Scudder VIT Small Cap Index Account | 1,781,845.843 | 1.859 | 3,313,342 | 1,970,608.242 | 1.901 | 3,746,520 |
| BlackRock Legacy Account | 407,813.986 | 1.899 | 774,601 | 289,661.157 | 1.607 | 465,485 |
| American Funds International Account | 395,626.878 | 22.588 | 8,936,420 | 348,696.154 | 18.876 | 6,582,128 |
| Total pooled separate accounts | | | 133,100,849 | | | 126,882,016 |
| Contract Value | | | | | | |
| Investment contracts underwritten by Lincoln Life | 14,604,738 | | 14,604,738* | 16,312,170 | | 16,312,170* |
| Estimated Value | | | | | | |
| Wells Fargo Bank short-term investment account | | | | | | |
| Participants loans | 1,564,190 | | 1,564,190 | 1,748,430 | | 1,748,430 |
| Total investments | 3,996,682 | | 3,996,682 | 4,010,852 | | 4,010,852 |
| | | | \$200,778,229 | | | \$208,507,894 |

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

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

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

Notes to Financial Statements (continued)

3. Investments (continued)

Net realized gain on sale and distribution of investments is summarized as follows:

| | Year ended December 31 | | |
|---|------------------------|---------------|---------------|
| | 2007 | 2006 | 2005 |
| Common stock | | | |
| Proceeds from disposition of stock | \$ 7,729,845 | \$ 12,038,077 | \$ 14,876,314 |
| Cost of stock disposed | 3,885,474 | 6,534,070 | 9,513,569 |
| Net realized gain on sale and distribution of common stock | \$ 3,844,371 | \$ 5,504,007 | \$ 5,362,745 |
| Pooled separate accounts | | | |
| Proceeds from disposition of units | \$ 49,126,170 | \$ 43,764,916 | \$ 33,710,587 |
| Cost of units disposed | 40,557,745 | 37,844,912 | 29,997,729 |
| Net realized gain on sale and distribution of pooled separate accounts | \$ 8,568,425 | \$ 5,920,004 | \$ 3,712,858 |

The net change in unrealized appreciation of investments in total and by investment classification as determined by fair value is summarized as follows:

| | Year ended December 31 | | |
|---|------------------------|---------------|---------------|
| | 2007 | 2006 | 2005 |
| Fair value in excess of cost: | | | |
| At beginning of the year | \$ 63,347,381 | \$ 48,422,185 | \$ 42,460,285 |
| At end of the year | 55,277,366 | 63,347,381 | 48,422,185 |
| Change in net unrealized (depreciation) appreciation of investments | \$ (8,070,015) | \$ 14,925,196 | \$ 5,961,900 |
| Common stock | \$ (10,211,687) | \$ 7,023,661 | \$ 1,635,194 |
| Pooled separate accounts | 2,141,672 | 7,901,535 | 4,326,706 |
| Change in net unrealized (depreciation) appreciation of investments | \$ (8,070,015) | \$ 14,925,196 | \$ 5,961,900 |

The investment contracts (Guaranteed Account) earned an average interest rate of approximately 4.0% in all three years. The credited interest rates for new contributions, which approximate the current market rate, were 4.0% at both December 31, 2007 and 2006. The rate on new contributions is guaranteed through the three succeeding calendar year quarters. The credited interest rates for the remaining contract value balance, which approximate the current market rate, were 4.0% at both December 31, 2007 and 2006, and were determined based upon the performance of Lincoln Life's general account. The credited interest rates can be changed quarterly. The minimum guaranteed rate is 3.5%. The guarantee is based on Lincoln Life's ability to meet its financial obligations from the general assets of Lincoln Life. Restrictions apply to the movement of funds to other investment options. The fair value of the investment contracts approximates contract value. Participants are allocated interest on the investment contracts.

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, 2007 | Investment Options | | | | | | |
|--------------------------|--------------------|---------------|------------|------------|-----------|------------|-----------|
| | Total | 1 | 2 | 3 | 4 | 5 | 6 |
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common | | | | | | | |
| stock | \$ 47,511,770 | \$ 47,511,770 | \$ — | \$ — | \$ — | \$ — | — |
| Short-term | | | | | | | |
| investment | | | | | | | |
| fund | 1,564,190 | 1,564,190 | — | — | — | — | — |
| Pooled | | | | | | | |
| separate | | | | | | | |
| accounts | 133,100,849 | — | — | 10,580,767 | 9,500,756 | 11,214,877 | 4,947,357 |
| Investment | | | | | | | |
| contracts | 14,604,738 | — | 14,604,738 | — | — | — | — |
| Participant | | | | | | | |
| loans | 3,996,682 | — | — | — | — | — | — |
| Total | | | | | | | |
| investments | 200,778,229 | 49,075,960 | 14,604,738 | 10,580,767 | 9,500,756 | 11,214,877 | 4,947,357 |
| Accrued | | | | | | | |
| interest | | | | | | | |
| receivable | 54,904 | 5,966 | 48,938 | — | — | — | — |
| Cash | (4,648) | — | (4,648) | — | — | — | — |
| Contributions receivable | | | | | | | |
| from | | | | | | | |
| participant | | | | | | | |
| deferrals | — | — | — | — | — | — | — |
| Contributions receivable | | | | | | | |
| from | | | | | | | |
| Employer | | | | | | | |
| companies | 2,212,179 | 2,212,179 | — | — | — | — | — |
| Net assets | 203,040,664 | 51,294,105 | 14,649,028 | 10,580,767 | 9,500,756 | 11,214,877 | 4,947,357 |
| Liabilities | | | | | | | |
| Due to | | | | | | | |
| broker | 214 | — | — | (28,320) | — | 94,323 | (14,387) |

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| | | | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|---------------|--------------|
| Total liabilities | 214 | – | – | (28,320) | – | 94,323 | (14,387) |
| Net assets available for plan benefits | \$ 203,040,450 | \$ 51,294,105 | \$ 14,649,028 | \$ 10,609,087 | \$ 9,500,756 | \$ 11,120,554 | \$ 4,961,744 |
| Number of participants selecting investment options | | 1354 | 366 | 541 | 467 | 480 | 338 |

Investment Options

| December 31, 2007 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | – |
| Short-term investment account | – | – | – | – | – | – | – |
| Pooled separate accounts | 7,734,304 | 3,767,261 | 3,780,163 | 8,737,135 | 6,001,708 | 11,832,632 | 1,028,234 |
| Investment contracts | – | – | – | – | – | – | – |
| Participant loans | – | – | – | – | – | – | – |
| Total investments | 7,734,304 | 3,767,261 | 3,780,163 | 8,737,135 | 6,001,708 | 11,832,632 | 1,028,234 |
| Accrued interest receivable | – | – | – | – | – | – | – |
| Cash | – | – | – | – | – | – | – |
| Contributions receivable from participant deferrals | – | – | – | – | – | – | – |
| Contributions receivable from Employer companies | – | – | – | – | – | – | – |
| Net assets | 7,734,304 | 3,767,261 | 3,780,163 | 8,737,135 | 6,001,708 | 11,832,632 | 1,028,234 |
| Liabilities | | | | | | | |
| Due to broker | (20,915) | – | (10,164) | (9,880) | (28,411) | (18,761) | – |
| Total liabilities | (20,915) | – | (10,164) | (9,880) | (28,411) | (18,761) | – |
| Net assets available for | \$ 7,755,219 | \$ 3,767,261 | \$ 3,790,327 | \$ 8,747,015 | \$ 6,030,119 | \$ 11,851,393 | \$ 1,028,234 |

plan benefits
Number of
participants
selecting
investment
options

471

188

338

579

378

655

52

9

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

Notes to Financial Statements (continued)

| December 31, 2007 | Investment Options | | | | | | |
|---|--------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Short-term investment account | — | — | — | — | — | — | — |
| Pooled separate accounts | 1,817,998 | 4,446,147 | 5,133,793 | 12,229,960 | 2,751,458 | 1,789,955 | 7,094,107 |
| Investment contracts | — | — | — | — | — | — | — |
| Participant loans | — | — | — | — | — | — | — |
| Total investments | 1,817,998 | 4,446,147 | 5,133,793 | 12,229,960 | 2,751,458 | 1,789,955 | 7,094,107 |
| Accrued interest receivable | — | — | — | — | — | — | — |
| Cash | — | — | — | — | — | — | — |
| Contributions receivable from participant deferrals | — | — | — | — | — | — | — |
| Contributions receivable from Employer companies | — | — | — | — | — | — | — |
| Net assets | 1,817,998 | 4,446,147 | 5,133,793 | 12,229,960 | 2,751,458 | 1,789,955 | 7,094,107 |
| Liabilities | | | | | | | |
| Due to broker | — | (6,031) | — | 47,210 | 4,918 | — | (17,740) |
| Total liabilities | — | (6,031) | — | 47,210 | 4,918 | — | (17,740) |
| Net assets available for plan benefits | \$ 1,817,998 | \$ 4,452,178 | \$ 5,133,793 | \$ 12,182,750 | \$ 2,746,540 | \$ 1,789,955 | \$ 7,111,847 |
| Number of participants selecting investment | 153 | 448 | 293 | 673 | 265 | 128 | 438 |

options

| December 31, 2007 | Investment Options | | | | | Loans |
|---|--------------------|--------------|------------|--------------|------|--------------|
| | 21 | 22 | 25 | 26 | | |
| Assets | | | | | | |
| Investments: | | | | | | |
| Common stock | \$ — | \$ — | \$ — | \$ — | \$ — | — |
| Short-term investment account | — | — | — | — | — | — |
| Pooled separate accounts | 5,687,874 | 3,313,342 | 774,601 | 8,936,420 | — | — |
| Investment contracts | — | — | — | — | — | — |
| Participant loans | — | — | — | — | — | 3,996,682 |
| Total investments | 5,687,874 | 3,313,342 | 774,601 | 8,936,420 | — | 3,996,682 |
| Accrued interest receivable | — | — | — | — | — | — |
| Cash | — | — | — | — | — | — |
| Contributions receivable from participant deferrals | — | — | — | — | — | — |
| Contributions receivable from Employer companies | — | — | — | — | — | — |
| Net assets available for plan benefits | 5,687,874 | 3,313,342 | 774,601 | 8,936,420 | — | 3,996,682 |
| Liabilities | | | | | | |
| Due to broker | (19,496) | (8,988) | 28,799 | 8,057 | — | — |
| Total liabilities | (19,496) | (8,988) | 28,799 | 8,057 | — | — |
| Net assets available for plan benefits | \$ 5,707,370 | \$ 3,322,330 | \$ 745,802 | \$ 8,928,363 | — | \$ 3,996,682 |
| Number of participants selecting investment | 535 | 383 | 79 | 654 | — | 220 |

options

Note: Investment options 23 and 24 had a zero balance as of 12/31/07 and are not shown.

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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, 2006 | Investment Options | | | | | | |
|---|--------------------|---------------|------------|------------|-----------|-----------|-----------|
| | Total | 1 | 2 | 3 | 4 | 5 | 6 |
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ 59,554,426 | \$ 59,554,426 | \$ — | \$ — | \$ — | \$ — | \$ — |
| Short-term investment fund | 1,748,430 | 1,748,430 | — | — | — | — | — |
| Pooled separate accounts | 126,882,016 | — | — | 11,218,540 | 9,586,154 | 9,774,599 | 4,508,225 |
| Investment contracts | 16,312,170 | — | 16,312,170 | — | — | — | — |
| Participant loans | 4,010,852 | — | — | — | — | — | — |
| Total investments | 208,507,894 | 61,302,856 | 16,312,170 | 11,218,540 | 9,586,154 | 9,774,599 | 4,508,225 |
| Accrued interest receivable | 58,106 | 6,410 | 51,123 | — | — | — | — |
| Cash | 740,328 | (12,604) | 752,932 | — | — | — | — |
| Contributions receivable from participant deferrals | 12,646 | 12,646 | — | — | — | — | — |
| Contributions receivable from Employer companies | — | — | — | — | — | — | — |
| Net assets | 209,318,974 | 61,309,308 | 17,116,225 | 11,218,540 | 9,586,154 | 9,774,599 | 4,508,225 |
| Liabilities | | | | | | | |
| Due to broker | 21,546 | — | 204 | 932 | 398 | 2,661 | 105 |

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| | | | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Total liabilities | 21,546 | – | 204 | 932 | 398 | 2,661 | 105 |
| Net assets available for plan benefits | \$ 209,297,428 | \$ 61,309,308 | \$ 17,116,021 | \$ 11,217,608 | \$ 9,585,756 | \$ 9,771,938 | \$ 4,508,120 |
| Number of participants selecting investment options | | 1518 | 402 | 623 | 513 | 557 | 372 |

Investment Options

| December 31, 2006 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|------------|
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | – |
| Short-term investment account | – | – | – | – | – | – | – |
| Pooled separate accounts | 8,268,538 | 2,935,692 | 3,778,949 | 8,966,268 | 6,418,858 | 12,957,276 | 783,056 |
| Investment contracts | – | – | – | – | – | – | – |
| Participant loans | – | – | – | – | – | – | – |
| Total investments | 8,268,538 | 2,935,692 | 3,778,949 | 8,966,268 | 6,418,858 | 12,957,276 | 783,056 |
| Accrued interest receivable | – | – | – | – | – | – | – |
| Cash | – | – | – | – | – | – | – |
| Contributions receivable from participant deferrals | – | – | – | – | – | – | – |
| Contributions receivable from Employer companies | – | – | – | – | – | – | – |
| Net assets | 8,268,538 | 2,935,692 | 3,778,949 | 8,966,268 | 6,418,858 | 12,957,276 | 783,056 |
| Liabilities | | | | | | | |
| Due to broker | 665 | 913 | 7 | 584 | 713 | 425 | 29 |
| Total liabilities | 665 | 913 | 7 | 584 | 713 | 425 | 29 |
| | \$ 8,267,873 | \$ 2,934,779 | \$ 3,778,942 | \$ 8,965,684 | \$ 6,418,145 | \$ 12,956,851 | \$ 783,027 |

Net assets
available for
plan benefits
Number of
participants
selecting
investment
options

528

183

371

622

411

703

49

11

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

Notes to Financial Statements (continued)

| December 31, 2006 | Investment Options | | | | | | |
|---|--------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Short-term investment account | — | — | — | — | — | — | — |
| Pooled separate accounts | 1,392,190 | 5,106,881 | 5,071,896 | 10,151,855 | 3,148,514 | 2,014,000 | 5,693,657 |
| Investment contracts | — | — | — | — | — | — | — |
| Participant loans | — | — | — | — | — | — | — |
| Total investments | 1,392,190 | 5,106,881 | 5,071,896 | 10,151,855 | 3,148,514 | 2,014,000 | 5,693,657 |
| Accrued interest receivable | — | — | — | — | — | — | — |
| Cash | — | — | — | — | — | — | — |
| Contributions receivable from participant deferrals | — | — | — | — | — | — | — |
| Contributions receivable from Employer companies | — | — | — | — | — | — | — |
| Net assets | 1,392,190 | 5,106,881 | 5,071,896 | 10,151,855 | 3,148,514 | 2,014,000 | 5,693,657 |
| Liabilities | | | | | | | |
| Due to broker | 88 | 1,145 | 841 | 1,668 | 394 | 33 | 2,927 |
| Total liabilities | 88 | 1,145 | 841 | 1,668 | 394 | 33 | 2,927 |
| Net assets available for plan benefits | \$ 1,392,102 | \$ 5,105,736 | \$ 5,071,055 | \$ 10,150,187 | \$ 3,148,120 | \$ 2,013,967 | \$ 5,690,730 |
| Number of participants | | | | | | | |

| | | | | | | | |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|
| selecting investment options | 143 | 487 | 295 | 667 | 268 | 136 | 396 |
|------------------------------|-----|-----|-----|-----|-----|-----|-----|

| December 31, 2006 | Investment Options | | | | | Loans | |
|---|--------------------|--------------|------------|--------------|------|--------------|--|
| | 21 | 22 | 25 | 26 | | | |
| Assets | | | | | | | |
| Investments: | | | | | | | |
| Common stock | \$ - | \$ - | \$ - | \$ - | \$ - | - | |
| Short-term investment account | - | - | - | - | - | - | |
| Pooled separate accounts | 4,312,735 | 3,746,520 | 465,485 | 6,582,128 | | - | |
| Investment contracts | - | - | - | - | - | - | |
| Participant loans | - | - | - | - | - | 4,010,852 | |
| Total investments | 4,312,735 | 3,746,520 | 465,485 | 6,582,128 | | 4,010,852 | |
| Accrued interest receivable | - | - | - | - | - | 573 | |
| Cash | - | - | - | - | - | - | |
| Contributions receivable from participant deferrals | - | - | - | - | - | - | |
| Contributions receivable from Employer companies | - | - | - | - | - | - | |
| Net assets available for plan benefits | 4,312,735 | 3,746,520 | 465,485 | 6,582,128 | | 4,011,425 | |
| Liabilities | | | | | | | |
| Due to broker | 944 | 1,104 | 922 | 3,844 | | - | |
| Total liabilities | 944 | 1,104 | 922 | 3,844 | | - | |
| Net assets available for plan benefits | \$ 4,311,791 | \$ 3,745,416 | \$ 464,563 | \$ 6,578,284 | | \$ 4,011,425 | |
| Number of participants | | | | | | | |

| | | | | | |
|------------------------------------|-----|-----|----|-----|-----|
| selecting investment options | 505 | 416 | 55 | 568 | 228 |
|------------------------------------|-----|-----|----|-----|-----|

Note: Investment options 23 and 24 had a zero balance as of 12/31/06 and are not shown.

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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, 2007 | Investment Options | | | | | | |
|---|--------------------|--------------|-------------|-----------|-----------|-------------|-----------|
| | Total | 1 | 2 | 3 | 4 | 5 | 6 |
| Investment income: | | | | | | | |
| Cash dividends | \$ 1,336,688 | \$ 1,336,688 | \$ — | \$ — | \$ — | \$ — | — |
| Interest | 965,603 | 76,858 | 594,976 | — | — | — | — |
| Total investment income | 2,302,291 | 1,413,546 | 594,976 | — | — | — | — |
| Net realized gain on sale and distribution of investments: | | | | | | | |
| Common stock | 3,844,371 | 3,844,371 | — | — | — | — | — |
| Pooled separate accounts | 8,568,425 | — | — | 664,484 | 561,776 | 457,917 | 126,139 |
| Total net realized gains | 12,412,796 | 3,844,371 | — | 664,484 | 561,776 | 457,917 | 126,139 |
| Net change in unrealized appreciation of investments | (8,070,015) | (10,211,687) | — | (23,248) | 630,889 | 72,885 | 70,687 |
| Contributions: | | | | | | | |
| Participant Employer companies | 8,793,200 | 1,253,272 | 205,334 | 488,649 | 378,949 | 185,822 | 222,521 |
| Total contributions | 4,661,121 | 2,472,984 | 68,051 | 149,632 | 110,506 | 52,493 | 62,216 |
| Total contributions | 13,454,321 | 3,726,256 | 273,385 | 638,281 | 489,455 | 238,315 | 284,737 |
| Transfers (to) from affiliated plans | (36,541) | (26,046) | 123,769 | (91,474) | (36,589) | 1,148 | (55,814) |
| Deposit from Jefferson-Pilot 401(k) Plan | — | — | — | — | — | — | — |
| Distributions to participants | (26,167,088) | (5,292,358) | (2,994,094) | (928,069) | (548,062) | (5,901,943) | (241,702) |
| Administrative expenses | (152,742) | (38,138) | (9,642) | (7,265) | (6,359) | (23,600) | (3,031) |

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| | | | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|---------------|--------------|
| Net transfers | – | (3,431,147) | (455,387) | (861,230) | (1,176,110) | 6,503,894 | 272,608 |
| Net (decrease) increase in net assets available for plan benefits | (6,256,978) | (10,015,203) | (2,466,993) | (608,521) | (85,000) | 1,348,616 | 453,624 |
| Net assets available for plan benefits at beginning of the year | 209,297,428 | 61,309,308 | 17,116,021 | 11,217,608 | 9,585,756 | 9,771,938 | 4,508,120 |
| Net assets available for plan benefits at end of the year | \$ 203,040,450 | \$ 51,294,105 | \$ 14,649,028 | \$ 10,609,087 | \$ 9,500,756 | \$ 11,120,554 | \$ 4,961,744 |

Investment Options

| December 31, 2007 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|--|-----------|-----------|-----------|-----------|-----------|-------------|----------|
| Investment income: | | | | | | | |
| Cash dividends | \$ – | \$ – | \$ – | \$ – | \$ – | \$ – | – |
| Interest | – | – | – | – | – | – | – |
| Total investment income | – | – | – | – | – | – | – |
| Net realized gain on sale and distribution of investments: | | | | | | | |
| Common stock | – | – | – | – | – | – | – |
| Pooled separate accounts | 328,624 | 160,650 | 223,727 | 627,301 | 510,207 | 1,402,736 | 6,931 |
| Total net realized gains | 328,624 | 160,650 | 223,727 | 627,301 | 510,207 | 1,402,736 | 6,931 |
| Net change in unrealized appreciation of investments | 567,002 | 16,677 | (131,196) | 277,677 | (323,142) | (771,756) | 31,719 |
| Contributions: | | | | | | | |
| Participant | 495,873 | 232,621 | 227,386 | 461,880 | 385,416 | 673,139 | 31,372 |
| Employer companies | 153,408 | 65,594 | 63,133 | 128,953 | 110,044 | 186,021 | 8,513 |
| Total contributions | 649,281 | 298,215 | 290,519 | 590,833 | 495,460 | 859,160 | 39,885 |
| Transfers (to) from affiliated plans | (58,621) | (47,208) | 9,755 | (48,121) | (61,018) | (31,786) | 2,869 |
| Deposit from Jefferson-Pilot 401(k) Plan | – | – | – | – | – | – | – |
| Distributions to participants | (643,603) | (230,133) | (426,186) | (824,414) | (535,077) | (1,532,873) | (39,414) |
| | (5,356) | (2,150) | (2,737) | (5,918) | (4,329) | (8,767) | (593) |

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| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Administrative expenses | | | | | | | |
| Net transfers | (1,349,981) | 636,431 | 47,503 | (836,027) | (470,127) | (1,022,172) | 203,810 |
| Net (decrease) increase in net assets available for plan benefits | (512,654) | 832,482 | 11,385 | (218,669) | (388,026) | (1,105,458) | 245,207 |
| Net assets available for plan benefits at beginning of the year | 8,267,873 | 2,934,779 | 3,778,942 | 8,965,684 | 6,418,145 | 12,956,851 | 783,027 |
| Net assets available for plan benefits at end of the year | \$ 7,755,219 | \$ 3,767,261 | \$ 3,790,327 | \$ 8,747,015 | \$ 6,030,119 | \$ 11,851,393 | \$ 1,028,234 |

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, 2007 | Investment Options | | | | | | |
|---|--------------------|-----------|-----------|-------------|-----------|-----------|-----------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Investment income: | | | | | | | |
| Cash dividends \$ | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest | — | — | — | — | — | — | — |
| Total investment income | — | — | — | — | — | — | — |
| Net realized gain on sale and distribution of investments: | | | | | | | |
| Common stock | — | — | — | — | — | — | — |
| Pooled separate accounts | 84,856 | 388,328 | 375,161 | 633,888 | 304,958 | 166,495 | 368,289 |
| Total net realized gains | 84,856 | 388,328 | 375,161 | 633,888 | 304,958 | 166,495 | 368,289 |
| Net change in unrealized appreciation of investments | (7,272) | (491,433) | (96,526) | 1,059,176 | (209,939) | (108,043) | 478,622 |
| Contributions: | | | | | | | |
| Participant | 167,729 | 397,221 | 327,593 | 773,153 | 192,216 | 94,470 | 436,375 |
| Employer companies | 47,380 | 123,171 | 94,406 | 229,182 | 56,811 | 23,608 | 115,367 |
| Total contributions | 215,109 | 520,392 | 421,999 | 1,002,335 | 249,027 | 118,078 | 551,742 |
| Transfers (to) from affiliated plans | 19,560 | 19,808 | 126,166 | 54,298 | 13,290 | 4,671 | 26,797 |
| Deposit from Jefferson-Pilot 401(k) Plan | — | — | — | — | — | — | — |
| Distributions to participants | (257,743) | (517,097) | (577,682) | (1,141,743) | (339,021) | (341,781) | (675,586) |
| Administrative expenses | (1,075) | (3,661) | (3,428) | (7,445) | (2,128) | (1,323) | (4,290) |
| Net transfers | 372,461 | (569,895) | (182,952) | 432,054 | (417,767) | (62,109) | 675,543 |

| | | | | | | | |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Net (decrease) increase in net assets available for plan benefits | 425,896 | (653,558) | 62,738 | 2,032,563 | (401,580) | (224,012) | 1,421,117 |
| Net assets available for plan benefits at beginning of the year | 1,392,102 | 5,105,736 | 5,071,055 | 10,150,187 | 3,148,120 | 2,013,967 | 5,690,730 |
| Net assets available for plan benefits at end of the year | \$ 1,817,998 | \$ 4,452,178 | \$ 5,133,793 | \$ 12,182,750 | \$ 2,746,540 | \$ 1,789,955 | \$ 7,111,847 |

Investment Options

| December 31, 2007 | 21 | 22 | 23 | 24 | 25 | 26 | Loans |
|--|-----------|-----------|------|------|----------|-----------|-----------|
| Investment income: | | | | | | | |
| Cash dividends | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Interest | - | - | - | - | - | - | 293,769 |
| Total investment income | - | - | - | - | - | - | 293,769 |
| Net realized gain on sale and distribution of investments: | | | | | | | |
| Common stock | - | - | - | - | - | - | - |
| Pooled separate accounts | 400,202 | 236,248 | - | - | 27,248 | 512,260 | - |
| Total net realized gains | 400,202 | 236,248 | - | - | 27,248 | 512,260 | - |
| Net change in unrealized appreciation of investments | 569,104 | (302,865) | - | - | 45,981 | 786,673 | - |
| Contributions: | | | | | | | |
| Participant Employer companies | 333,069 | 321,154 | - | - | 29,914 | 478,072 | - |
| Total contributions | 431,475 | 410,997 | - | - | 37,402 | 621,983 | - |
| Transfers (to) from affiliated plans | 10,159 | 19,857 | - | - | 4,795 | (16,806) | - |
| Deposit from Jefferson-Pilot 401(k) Plan | - | - | - | - | - | - | - |
| Distributions to participants | (712,486) | (326,627) | - | - | (34,679) | (796,203) | (308,512) |
| Administrative expenses | (3,443) | (2,668) | - | - | (343) | (5,053) | - |

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| | | | | | | | |
|---|--------------|--------------|------|------|------------|--------------|--------------|
| Net transfers | 700,568 | (458,028) | – | – | 200,835 | 1,247,225 | – |
| Net (decrease) increase in net assets available for plan benefits | 1,395,579 | (423,086) | – | – | 281,239 | 2,350,079 | (14,743) |
| Net assets available for plan benefits at beginning of the year | 4,311,791 | 3,745,416 | – | – | 464,563 | 6,578,284 | 4,011,425 |
| Net assets available for plan benefits at end of the year | \$ 5,707,370 | \$ 3,322,330 | \$ – | \$ – | \$ 745,802 | \$ 8,928,363 | \$ 3,996,682 |

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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, 2006 | Investment Options | | | | | | |
|---|------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| | Total | 1 | 2 | 3 | 4 | 5 | 6 |
| Investment income: | | | | | | | |
| Cash dividends | \$ 1,431,425 | \$ 1,431,425 | \$ — | \$ — | \$ — | \$ — | — |
| Interest | 907,029 | 75,944 | 605,734 | — | — | — | — |
| Total investment income | 2,338,454 | 1,507,369 | 605,734 | — | — | — | — |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | 5,504,007 | 5,504,007 | — | — | — | — | — |
| Pooled separate accounts | 5,920,004 | — | — | 842,833 | 416,271 | 293,803 | 45,228 |
| Total net realized gains (losses) | 11,424,011 | 5,504,007 | — | 842,833 | 416,271 | 293,803 | 45,228 |
| Net change in unrealized appreciation (depreciation) of investments | 14,925,196 | 7,023,661 | — | 562,705 | 431,374 | 144,500 | 215,027 |
| Contributions: | | | | | | | |
| Participant Employer companies | 7,889,483 1,960,209 | 892,220 167,578 | 219,516 62,897 | 534,884 147,672 | 444,349 127,649 | 156,018 45,235 | 190,879 39,260 |
| Total contributions | 9,849,692 | 1,059,798 | 282,413 | 682,556 | 571,998 | 201,253 | 230,139 |
| Transfers (to) from affiliated plans | (204,186) | 40,455 | (80,699) | (67,104) | (15,423) | 19,074 | (34,410) |
| Deposit from Jefferson-Pilot 401(k) Plan | 14,357,318 | 4,303,193 | 1,069,761 | 813,773 | 30,436 | 1,810,678 | 492,367 |
| Distributions to participants | (26,009,979) | (7,847,021) | (964,315) | (1,479,911) | (910,747) | (2,990,725) | (329,267) |

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| | | | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Administrative expenses | (173,808) | (35,074) | (9,740) | (7,555) | (6,643) | (59,632) | (2,117) |
| Net transfers | – | (5,940,883) | 1,236,927 | (2,362,923) | (1,044,483) | 2,232,329 | 721,015 |
| Net increase (decrease) in net assets available for plan benefits | 26,506,698 | 5,615,505 | 2,140,081 | (1,015,626) | (527,217) | 1,651,280 | 1,337,982 |
| Net assets available for plan benefits at beginning of the year | 182,790,730 | 55,693,803 | 14,975,940 | 12,233,234 | 10,112,973 | 8,120,658 | 3,170,138 |
| Net assets available for plan benefits at end of the year | \$ 209,297,428 | \$ 61,309,308 | \$ 17,116,021 | \$ 11,217,608 | \$ 9,585,756 | \$ 9,771,938 | \$ 4,508,120 |

Investment Options

| December 31, 2006 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|----------|---------|---------|---------|----------|-----------|--------|
| Investment income: | | | | | | | |
| Cash dividends \$ | – \$ | – \$ | – \$ | – \$ | – \$ | – \$ | – |
| Interest | (1) | – | – | (1) | – | – | – |
| Total investment income | (1) | – | – | (1) | – | – | – |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | – | – | – | – | – | – | – |
| Pooled separate accounts | 256,005 | 81,440 | 181,716 | 609,894 | 193,896 | 893,187 | 26,701 |
| Total net realized gains (losses) | 256,005 | 81,440 | 181,716 | 609,894 | 193,896 | 893,187 | 26,701 |
| Net change in unrealized appreciation (depreciation) of investments | (71,963) | 172,802 | 191,493 | 13,347 | 782,905 | 1,563,299 | 34,529 |
| Contributions: | | | | | | | |
| Participant companies | 538,206 | 193,039 | 229,529 | 536,012 | 380,805 | 715,945 | 33,347 |
| Employer companies | 171,749 | 50,772 | 56,584 | 143,170 | 107,499 | 182,614 | 9,907 |
| Total contributions | 709,955 | 243,811 | 286,113 | 679,182 | 488,304 | 898,559 | 43,254 |
| Transfers (to) from affiliated plans | (52,313) | (4,143) | 3,480 | 7,320 | (10,103) | 35,229 | 1,020 |
| Deposit from Jefferson-Pilot | 5,932 | 24,752 | 15,909 | 32,510 | 34,191 | 51,862 | 14,266 |

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| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|------------|
| 401(k) Plan | | | | | | | |
| Distributions to participants | (1,295,769) | (252,933) | (432,917) | (1,022,299) | (489,132) | (1,279,486) | (11,458) |
| Administrative expenses | (6,458) | (1,926) | (2,201) | (6,555) | (3,642) | (7,628) | (601) |
| Net transfers | (1,922,722) | (92,507) | 341,048 | (1,170,005) | (4,430) | 29,615 | (92,800) |
| Net increase (decrease) in net assets available for plan benefits | (2,377,334) | 171,296 | 584,641 | (856,607) | 991,989 | 2,184,637 | 14,911 |
| Net assets available for plan benefits at beginning of the year | 10,645,207 | 2,763,483 | 3,194,301 | 9,822,291 | 5,426,156 | 10,772,214 | 768,116 |
| Net assets available for plan benefits at end of the year | \$ 8,267,873 | \$ 2,934,779 | \$ 3,778,942 | \$ 8,965,684 | \$ 6,418,145 | \$ 12,956,851 | \$ 783,027 |

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, 2006 | Investment Options | | | | | | |
|---|--------------------|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Investment income: | | | | | | | |
| Cash dividends | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest | — | — | — | — | — | — | — |
| Total investment income | — | — | — | — | — | — | — |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | — | — | — | — | — | — | — |
| Pooled separate accounts | 42,775 | 129,297 | 157,697 | 513,922 | 287,530 | 118,389 | 208,894 |
| Total net realized gains (losses) | 42,775 | 129,297 | 157,697 | 513,922 | 287,530 | 118,389 | 208,894 |
| Net change in unrealized appreciation (depreciation) | | | | | | | |
| of investments | 94,353 | 643,058 | 544,507 | 589,751 | 53,486 | 96,001 | 655,306 |
| Contributions: | | | | | | | |
| Participant | 137,628 | 267,527 | 270,109 | 661,729 | 201,773 | 110,703 | 364,104 |
| Employer companies | 39,834 | 60,562 | 51,132 | 161,104 | 57,863 | 22,939 | 78,005 |
| Total contributions | 177,462 | 328,089 | 321,241 | 822,833 | 259,636 | 133,642 | 442,109 |
| Transfers (to) from affiliated plans | 3,894 | (5,365) | 1,588 | 36,396 | (36,824) | (8,716) | (24,011) |
| Deposit from Jefferson-Pilot 401(k) Plan | 48,126 | 1,132,174 | 637,563 | 962,462 | 44,622 | 4,590 | 90,693 |
| Distributions to participants | (178,780) (757) | (541,825) (1,872) | (282,709) (2,718) | (1,597,150) (5,732) | (653,613) (2,096) | (310,567) (1,220) | (681,560) (2,911) |

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| | | | | | | | |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Administrative expenses | | | | | | | |
| Net transfers | 216,013 | 1,356,640 | (99,373) | 1,124,208 | (87,474) | 124,902 | 1,370,075 |
| Net increase (decrease) in net assets available for plan benefits | 403,086 | 3,040,196 | 1,277,796 | 2,446,690 | (134,733) | 157,021 | 2,058,595 |
| Net assets available for plan benefits at beginning of the year | 989,016 | 2,065,540 | 3,793,259 | 7,703,497 | 3,282,853 | 1,856,946 | 3,632,135 |
| Net assets available for plan benefits at end of the year | \$ 1,392,102 | \$ 5,105,736 | \$ 5,071,055 | \$ 10,150,187 | \$ 3,148,120 | \$ 2,013,967 | \$ 5,690,730 |

Investment Options

| December 31, 2006 | 21 | 22 | 23 | 24 | 25 | 26 | Loans |
|---|---------|----------|----------|-----------|--------|---------|---------|
| Investment income: | | | | | | | |
| Cash dividends | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | — |
| Interest | — | — | — | — | — | — | 225,353 |
| Total investment income | — | — | — | — | — | — | 225,353 |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | — | — | — | — | — | — | — |
| Pooled separate accounts | 234,335 | 209,810 | 10,799 | 47,687 | 4,854 | 113,041 | — |
| Total net realized gains (losses) | 234,335 | 209,810 | 10,799 | 47,687 | 4,854 | 113,041 | — |
| Net change in unrealized appreciation (depreciation) of investments | 312,430 | 322,834 | (28,056) | (312,226) | 29,581 | 860,492 | — |
| Contributions: | | | | | | | |
| Participant companies | 253,827 | 275,516 | 3,465 | 30,702 | 11,262 | 236,389 | — |
| Employer companies | 59,929 | 56,075 | 938 | 8,124 | 2,443 | 48,675 | — |
| Total contributions | 313,756 | 331,591 | 4,403 | 38,826 | 13,705 | 285,064 | — |
| Transfers (to) from affiliated plans | (4,642) | (55,583) | 59 | 112 | 937 | 45,586 | — |
| Deposit from Jefferson-Pilot 401(k) Plan | 883,394 | 515,760 | — | — | 20,185 | 865,891 | 452,228 |

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| | | | | | | | |
|---|--------------|--------------|-----------|-------------|------------|--------------|--------------|
| Distributions to participants | (628,815) | (386,056) | (604) | (222,058) | (69,635) | (518,743) | (631,884) |
| Administrative expenses | (2,324) | (1,872) | (71) | (747) | (149) | (1,567) | — |
| Net transfers | 200,973 | 181,659 | (255,858) | (1,455,551) | 465,085 | 4,928,520 | — |
| Net increase (decrease) in net assets available for plan benefits | 1,309,107 | 1,118,143 | (269,328) | (1,903,957) | 464,563 | 6,578,284 | 45,697 |
| Net assets available for plan benefits at beginning of the year | 3,002,684 | 2,627,273 | 269,328 | 1,903,957 | — | — | 3,965,728 |
| Net assets available for plan benefits at end of the year | \$ 4,311,791 | \$ 3,745,416 | \$ — | \$ — | \$ 464,563 | \$ 6,578,284 | \$ 4,011,425 |

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, 2005 | Investment Options | | | | | | |
|---|------------------------|----------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| | Total | 1 | 2 | 3 | 4 | 5 | 6 |
| Investment income: | | | | | | | |
| Cash dividends | \$ 1,637,253 | \$ 1,637,253 | \$ – | \$ – | \$ – | \$ – | – |
| Interest | 926,170 | 42,239 | 647,849 | – | – | – | – |
| Total investment income | 2,563,423 | 1,679,492 | 647,849 | – | – | – | – |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | 5,362,745 | 5,362,745 | – | – | – | – | – |
| Pooled separate accounts | 3,712,858 | – | – | 514,050 | 197,691 | 88,332 | 95,153 |
| Total net realized gains (losses) | 9,075,603 | 5,362,745 | – | 514,050 | 197,691 | 88,332 | 95,153 |
| Net change in unrealized appreciation (depreciation) of investments | 5,961,900 | 1,635,194 | – | 77,193 | 700,898 | 133,138 | (24,307) |
| Contributions: | | | | | | | |
| Participant Employer companies | 7,297,381 3,068,581 | 859,454 1,150,018 | 270,526 85,980 | 612,107 186,798 | 479,192 155,517 | 199,702 53,989 | 152,453 41,201 |
| Total contributions | 10,365,962 | 2,009,472 | 356,506 | 798,905 | 634,709 | 253,691 | 193,654 |
| Transfers (to) from affiliated plans | 593,910 | 217,401 | (743,178) | 132,721 | 163,042 | 182,088 | 59,014 |
| Distributions to participants | (29,711,933) | (7,879,541) | (4,457,185) | (2,198,565) | (1,267,810) | (2,321,490) | (298,239) |
| Administrative expenses | (168,180) | (36,944) | (10,716) | (8,525) | (6,746) | (57,406) | (1,926) |
| Net transfers | – | (10,092,131) | 1,525,542 | (655,420) | (837,995) | 3,588,467 | 566,039 |
| Net (decrease) increase in net | | | | | | | |

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| | | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|--------------|--------------|
| assets available for plan benefits | (1,319,315) | (7,104,312) | (2,681,182) | (1,339,641) | (416,211) | 1,866,820 | 589,388 |
| Net assets available for plan benefits at beginning of the year | 184,110,045 | 62,798,115 | 17,657,122 | 13,572,875 | 10,529,184 | 6,253,838 | 2,580,750 |
| Net assets available for plan benefits at end of the year | \$ 182,790,730 | \$ 55,693,803 | \$ 14,975,940 | \$ 12,233,234 | \$ 10,112,973 | \$ 8,120,658 | \$ 3,170,138 |

Investment Options

| December 31, 2005 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|-------------|-----------|-----------|-------------|-------------|-------------|-----------|
| Investment income: | | | | | | | |
| Cash dividends \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - | - | - |
| Total investment income | - | - | - | - | - | - | - |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | - | - | - | - | - | - | - |
| Pooled separate accounts | (44,606) | 43,149 | 152,770 | 453,756 | 262,800 | 644,155 | 26,505 |
| Total net realized gains (losses) | (44,606) | 43,149 | 152,770 | 453,756 | 262,800 | 644,155 | 26,505 |
| Net change in unrealized appreciation (depreciation) of investments | 1,351,784 | 100,270 | (39,709) | (44,275) | 34,382 | 540,865 | (2,420) |
| Contributions: | | | | | | | |
| Participant Employer companies | 625,193 | 199,116 | 193,078 | 589,557 | 425,804 | 630,715 | 46,819 |
| Total contributions | 831,921 | 256,380 | 246,064 | 766,039 | 556,293 | 817,552 | 61,149 |
| Transfers (to) from affiliated plans | 206,411 | (1,872) | 15,440 | 99,710 | (18,544) | 94,767 | - |
| Distributions to participants | (1,204,026) | (286,433) | (496,943) | (1,158,782) | (1,034,061) | (1,465,613) | (171,537) |
| Administrative expenses | (6,582) | (1,529) | (1,952) | (6,865) | (4,036) | (6,781) | (363) |
| Net transfers | (522,226) | 646,554 | 597,664 | (1,464,873) | (452,759) | 797,149 | 362,780 |
| Net (decrease) increase in net | 612,676 | 756,519 | 473,334 | (1,355,290) | (655,925) | 1,422,094 | 276,114 |

| | | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|---------------|------------|--|
| assets available for plan benefits | | | | | | | | |
| Net assets available for plan benefits at beginning of the year | 10,032,531 | 2,006,964 | 2,720,967 | 11,177,581 | 6,082,081 | 9,350,120 | 492,002 | |
| Net assets available for plan benefits at end of the year | \$ 10,645,207 | \$ 2,763,483 | \$ 3,194,301 | \$ 9,822,291 | \$ 5,426,156 | \$ 10,772,214 | \$ 768,116 | |

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, 2005 | Investment Options | | | | | | |
|---|--------------------|-----------|-----------|-------------|-----------|-----------|-----------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Investment income: | | | | | | | |
| Cash dividends | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest | — | — | — | — | — | — | — |
| Total investment income | — | — | — | — | — | — | — |
| Net realized gain (loss) on sale and distribution of investments: | | | | | | | |
| Common stock | — | — | — | — | — | — | — |
| Pooled separate accounts | 32,158 | 101,874 | 181,527 | 373,408 | 165,181 | 58,926 | 22,319 |
| Total net realized gains (losses) | 32,158 | 101,874 | 181,527 | 373,408 | 165,181 | 58,926 | 22,319 |
| Net change in unrealized appreciation (depreciation) of investments | 28,796 | 4,754 | (34,315) | 599,476 | 167,744 | 107,488 | 332,675 |
| Contributions: | | | | | | | |
| Participant Employer companies | 117,921 | 217,327 | 207,077 | 444,807 | 192,202 | 70,734 | 245,289 |
| Total contributions | 33,191 | 61,604 | 55,301 | 129,854 | 55,788 | 18,686 | 70,640 |
| Total contributions | 151,112 | 278,931 | 262,378 | 574,661 | 247,990 | 89,420 | 315,929 |
| Transfers (to) from affiliated plans | 541 | (135,884) | 181,772 | 54,920 | 22,478 | 7,463 | 19,999 |
| Distributions to participants | (179,329) | (393,704) | (517,067) | (1,589,320) | (441,613) | (245,708) | (420,056) |
| Administrative expenses | (637) | (1,278) | (2,622) | (3,996) | (1,962) | (982) | (2,019) |
| Net transfers | 56,769 | 651,375 | (445,191) | 2,324,849 | 549,518 | 451,607 | 626,118 |
| Net (decrease) increase in net | 89,410 | 506,068 | (373,518) | 2,333,998 | 709,336 | 468,214 | 894,965 |

| | | | | | | | | |
|--|------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| assets available for plan benefits | | | | | | | | |
| Net assets available for plan benefits at beginning of the year | 899,606 | 1,559,472 | 4,166,777 | 5,369,499 | 2,573,517 | 1,388,732 | 2,737,170 | |
| Net assets available for plan benefits at end of the year | \$ 989,016 | \$ 2,065,540 | \$ 3,793,259 | \$ 7,703,497 | \$ 3,282,853 | \$ 1,856,946 | \$ 3,632,135 | |

Investment Options

| December 31, 2005 | 21 | 22 | 23 | 24 | Loans |
|--|-------------------|-------------------|-----------------|------------------|-----------|
| Investment income: | | | | | |
| Cash dividends | \$ - | \$ - | \$ - | \$ - | - |
| Interest | - | - | - | - | 236,082 |
| Total investment income | - | - | - | - | 236,082 |
| Net realized gain (loss) on sale and distribution of investments: | | | | | |
| Common stock | - | - | - | - | - |
| Pooled separate accounts | 87,659 | 176,798 | 12,781 | 66,472 | - |
| Total net realized gains (losses) | 87,659 | 176,798 | 12,781 | 66,472 | - |
| Net change in unrealized appreciation (depreciation) of investments | 229,555 | (114,432) | (7,020) | 184,166 | - |
| Contributions: | | | | | |
| Participant Employer companies | 209,420 63,421 | 202,110 53,310 | 19,306 4,350 | 87,472 23,817 | - |
| Total contributions | 272,841 | 255,420 | 23,656 | 111,289 | - |
| Transfers (to) from affiliated plans | 19,782 | 12,779 | 402 | 2,658 | - |
| Distributions to participants | (308,526) | (468,134) | (110,036) | (376,057) | (422,158) |
| Administrative expenses | (1,584) | (1,789) | (157) | (783) | - |
| Net transfers | 716,823 | (61,965) | 38,270 | 1,033,036 | - |
| Net (decrease) increase in net | | | | | |

| | | | | | |
|-------------------------------|--------------|--------------|------------|--------------|--------------|
| assets | | | | | |
| available for | | | | | |
| plan benefits | 1,016,550 | (201,323) | (42,104) | 1,020,781 | (186,076) |
| Net assets available for plan | | | | | |
| benefits at | | | | | |
| beginning of the | | | | | |
| year | 1,986,134 | 2,828,596 | 311,432 | 883,176 | 4,151,804 |
| Net assets available for plan | | | | | |
| benefits at end | | | | | |
| of the year | \$ 3,002,684 | \$ 2,627,273 | \$ 269,328 | \$ 1,903,957 | \$ 3,965,728 |

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:

| Option | Description of Investment Option |
|--------|--|
| 1 | LNC Common Stock Account, which invests exclusively in the stock of LNC. However, some funds may be invested in the Wells Fargo Bank Short-Term Investment Account until the LNC stock can be purchased. |
| 2 | Guaranteed Account, which invests in investment contracts underwritten by Lincoln Life. The account's balances are backed by the general assets of Lincoln Life. |
| 3 | Core Equity Account (SA#11), which seeks to buy large capitalization stocks of well-established companies with the objective of long-term capital appreciation. |
| 4 | Medium Capitalization Equity Account (SA#17), which invests in stocks of medium-sized companies with the objective of maximum long-term total return. |
| 5 | Short-Term Account (SA#14), which invests in high-quality money market securities with the objective of maximizing interest earnings while maintaining principal. |
| 6 | Government/Corporate Bond Account (SA#12), which invests primarily in U.S. government and high-quality corporate bonds and securities. |
| 7 | Large Capitalization Equity Account (SA#23), which invests primarily in stocks of large companies that have the potential to grow 50% within 18 months from the date of purchase. |
| 8 | Balanced Account (SA#21), which invests in stocks, bonds, and money market instruments, with the objective to maximize long-term total return with a moderate level of risk. |
| 9 | High Yield Bond Account (SA#20), which invests primarily in below-investment-grade bonds, providing higher rates of return to compensate for higher risk. |
| 10 | Small Capitalization Equity Account (SA#24), which invests primarily in the stock of new, rapid growth companies. |

- 11 Value Equity Account (SA#28), which invests in large capitalization stocks of conservative companies that are industry leaders.
- 12 International Equity Account (SA#22), which invests primarily in stocks of non-United States companies.
- 13 Conservative Balanced Account (SA#30), which invests in stocks, bonds, and money market instruments to maximize long-term total earnings with a conservative level of risk.

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

Notes to Financial Statements (continued)

4. Investment Options (continued)

- 14 Aggressive Balanced Account (SA#32), which invests in stocks, bonds, and money market instruments to maximize long-term total return with an aggressive level of risk.
- 15 Delaware Value Account (SA#61), which invests in large capitalization companies that have long-term capital appreciation potential.
- 16 Scudder VIT Equity 500 Index Account (SA#27), which seeks to replicate the total return of the S&P 500.
- 17 Fidelity VIP Contrafund (SA#35), which seeks capital appreciation by investing primarily in securities of companies whose value is not fully recognized by the market.
- 18 Neuberger-Berman AMT Regency Account (SA#38), which seeks capital growth by investing mainly in common stocks of mid-capitalization companies.
- 19 Social Awareness Account (SA#33), which seeks capital growth and social responsibility by investing in the Lincoln National Social Awareness Portfolio.
- 20 American Funds New Perspective Account (formerly Global Growth) (SA#34), which invests primarily in common stocks, convertibles, preferred stocks, bonds, and cash to provide long-term growth through investments all over the world.
- 21 Neuberger-Berman AMT Mid-Cap Growth Account (SA#37), which seeks capital appreciation using a growth-oriented investment approach.
- 22 Scudder VIT Small Cap Index Account, which seeks to reflect Russell 2000 performance by investing in the Small Cap Index Portfolio.
- 23 Janus Aspen Growth Account (SA#70), which seeks long-term growth of capital in a manner consistent with the preservation of capital.
- 24 Fidelity VIP Overseas Account (SA#59), which seeks long-term growth of capital by investing mainly in foreign securities.
- 25 Blackrock Legacy Account (SA #81), which seeks to provide long-term growth of capital.

26

American Funds Insurance Series International Fund Account (SA #54), which seeks capital appreciation by investing primarily in common stocks of companies outside the United States.

20

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

Notes to Financial Statements (continued)

4. Investment Options (continued)

Investment options 3 through 26 are invested in pooled separate accounts of Lincoln Life through a group annuity contract issued by Lincoln Life.

5. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 30, 2004, 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. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan sponsor is committed to maintaining the tax-qualified status of the Plan, operating the Plan in compliance with the Code, and correcting any inadvertent operational errors that may have occurred or could occur.

6. Tax Implications to Participants

Federal (and most states) income tax is deferred on participants 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 \$152,742, \$173,808, and \$168,180 in 2007, 2006, and 2005, respectively.

8. Concentrations of Credit Risks and Market Risks

The Plan has investments in common stock of LNC, pooled separate accounts, and unallocated investment contracts with Lincoln Life of \$47,511,770, \$133,100,849, and \$14,604,738, respectively, at December 31, 2007 (23.4%, 65.6%, and 7.2% of net assets, respectively). LNC and Lincoln Life operate predominately in the insurance and investment management industries.

The Plan invests in various investment securities. Investment securities are exposed to various risks including, but not limited to, interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, 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 participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

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

Notes to Financial Statements (continued)

9. Reconciliation to Form 5500

The following is a reconciliation of net assets available for plan benefits per the 2007 statement of net assets available for plan benefits to the Form 5500:

| | December 31 | |
|---|----------------|----------------|
| | 2007 | 2006 |
| Net assets available for plan benefits per the financial statements | \$ 203,040,450 | \$ 209,297,428 |
| Less: Amounts allocated to withdrawn participants | | 850,631 |
| Net assets available for plan benefits per the Form 5500 | \$ 203,040,450 | \$ 208,446,797 |

The following is a reconciliation of distributions to participants per the 2007 statement of changes in net assets available for plan benefits to the Form 5500:

| | December 31 2007 |
|---|---------------------|
| Distributions to participants per the financial statements | \$ 26,167,088 |
| Plus: Amounts allocated to withdrawn participants at year-end | - |
| Less: Amounts allocated to withdrawn participants at prior year-end | 850,631 |
| Distributions to participants per the Form 5500 | \$ 25,316,457 |

Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefit payments that have been processed and approved for payment prior to year-end but not yet paid.

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, 2007

| (b) | (c) | (d) | (e) |
|--|--|------|------------------|
| Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment, Including Maturity Date Rate of Interest, Par, or Maturity Value | Cost | Current Value |
| *Common stock account: | | | |
| Lincoln National Corporation common stock | 816,073 shares | ** | \$ 47,511,770 |
| Wells Fargo Bank short-term investment account | 1,564,190 par value | ** | 1,564,190 |
| | | | 49,075,960 |
| *Pooled separate accounts – The Lincoln National Life Insurance Company Separate Accounts: | | | |
| Core Equity Account | 603,408.454 participation units | ** | 10,580,767 |
| Medium Capitalization Equity Account | 558,122.762 participation units | ** | 9,500,756 |
| Short-Term Account | 2,707,860.831 participation units | ** | 11,214,877 |
| Government/ Corporate Bond Account | 502,647.363 participation units | ** | 4,947,357 |
| Large Capitalization Equity Account | 703,700.685 participation units | ** | 7,734,304 |
| Balanced Account | 399,671.268 participation units | ** | 3,767,261 |
| High Yield Bond Account | 842,282.306 participation units | ** | 3,780,163 |
| Small Capitalization Equity Account | 882,868.835 participation units | ** | 8,737,135 |
| Value Equity Account | 1,922,453.540 participation units | ** | 6,001,708 |
| International Equity Account | 941,916.059 participation units | ** | 11,832,632 |
| Conservative Balanced Account | 409,589.675 participation units | ** | 1,028,234 |
| Aggressive Balanced Account | 608,494.129 participation units | ** | 1,817,998 |
| Delaware Growth and Income Account | 2,079,971.566 participation units | ** | 4,446,147 |

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| | | | | |
|---|---------------|--|----|-----------------------------|
| Scudder VIT Equity 500 Index Account | 4,049,051.948 | participation units | ** | 5,133,793 |
| Fidelity VIP Contrafund | 6,414,875.498 | participation units | ** | 12,229,960 |
| Neuberger-Berman AMT Regency Account | 1,506,244.982 | participation units | ** | 2,751,458 |
| Social Awareness Account | 1,311,610.737 | participation units | ** | 1,789,955 |
| American Funds | 4,869,650.703 | participation units | ** | 7,094,107 |
| Insurance Series Global Growth Neuberger-Berman Mid-Cap Growth Account | 3,341,287.715 | participation units | ** | 5,687,874 |
| Scudder VIT Small Cap Index Account | 1,781,845.843 | participation units | ** | 3,313,342 |
| BlackRock Legacy Account | 407,813.986 | participation units | ** | 774,601 |
| American Funds International Account | 395,626.878 | participation units | ** | 8,936,420 |
| | | | | 133,100,849 |
| *Investment contracts – The Lincoln National Life Insurance Company (Guaranteed Account) | | 4.00% interest rate | ** | 14,604,738 |
| Participant loans | | Various loans at interest rates varying from 5.0% to 10.50%. | – | 3,996,682 \$ 200,778,229 |

* Indicates party-in-interest to the Plan.

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

SIGNATURE

THE PLAN: Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrator of The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

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

By: /s/ William David

William David on Behalf of the Lincoln National
Corporation Benefits
Committee

Date: March 31, 2008

EXHIBIT 1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-131943) pertaining to The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan of our report dated March 26, 2008, with respect to the financial statements and schedule of The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2007.

Philadelphia, Pennsylvania
March 26, 2008

/s/ Ernst & Young LLP