

LINCOLN NATIONAL CORP  
Form 11-K  
March 30, 2007

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

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2006

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

**REQUIRED INFORMATION**

Financial statements and schedules 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.

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Financial  
Statements and  
Supplemental  
Schedule

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

*December 31,  
2006 and 2005  
and for three  
years ended  
December 31,  
2006, 2005, and  
2004  
With Report of  
Independent  
Registered  
Public  
Accounting  
Firm*

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

Financial Statements and Supplemental Schedule

*December 31, 2006 and 2005 and for three years ended December 31, 2006, 2005, and 2004*

**Contents**

|  |    |
|--|----|
| <u>Report of Independent Registered Public Accounting Firm</u>         | 1  |
| Audited Financial Statements   |    |
| <u>Statements of Net Assets Available for Plan Benefits</u>            | 2  |
| <u>Statements of Changes in Net Assets Available for Plan Benefits</u> | 3  |
| <u>Notes to Financial Statements</u>                                   | 4  |
| Supplemental Schedule  |    |
| <u>Schedule H, Line 4i – Schedule of Assets (Held At End of Year)</u>  | 22 |

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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 benefits of The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for each of the three years in the period ended December 31, 2006. 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 benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for each of the three years in the period ended December 31, 2006, 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, 2006, 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.

/s/ Ernst & Young, LLP

Philadelphia, Pennsylvania  
March 26, 2007

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

Statements of Net Assets Available for Plan Benefits

|   | <b>December 31</b>    |                       |
|---|-----------------------|-----------------------|
|   | <b>2006</b>           | <b>2005</b>           |
| <b>Assets</b>   |                       |                       |
| Investments:  |                       |                       |
| Common stock – Lincoln National Corporation<br>(cost: 2006 – \$35,751,944; 2005 – \$37,144,896)   | \$ 59,554,426         | \$ 53,923,715         |
| Wells Fargo Bank Short-Term Investment Account  | 1,748,430             | 800,619               |
| Pooled separate accounts – The Lincoln National<br>Life Insurance Company Separate Accounts<br>(cost: 2006 – \$87,337,123; 2005 – \$76,485,949) | 126,882,016           | 108,129,318           |
| Investment contracts – The Lincoln National<br>Life Insurance Company   | 16,312,170            | 14,904,972            |
| Participant loans   | 4,010,852             | 3,965,728             |
| <b>Total Investments</b>  | <b>208,507,894</b>    | <b>181,724,352</b>    |
| Accrued interest receivable   | 58,106                | 53,592                |
| Cash  | 740,328               | –                     |
| Due from broker   | –                     | 48,464                |
| Contributions receivable from participant deferrals   | 12,646                | –                     |
| Contributions receivable from Employer<br>companies   | –                     | 964,322               |
| <b>Total assets</b>   | <b>209,318,974</b>    | <b>182,790,730</b>    |
| <b>Liabilities</b>  |                       |                       |
| Due to broker   | 21,546                | –                     |
| <b>Total liabilities</b>  | <b>21,546</b>         | <b>–</b>              |
| <b>Net assets available for plan benefits</b>   | <b>\$ 209,297,428</b> | <b>\$ 182,790,730</b> |

*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 |                |                |
|---|------------------------|----------------|----------------|
|   | 2006                   | 2005           | 2004           |
| Investment income:  |                        |                |                |
| Cash dividends – Lincoln National Corporation                     | \$ 1,431,425           | \$ 1,637,253   | \$ 1,819,776   |
| Interest:   |                        |                |                |
| The Lincoln National Life Insurance Company Separate Accounts     | 681,676                | 690,088        | 748,249        |
| Other   | 225,353                | 236,082        | 250,743        |
|   | 907,029                | 926,170        | 998,992        |
|   | 2,338,454              | 2,563,423      | 2,818,768      |
| Net realized gain on sale and distributions of investments:       |                        |                |                |
| Lincoln National Corporation common stock                         | 5,504,007              | 5,362,745      | 4,070,037      |
| The Lincoln National Life Insurance Company Separate Accounts     | 5,920,004              | 3,712,858      | 1,652,409      |
|   | 11,424,011             | 9,075,603      | 5,722,446      |
| Net change in unrealized appreciation of investments              | 14,925,196             | 5,961,900      | 12,363,106     |
| Contributions:  |                        |                |                |
| Participants  | 7,889,483              | 7,297,381      | 7,452,877      |
| Employer companies  | 1,960,209              | 3,068,581      | 5,199,336      |
|   | 9,849,692              | 10,365,962     | 12,652,213     |
| Transfers (to) from affiliated plans                              | (204,186)              | 593,910        | 3,588,680      |
| Deposit from Jefferson-Pilot 401(k) Plan                          | 14,357,318             | –              | –              |
| Distributions to participants                                     | (26,009,979)           | (29,711,933)   | (14,994,001)   |
| Administrative expenses   | (173,808)              | (168,180)      | (128,210)      |
| Net increase (decrease) in net assets available for plan benefits | 26,506,698             | (1,319,315)    | 22,023,002     |
| Net assets available for plan benefits at beginning of the year   | 182,790,730            | 184,110,045    | 162,087,043    |
| Net assets available for plan benefits at end of the year         | \$ 209,297,428         | \$ 182,790,730 | \$ 184,110,045 |

*See accompanying notes.*



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

Notes to Financial  
Statements

## **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 Composite Listing on the last business day of the year.

The Wells Fargo Bank Short-Term Investment Account 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 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 (the "FSP")*, investment contracts held by a defined-contribution plan are required to be reported at fair value. The 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,

d i s t r i b u t e d o r  
f o r f e i t e d i s  
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**

P r e p a r a t i o n o f  
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.

## **2. Description of the Plan**

The Lincoln National  
Life Insurance  
Company Agents'  
S a v i n g s a n d  
Profit-Sharing Plan  
(" P l a n ") i s a  
contributory, defined  
contribution plan  
which covers eligible  
full-time agents of  
Lincoln Life, Lincoln  
Financial Advisors  
Corporation, Jefferson  
Pilot Life Insurance

Company, and Lincoln Life & Annuity Company of New York ("Employers"). Effective April 1, 2006, LNC acquired Jefferson-Pilot Financial Corporation. Jefferson-Pilot sponsored a 401(k) plan for their eligible agents. Effective June 1, 2006 a plan amendment granted eligibility to the Plan to the legacy Jefferson-Pilot agents. In addition, on May 31, 2006, formal approval was obtained for the transfer to this Plan of assets from the accounts of those agents in the legacy Jefferson-Pilot 401(k) plan. This increased the net assets of the Plan by \$14.4 million. Effective June 1, 2006, a participant may make pre-tax contributions at a rate of at least 1% but not more than 50% (25% maximum for January 1, 2004 through May 31, 2006) of eligible earnings (9% for highly compensated employees, as defined in the Plan), up to a maximum annual amount as determined under applicable law. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).



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

Notes to Financial  
Statements  
(continued)

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

In addition to each participant's pre-tax contributions, Employer matching contributions are provided to the Plan. The employer m a t c h i n g contribution for e l i g i b l e participants, other than former Jefferson-Pilot agents, is equal to 50 % of each participant's pre-tax contributions, not to exceed 6% of eligible earnings per pay period. The m a t c h i n g contribution for eligible former Jefferson-Pilot agents is equal to 10 % of each participant's pre-tax contribution, not to exceed 6% of e l i g i b l e compensation. These matching contributions are directed by the

participant. In addition, the employer may contribute an additional discretionary match. The discretionary match is an amount determined by the sole discretion of the LNC Board of Directors. To be eligible, the participant must be employed on the last day of the plan year or have died, retired or become disabled during the year. The amount of the discretionary matching contribution varies according to whether Lincoln Financial Advisors Corporation has met certain performance-based criteria, as determined by the compensation committee of LNC's Board of Directors.

Participants' 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 and the basic Employer matching contributions in any combination of the investment options offered under the Plan. Discretionary matching contributions for the 2005 plan year, deposited in 2006, were initially invested in the LNC Common Stock Account. Participants can immediately direct the investment of the discretionary Employer matching contributions to other investment options.

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%. Loans may be repaid over any period selected by the participant up to a maximum repayment period of five years except that the maximum repayment period may be 20 years for the purchase of a principal residence.



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

Notes to  
Financial  
Statements  
(continued)

**2. Description of  
t h e P l a n  
(continued)**

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 ("IRA") or other qualified arrangement.

Each participant's account is credited with the participant's contributions, Employer 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, 2006                          |                                   |                 | December 31, 2005                          |                                   |                 |
|--|--|-----------------------------------|-----------------|--|-----------------------------------|-----------------|
|  | Number of<br>Shares, Units<br>or Par Value | Net<br>Asset<br>Value<br>Per Unit | Fair<br>Value   | Number of<br>Shares, Units<br>or Par Value | Net<br>Asset<br>Value<br>Per Unit | Fair<br>Value   |
| <b>Fair Values</b>   |  |                                   |                 |  |                                   |                 |
| Common stock –<br>LNC**  | 896,904                                    | 66.400                            | \$ 59,554,426 * | 1,016,853                                  | 53.030                            | \$ 53,923,715 * |
| Pooled separate<br>account investment<br>contracts<br>underwritten by<br>Lincoln Life: |  |                                   |                 |  |                                   |                 |
| Core Equity Account<br>Medium<br>Capitalization Equity<br>Account                      | 675,925.619                                | 16.597                            | 11,218,540 *    | 824,597.484                                | 14.835                            | 12,233,234 *    |
| Short-Term Account<br>Government/<br>Corporate Bond<br>Account                         | 2,474,519.389                              | 3.950                             | 9,774,599       | 2,149,801.047                              | 3.777                             | 8,120,658       |
| Large Capitalization<br>Equity Account   | 478,163.909                                | 9.428                             | 4,508,225       | 354,494.503                                | 8.943                             | 3,170,138       |
| Balanced Account<br>High Yield Bond<br>Account   | 845,211.812                                | 9.783                             | 8,268,538       | 1,115,245.939                              | 9.543                             | 10,643,015 *    |
| Small Capitalization<br>Equity Account   | 329,975.428                                | 8.897                             | 2,935,692       | 339,718.660                                | 8.129                             | 2,761,505       |
| Value Equity Account   | 861,514.961                                | 4.386                             | 3,778,949       | 842,271.585                                | 3.932                             | 3,312,065       |
| International Equity<br>Account  | 1,004,016.412                              | 8.930                             | 8,966,268       | 1,178,821.391                              | 8.329                             | 9,818,639 *     |
| Conservative<br>Balanced Account   | 2,106,200.926                              | 3.048                             | 6,418,858       | 2,108,301.523                              | 2.572                             | 5,422,130       |
| Aggressive Balanced<br>Account   | 1,078,128.890                              | 12.018                            | 12,957,276 *    | 1,098,341.429                              | 9.766                             | 10,726,842 *    |
| Delaware Growth and<br>Income Account  | 327,871.900                                | 2.388                             | 783,056         | 349,127.833                                | 2.200                             | 768,116         |
| Scudder VIT Equity<br>500 Index Account  | 494,596.549                                | 2.815                             | 1,392,190       | 389,545.026                                | 2.539                             | 989,016         |
|  | 2,315,835.708                              | 2.205                             | 5,106,881       | 1,156,905.944                              | 1.785                             | 2,065,540       |
|  | 4,198,242.064                              | 1.208                             | 5,071,896       | 3,616,416.234                              | 1.049                             | 3,793,259       |
|  | 6,248,064.787                              | 1.625                             | 10,151,855      | 5,256,435.601                              | 1.458                             | 7,665,460       |

|  |                      |               |                       |               |        |                       |
|--|----------------------|---------------|-----------------------|---------------|--------|-----------------------|
| Fidelity VIP<br>Contrafund<br>Neuberger-Berman<br>AMT Regency<br>Account | <b>1,777,817.112</b> | <b>1.771</b>  | <b>3,148,514</b>      | 2,056,425.337 | 1.596  | 3,281,027             |
| Social Awareness<br>Account  | <b>1,514,969.167</b> | <b>1.329</b>  | <b>2,014,000</b>      | 1,563,453.979 | 1.187  | 1,856,133             |
| American Funds<br>Insurance Series<br>Global Growth                      | <b>4,481,783.250</b> | <b>1.270</b>  | <b>5,693,657</b>      | 3,412,657.312 | 1.062  | 3,624,242             |
| Neuberger-Berman<br>Mid-Cap Growth<br>Account                            | <b>3,099,565.265</b> | <b>1.391</b>  | <b>4,312,735</b>      | 2,471,345.139 | 1.215  | 3,002,684             |
| Scudder VIT Small<br>Cap Index Account                                   | <b>1,970,608.242</b> | <b>1.901</b>  | <b>3,746,520</b>      | 1,621,173.104 | 1.621  | 2,627,273             |
| Janus Aspen Growth<br>Account  | –                    | –             | –                     | 27,422.947    | 9.792  | 268,526               |
| Fidelity VIP Overseas<br>Account   | –                    | –             | –                     | 128,967.468   | 14.475 | 1,866,843             |
| BlackRock Legacy<br>Account  | <b>289,661.157</b>   | <b>1.607</b>  | <b>465,485</b>        | –             | –      | –                     |
| American Funds<br>International Account                                  | <b>348,696.154</b>   | <b>18.876</b> | <b>6,582,128</b>      | –             | –      | –                     |
| Total pooled separate<br>accounts  |                      |               | <b>126,882,016</b>    |               |        | <b>108,129,318</b>    |
| <b>Contract Value</b>  |                      |               |                       |               |        |                       |
| Investment contracts<br>underwritten by<br>Lincoln Life                  | <b>16,312,170</b>    |               | <b>16,312,170 *</b>   | 14,904,972    |        | 14,904,972 *          |
| <b>Estimated Value</b>   |                      |               |                       |               |        |                       |
| Wells Fargo Bank<br>short-term<br>investment account                     | <b>1,748,430</b>     |               | <b>1,748,430</b>      | 800,619       |        | 800,619               |
| Participants loans   | <b>4,010,852</b>     |               | <b>4,010,852</b>      | 3,965,728     |        | 3,965,728             |
| Total investments  |                      |               | <b>\$ 208,507,894</b> |               |        | <b>\$ 181,724,352</b> |

\* 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:

|  | <b>Year Ended December 31</b> |               |               |
|--|-------------------------------|---------------|---------------|
|  | <b>2006</b>                   | <b>2005</b>   | <b>2004</b>   |
| <b>Common stock</b>  |                               |               |               |
| Proceeds from disposition of stock                                     | \$ 12,038,077                 | \$ 14,876,314 | \$ 11,566,749 |
| Cost of stock disposed   | 6,534,070                     | 9,513,569     | 7,496,712     |
| Net realized gain on sale and distribution of common stock             | \$ 5,504,007                  | \$ 5,362,745  | \$ 4,070,037  |
| <b>Pooled separate accounts</b>  |                               |               |               |
| Proceeds from disposition of units                                     | \$ 43,764,916                 | \$ 33,710,587 | \$ 29,304,850 |
| Cost of units disposed   | 37,844,912                    | 29,997,729    | 27,652,441    |
| Net realized gain on sale and distribution of pooled separate accounts | \$ 5,920,004                  | \$ 3,712,858  | \$ 1,652,409  |

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

|  | <b>Year Ended December 31</b> |               |               |
|--|-------------------------------|---------------|---------------|
|  | <b>2006</b>                   | <b>2005</b>   | <b>2004</b>   |
| <b>Fair value in excess of cost:</b>                 |                               |               |               |
| At beginning of the year                             | \$ 48,422,185                 | \$ 42,460,285 | \$ 30,097,179 |
| At end of the year                                   | 63,347,381                    | 48,422,185    | 42,460,285    |
| Change in net unrealized appreciation of investments | \$ 14,925,196                 | \$ 5,961,900  | \$ 12,363,106 |
| Common stock   | \$ 7,023,661                  | \$ 1,635,194  | \$ 4,108,565  |
| Pooled separate accounts                             | 7,901,535                     | 4,326,706     | 8,254,541     |
| Change in net unrealized appreciation of investments | \$ 14,925,196                 | \$ 5,961,900  | \$ 12,363,106 |

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, 2006 and 2005. 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, 2006 and 2005, 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 aggregate 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 based on the average rate earned on all Plan investments in the investment contracts.

8

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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 (described below) is as follows:

| December 31,<br>2006                                | <u>Investment Options</u> |               |               |               |              |              |              |
|---|---------------------------|---------------|---------------|---------------|--------------|--------------|--------------|
|   | Total                     | 1             | 2             | 3             | 4            | 5            | 6            |
| <b>Assets</b>                                       |                           |               |               |               |              |              |              |
| 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       | -             | -            | -            | -            |
| Due from broker                                     | -                         | -             | -             | -             | -            | -            | -            |
| 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    |
| <b>Liabilities</b>                                  |                           |               |               |               |              |              |              |
| Due to broker                                       | 21,546                    | -             | 204           | 932           | 398          | 2,661        | 105          |
| 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                    |                           | 1,518         | 402           | 623           | 513          | 557          | 372          |

investment  
options

Investment Options

| <b>December 31,<br/>2006</b>                        | <b>7</b>     | <b>8</b>     | <b>9</b>     | <b>10</b>    | <b>11</b>    | <b>12</b>     | <b>13</b>  |
|---|--------------|--------------|--------------|--------------|--------------|---------------|------------|
| <b>Assets</b>                                       |              |              |              |              |              |               |            |
| Investments:  |              |              |              |              |              |               |            |
| Common stock  | \$           | -\$          | -\$          | -\$          | -\$          | -\$           | -          |
| Short-term investment 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  | -            | -            | -            | -            | -            | -             | -          |
| Due from broker                                     |              |              |              |              |              |               |            |
| 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    |
| <b>Liabilities</b>                                  |              |              |              |              |              |               |            |
| Due to broker                                       | 665          | 913          | 7            | 584          | 713          | 425           | 29         |
| Total liabilities                                   | 665          | 913          | 7            | 584          | 713          | 425           | 29         |
| Net assets available for plan benefits              | \$ 8,267,873 | \$ 2,934,779 | \$ 3,778,942 | \$ 8,965,684 | \$ 6,418,145 | \$ 12,956,851 | \$ 783,027 |
| Number of participants selecting investment options | 528          | 183          | 371          | 622          | 411          | 703           | 49         |

Investment Options

| <b>December 31,<br/>2006</b> | <b>14</b> | <b>15</b> | <b>16</b> | <b>17</b> | <b>18</b> | <b>19</b> | <b>20</b> |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

**Assets**

## Investments:

|                               |    |                  |                  |                  |                   |                  |                  |                  |
|-------------------------------|----|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Common stock                  | \$ | -\$              | -\$              | -\$              | -\$               | -\$              | -\$              | -                |
| Short-term investment account |    | -                | -                | -                | -                 | -                | -                | -                |
| Pooled separate accounts      |    | <b>1,392,190</b> | <b>5,106,881</b> | <b>5,071,896</b> | <b>10,151,855</b> | <b>3,148,514</b> | <b>2,014,000</b> | <b>5,693,657</b> |
| Investment contracts          |    | -                | -                | -                | -                 | -                | -                | -                |
| Participant loans             |    | -                | -                | -                | -                 | -                | -                | -                |
| Total investments             |    | <b>1,392,190</b> | <b>5,106,881</b> | <b>5,071,896</b> | <b>10,151,855</b> | <b>3,148,514</b> | <b>2,014,000</b> | <b>5,693,657</b> |

## Accrued interest receivable

|   |  |                  |                  |                  |                   |                  |                  |                  |
|---|--|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Cash  |  | -                | -                | -                | -                 | -                | -                | -                |
| Due from broker                                     |  | -                | -                | -                | -                 | -                | -                | -                |
| Contributions receivable from participant deferrals |  | -                | -                | -                | -                 | -                | -                | -                |
| Contributions receivable from Employer companies    |  | -                | -                | -                | -                 | -                | -                | -                |
| Net assets  |  | <b>1,392,190</b> | <b>5,106,881</b> | <b>5,071,896</b> | <b>10,151,855</b> | <b>3,148,514</b> | <b>2,014,000</b> | <b>5,693,657</b> |

**Liabilities**

|   |    |                  |                     |                     |                      |                     |                     |                     |
|---|----|------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| Due to broker                                       |    | <b>88</b>        | <b>1,145</b>        | <b>841</b>          | <b>1,668</b>         | <b>394</b>          | <b>33</b>           | <b>2,927</b>        |
| Total liabilities                                   |    | <b>88</b>        | <b>1,145</b>        | <b>841</b>          | <b>1,668</b>         | <b>394</b>          | <b>33</b>           | <b>2,927</b>        |
| Net assets available for plan benefits              | \$ | <b>1,392,102</b> | <b>\$ 5,105,736</b> | <b>\$ 5,071,055</b> | <b>\$ 10,150,187</b> | <b>\$ 3,148,120</b> | <b>\$ 2,013,967</b> | <b>\$ 5,690,730</b> |
| Number of participants selecting investment options |    | <b>143</b>       | <b>487</b>          | <b>295</b>          | <b>667</b>           | <b>268</b>          | <b>136</b>          | <b>396</b>          |

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

Notes to Financial Statements (continued)

**4. Investment Options (continued)**

| December 31, 2006                                   | <u>Investment Options</u> |              |            |              |              | Loans     |
|---|---------------------------|--------------|------------|--------------|--------------|-----------|
|   | 21                        | 22           | 25         | 26           |              |           |
| <b>Assets</b>                                       |                           |              |            |              |              |           |
| 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  | -                         | -            | -          | -            | -            | -         |
| Due from broker                                     | -                         | -            | -          | -            | -            | -         |
| 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 |
| <b>Liabilities</b>                                  |                           |              |            |              |              |           |
| 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.

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,<br>2005                                | <u>Investment Options</u> |               |               |               |               |              |              |
|---|---------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
|   | Total                     | 1             | 2             | 3             | 4             | 5            | 6            |
| <b>Assets</b>                                       |                           |               |               |               |               |              |              |
| Investments:  |                           |               |               |               |               |              |              |
| Common stock  | \$ 53,923,715             | \$ 53,923,715 | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         |
| Short-term investment account                       | 800,619                   | 800,619       | -             | -             | -             | -            | -            |
| Pooled separate accounts                            | 108,129,318               | -             | -             | 12,233,234    | 10,112,973    | 8,120,658    | 3,170,138    |
| Investment contracts                                | 14,904,972                | -             | 14,904,972    | -             | -             | -            | -            |
| Participant loans                                   | 3,965,728                 | -             | -             | -             | -             | -            | -            |
| Total investments                                   | 181,724,352               | 54,724,334    | 14,904,972    | 12,233,234    | 10,112,973    | 8,120,658    | 3,170,138    |
| Accrued interest receivable                         | 53,592                    | 5,147         | 48,445        | -             | -             | -            | -            |
| Due from (to) broker                                | 48,464                    | -             | 22,523        | -             | -             | -            | -            |
| Contributions receivable from participant deferrals | -                         | -             | -             | -             | -             | -            | -            |
| Contributions receivable from Employer companies    | 964,322                   | 964,322       | -             | -             | -             | -            | -            |
| Net assets available for plan benefits              | \$ 182,790,730            | \$ 55,693,803 | \$ 14,975,940 | \$ 12,233,234 | \$ 10,112,973 | \$ 8,120,658 | \$ 3,170,138 |
| Number of participants selecting investment options |                           | 1,293         | 317           | 551           | 597           | 200          | 242          |

Investment Options

| <b>December 31,<br/>2005</b>                        | <b>7</b>             | <b>8</b>            | <b>9</b>            | <b>10</b>           | <b>11</b>           | <b>12</b>            | <b>13</b>         |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------|
| <b>Assets</b>                                       |                      |                     |                     |                     |                     |                      |                   |
| Investments:  |                      |                     |                     |                     |                     |                      |                   |
| Common stock  | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 | -                 |
| Short-term investment account                       | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Pooled separate accounts                            | <b>10,643,015</b>    | <b>2,761,505</b>    | <b>3,312,065</b>    | <b>9,818,639</b>    | <b>5,422,130</b>    | <b>10,726,842</b>    | <b>768,116</b>    |
| Investment contracts                                | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Participant loans                                   | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Total investments                                   | <b>10,643,015</b>    | <b>2,761,505</b>    | <b>3,312,065</b>    | <b>9,818,639</b>    | <b>5,422,130</b>    | <b>10,726,842</b>    | <b>768,116</b>    |
| Accrued interest receivable                         | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Due from (to) broker                                | <b>2,192</b>         | <b>1,978</b>        | <b>(117,764)</b>    | <b>3,652</b>        | <b>4,026</b>        | <b>45,372</b>        | -                 |
| Contributions receivable from participant deferrals | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Contributions receivable from Employer companies    | -                    | -                   | -                   | -                   | -                   | -                    | -                 |
| Net assets available for plan benefits              | <b>\$ 10,645,207</b> | <b>\$ 2,763,483</b> | <b>\$ 3,194,301</b> | <b>\$ 9,822,291</b> | <b>\$ 5,426,156</b> | <b>\$ 10,772,214</b> | <b>\$ 768,116</b> |
| Number of participants selecting investment options | <b>641</b>           | <b>200</b>          | <b>356</b>          | <b>697</b>          | <b>455</b>          | <b>742</b>           | <b>55</b>         |

Investment Options

| <b>December 31,<br/>2005</b>  | <b>14</b> | <b>15</b> | <b>16</b> | <b>17</b> | <b>18</b> | <b>19</b> | <b>20</b> |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Assets</b>                 |           |           |           |           |           |           |           |
| Investments:                  |           |           |           |           |           |           |           |
| Common stock                  | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | -         |
| Short-term investment account | -         | -         | -         | -         | -         | -         | -         |

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|   |                   |                     |                     |                     |                     |                     |                     |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Pooled separate accounts                            | <b>989,016</b>    | <b>2,065,540</b>    | <b>3,793,259</b>    | <b>7,665,460</b>    | <b>3,281,027</b>    | <b>1,856,133</b>    | <b>3,624,242</b>    |
| Investment contracts                                | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Participant loans                                   | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Total investments                                   | <b>989,016</b>    | <b>2,065,540</b>    | <b>3,793,259</b>    | <b>7,665,460</b>    | <b>3,281,027</b>    | <b>1,856,133</b>    | <b>3,624,242</b>    |
| Accrued interest receivable                         | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Due from (to) broker                                | -                 | -                   | -                   | <b>38,037</b>       | <b>1,826</b>        | <b>813</b>          | <b>7,893</b>        |
| Contributions receivable from participant deferrals | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Contributions receivable from Employer companies    | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Net assets available for plan benefits              | <b>\$ 989,016</b> | <b>\$ 2,065,540</b> | <b>\$ 3,793,259</b> | <b>\$ 7,703,497</b> | <b>\$ 3,282,853</b> | <b>\$ 1,856,946</b> | <b>\$ 3,632,135</b> |
| Number of participants selecting investment options | <b>122</b>        | <b>245</b>          | <b>200</b>          | <b>466</b>          | <b>292</b>          | <b>134</b>          | <b>320</b>          |

Investment Options

| <b>December 31, 2005</b>      | <b>21</b>        | <b>22</b>        | <b>23</b>      | <b>24</b>        | <b>Loans</b>     |
|-------------------------------|------------------|------------------|----------------|------------------|------------------|
| <b>Assets</b>                 |                  |                  |                |                  |                  |
| Investments:                  |                  |                  |                |                  |                  |
| Common stock                  | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>    | <b>\$ -</b>      | <b>-</b>         |
| Short-term investment account | -                | -                | -              | -                | -                |
| Pooled separate accounts      | <b>3,002,684</b> | <b>2,627,273</b> | <b>268,526</b> | <b>1,866,843</b> |                  |
| Investment contracts          | -                | -                | -              | -                | -                |
| Participant loans             | -                | -                | -              | -                | <b>3,965,728</b> |
| Total investments             | <b>3,002,684</b> | <b>2,627,273</b> | <b>268,526</b> | <b>1,866,843</b> | <b>3,965,728</b> |
| Accrued interest receivable   | -                | -                | -              | -                | -                |

|   |                     |                     |                   |                     |                     |
|---|---------------------|---------------------|-------------------|---------------------|---------------------|
| Due from (to)<br>broker   | -                   | -                   | <b>802</b>        | <b>37,114</b>       | -                   |
| Contributions<br>receivable from<br>participant<br>deferrals    | -                   | -                   | -                 | -                   | -                   |
| Contributions<br>receivable from<br>Employer<br>companies       | -                   | -                   | -                 | -                   | -                   |
| Net assets<br>available for<br>plan benefits                    | <b>\$ 3,002,684</b> | <b>\$ 2,627,273</b> | <b>\$ 269,328</b> | <b>\$ 1,903,957</b> | <b>\$ 3,965,728</b> |
| Number of<br>participants<br>selecting<br>investment<br>options | <b>323</b>          | <b>306</b>          | <b>38</b>         | <b>212</b>          | <b>215</b>          |



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,<br>2006                                       | <u>Investment Options</u> |              |           |             |           |             |           |
|--|---------------------------|--------------|-----------|-------------|-----------|-------------|-----------|
|  | 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 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                                   | 11,424,011                | 5,504,007    | -         | 842,833     | 416,271   | 293,803     | 45,228    |
| Net change in unrealized appreciation of investments       | 14,925,196                | 7,023,661    | -         | 562,705     | 431,374   | 144,500     | 215,027   |
| Contributions:   |                           |              |           |             |           |             |           |
| Participant  | 7,889,483                 | 892,220      | 219,516   | 534,884     | 444,349   | 156,018     | 190,879   |
| Employer companies   | 1,960,209                 | 167,578      | 62,897    | 147,672     | 127,649   | 45,235      | 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) |
| Administrative expenses                                    | (173,808)                 | (35,074)     | (9,740)   | (7,555)     | (6,643)   | (59,632)    | (2,117)   |

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|  |                |               |               |               |              |              |              |
|--|----------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Net transfers  |                | – (5,940,883) | 1,236,927     | (2,362,923)   | (1,044,483)  | 2,232,329    | 721,015      |
| Net increase<br>(decrease) in net<br>assets available<br>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<br>available for<br>plan<br>benefits at<br>beginning of the<br>year | 182,790,730    | 55,693,803    | 14,975,940    | 12,233,234    | 10,112,973   | 8,120,658    | 3,170,138    |
| Net assets<br>available for<br>plan<br>benefits at end<br>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

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

|   |              |              |              |              |              |               |            |
|---|--------------|--------------|--------------|--------------|--------------|---------------|------------|
| 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,<br>2006  | <u>Investment Options</u> |           |           |             |           |           |           |
|---|---------------------------|-----------|-----------|-------------|-----------|-----------|-----------|
|   | 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  | 42,775                    | 129,297   | 157,697   | 513,922     | 287,530   | 118,389   | 208,894   |
| Total net realized gains  | 42,775                    | 129,297   | 157,697   | 513,922     | 287,530   | 118,389   | 208,894   |
| Net change in unrealized appreciation 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)                 | (541,825) | (282,709) | (1,597,150) | (653,613) | (310,567) | (681,560) |
| Administrative expenses   | (757)                     | (1,872)   | (2,718)   | (5,732)     | (2,096)   | (1,220)   | (2,911)   |
| 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**

| <b>December 31,<br/>2006</b>                                      | <b>21</b> | <b>22</b> | <b>23</b> | <b>24</b>   | <b>25</b> | <b>26</b> | <b>Loans</b> |
|---|-----------|-----------|-----------|-------------|-----------|-----------|--------------|
| Investment income:  |           |           |           |             |           |           |              |
| Cash dividends  | \$ -      | \$ -      | \$ -      | \$ -        | \$ -      | \$ -      | -            |
| Interest  | -         | -         | -         | -           | -         | -         | 225,353      |
| Total investment income   | -         | -         | -         | -           | -         | -         | 225,353      |
| Net realized gain 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  | 234,335   | 209,810   | 10,799    | 47,687      | 4,854     | 113,041   | -            |
| Net change in unrealized appreciation of investments              | 312,430   | 322,834   | (28,056)  | (312,226)   | 29,581    | 860,492   | -            |
| Contributions:  |           |           |           |             |           |           |              |
| Participant   | 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      |
| 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<br>for plan<br>benefits at<br>beginning of the<br>year | <b>3,002,684</b>    | <b>2,627,273</b>    | <b>269,328</b> | <b>1,903,957</b> | <b>-</b>       | <b>-</b>            | <b>3,965,728</b>    |
| Net assets available<br>for plan<br>benefits at end of<br>the year          | <b>\$ 4,311,791</b> | <b>\$ 3,745,416</b> | <b>\$ -</b>    | <b>\$ -</b>      | <b>464,563</b> | <b>\$ 6,578,284</b> | <b>\$ 4,011,425</b> |

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:

| <b>December 31,<br/>2005</b>  | <b><u>Investment Options</u></b> |                         |                         |                        |                        |                         |                      |
|---|----------------------------------|-------------------------|-------------------------|------------------------|------------------------|-------------------------|----------------------|
|   | <b>Total</b>                     | <b>1</b>                | <b>2</b>                | <b>3</b>               | <b>4</b>               | <b>5</b>                | <b>6</b>             |
| 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   | 7,297,381                        | 859,454                 | 270,526                 | 612,107                | 479,192                | 199,702                 | 152,453              |
| Employer companies  | 3,068,581                        | 1,150,018               | 85,980                  | 186,798                | 155,517                | 53,989                  | 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)<br>(168,180)        | (7,879,541)<br>(36,944) | (4,457,185)<br>(10,716) | (2,198,565)<br>(8,525) | (1,267,810)<br>(6,746) | (2,321,490)<br>(57,406) | (298,239)<br>(1,926) |

|   |                |                |               |               |               |              |              |
|---|----------------|----------------|---------------|---------------|---------------|--------------|--------------|
| Administrative expenses   |                |                |               |               |               |              |              |
| Net transfers   |                | – (10,092,131) | 1,525,542     | (655,420)     | (837,995)     | 3,588,467    | 566,039      |
| Net increase (decrease) in net 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

| <b>December 31, 2005</b>  | <b>7</b>  | <b>8</b> | <b>9</b> | <b>10</b> | <b>11</b> | <b>12</b> | <b>13</b> |
|---|-----------|----------|----------|-----------|-----------|-----------|-----------|
| 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   | 625,193   | 199,116  | 193,078  | 589,557   | 425,804   | 630,715   | 46,819    |
| Employer companies  | 206,728   | 57,264   | 52,986   | 176,482   | 130,489   | 186,837   | 14,330    |



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|   |                      |                     |                     |                     |                     |                      |                   |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------|
| Total contributions   | <b>831,921</b>       | <b>256,380</b>      | <b>246,064</b>      | <b>766,039</b>      | <b>556,293</b>      | <b>817,552</b>       | <b>61,149</b>     |
| Transfers (to) from affiliated plans                              | <b>206,411</b>       | <b>(1,872)</b>      | <b>15,440</b>       | <b>99,710</b>       | <b>(18,544)</b>     | <b>94,767</b>        | <b>–</b>          |
| Distributions to participants                                     | <b>(1,204,026)</b>   | <b>(286,433)</b>    | <b>(496,943)</b>    | <b>(1,158,782)</b>  | <b>(1,034,061)</b>  | <b>(1,465,613)</b>   | <b>(171,537)</b>  |
| Administrative expenses   | <b>(6,582)</b>       | <b>(1,529)</b>      | <b>(1,952)</b>      | <b>(6,865)</b>      | <b>(4,036)</b>      | <b>(6,781)</b>       | <b>(363)</b>      |
| Net transfers   | <b>(522,226)</b>     | <b>646,554</b>      | <b>597,664</b>      | <b>(1,464,873)</b>  | <b>(452,759)</b>    | <b>797,149</b>       | <b>362,780</b>    |
| Net increase (decrease) in net assets available for plan benefits | <b>612,676</b>       | <b>756,519</b>      | <b>473,334</b>      | <b>(1,355,290)</b>  | <b>(655,925)</b>    | <b>1,422,094</b>     | <b>276,114</b>    |
| Net assets available for plan benefits at beginning of the year   | <b>10,032,531</b>    | <b>2,006,964</b>    | <b>2,720,967</b>    | <b>11,177,581</b>   | <b>6,082,081</b>    | <b>9,350,120</b>     | <b>492,002</b>    |
| Net assets available for plan benefits at end of the year         | <b>\$ 10,645,207</b> | <b>\$ 2,763,483</b> | <b>\$ 3,194,301</b> | <b>\$ 9,822,291</b> | <b>\$ 5,426,156</b> | <b>\$ 10,772,214</b> | <b>\$ 768,116</b> |

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,<br>2005  | <u>Investment Options</u> |           |           |             |           |           |           |
|---|---------------------------|-----------|-----------|-------------|-----------|-----------|-----------|
|   | 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   | 117,921                   | 217,327   | 207,077   | 444,807     | 192,202   | 70,734    | 245,289   |
| Employer companies  | 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 increase (decrease) in net assets available for plan benefits   | 89,410                    | 506,068   | (373,518) | 2,333,998   | 709,336   | 468,214   | 894,965   |
| 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**

| <b>December 31,<br/>2005</b>  | <b>21</b> | <b>22</b> | <b>23</b> | <b>24</b> | <b>Loans</b> |
|---|-----------|-----------|-----------|-----------|--------------|
| 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   | 209,420   | 202,110   | 19,306    | 87,472    | -            |
| Employer companies  | 63,421    | 53,310    | 4,350     | 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 increase (decrease) in net assets available for plan benefits   | 1,016,550 | (201,323) | (42,104)  | 1,020,781 | (186,076)    |
| Net assets available for plan                                       | 1,986,134 | 2,828,596 | 311,432   | 883,176   | 4,151,804    |

benefits at  
beginning of the  
year  
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**

15

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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,<br>2004  | <u>Investment Options</u> |              |             |           |           |             |           |
|---|---------------------------|--------------|-------------|-----------|-----------|-------------|-----------|
|   | Total                     | 1            | 2           | 3         | 4         | 5           | 6         |
| Investment income:  |                           |              |             |           |           |             |           |
| Cash dividends  | \$ 1,819,776              | \$ 1,819,776 | \$ -        | \$ -      | \$ -      | \$ -        | \$ -      |
| Interest  | 998,992                   | 24,854       | 723,395     | -         | -         | -           | -         |
| Total investment income   | 2,818,768                 | 1,844,630    | 723,395     | -         | -         | -           | -         |
| Net realized gain (loss) on sale and distribution of investments:   |                           |              |             |           |           |             |           |
| Common stock  | 4,070,037                 | 4,070,037    | -           | -         | -         | -           | -         |
| Pooled separate accounts  | 1,652,409                 | -            | -           | 203,967   | (3,539)   | 51,005      | 118,385   |
| Total net realized gains (losses)                                   | 5,722,446                 | 4,070,037    | -           | 203,967   | (3,539)   | 51,005      | 118,385   |
| Net change in unrealized appreciation (depreciation) of investments | 12,363,106                | 4,108,565    | -           | 1,184,989 | 1,379,549 | 1,288       | 34,359    |
| Contributions:  |                           |              |             |           |           |             |           |
| Participant   | 7,452,877                 | 748,914      | 248,869     | 691,806   | 602,308   | 244,033     | 150,522   |
| Employer companies  | 5,199,336                 | 3,161,387    | 85,062      | 223,592   | 200,559   | 64,686      | 40,739    |
| Total contributions   | 12,652,213                | 3,910,301    | 333,931     | 915,398   | 802,867   | 308,719     | 191,261   |
| Transfers (to) from affiliated plans                                | 3,588,680                 | 614,533      | 871,935     | 296,183   | 276,040   | 141,047     | 76,543    |
| Distributions to participants                                       | (14,994,001)              | (5,348,906)  | (1,809,653) | (780,660) | (705,912) | (1,789,266) | (289,392) |
| Administrative expenses   | (128,210)                 | (46,539)     | (12,364)    | (9,549)   | (7,507)   | (4,818)     | (1,914)   |
| Net transfers   | -                         | (6,687,825)  | 1,601,822   | (339,334) | (686,780) | 1,944,681   | 143,516   |

|  |                |               |               |               |               |              |              |
|--|----------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Net increase<br>(decrease) in net<br>assets available<br>for plan benefits     | 22,023,002     | 2,464,796     | 1,709,066     | 1,470,994     | 1,054,718     | 652,656      | 272,758      |
| Net assets<br>available for<br>plan<br>benefits at<br>beginning of the<br>year | 162,087,043    | 60,333,320    | 15,948,055    | 12,101,881    | 9,474,466     | 5,601,182    | 2,307,992    |
| Net assets<br>available for<br>plan<br>benefits at end<br>of the year          | \$ 184,110,045 | \$ 62,798,116 | \$ 17,657,121 | \$ 13,572,875 | \$ 10,529,184 | \$ 6,253,838 | \$ 2,580,750 |

Investment Options

| <b>December 31,<br/>2004</b>  | <b>7</b>  | <b>8</b> | <b>9</b> | <b>10</b> | <b>11</b> | <b>12</b> | <b>13</b> |
|---|-----------|----------|----------|-----------|-----------|-----------|-----------|
| Investment<br>income:   |           |          |          |           |           |           |           |
| Cash dividends  | \$        | -\$      | -\$      | -\$       | -\$       | -\$       | -         |
| Interest  |           | -        | -        | -         | -         | -         | -         |
| Total investment<br>income  |           | -        | -        | -         | -         | -         | -         |
| Net realized<br>gain (loss) on<br>sale and<br>distribution of<br>investments:   |           |          |          |           |           |           |           |
| Common stock  |           | -        | -        | -         | -         | -         | -         |
| Pooled separate<br>accounts   | (188,688) | 55,178   | 136,428  | 305,375   | 89,484    | 272,710   | 18,830    |
| Total net<br>realized gains<br>(losses)   | (188,688) | 55,178   | 136,428  | 305,375   | 89,484    | 272,710   | 18,830    |
| Net change in<br>unrealized<br>appreciation<br>(depreciation) of<br>investments | 431,322   | 108,514  | 134,775  | 1,004,627 | 502,684   | 1,267,577 | 16,777    |
| Contributions:  |           |          |          |           |           |           |           |
| Participant   | 805,344   | 173,788  | 185,635  | 741,598   | 497,130   | 591,062   | 36,869    |
| Employer<br>companies   | 261,466   | 53,278   | 55,264   | 227,043   | 150,881   | 182,480   | 11,905    |
| Total<br>contributions  | 1,066,810 | 227,066  | 240,899  | 968,641   | 648,011   | 773,542   | 48,774    |
| Transfers (to)<br>from affiliated<br>plans                                      | 155,178   | 1,501    | 19,033   | 225,840   | 158,488   | 116,473   | -         |

|   |               |              |              |               |              |              |            |
|---|---------------|--------------|--------------|---------------|--------------|--------------|------------|
| Distributions to participants                                     | (777,277)     | (183,498)    | (73,459)     | (717,672)     | (413,380)    | (411,164)    | (14,303)   |
| Administrative expenses   | (7,967)       | (1,428)      | (1,769)      | (8,185)       | (4,158)      | (5,949)      | (367)      |
| Net transfers   | (734,508)     | 250,181      | 7,135        | (509,167)     | 428,499      | 630,405      | (11,517)   |
| Net increase (decrease) in net assets available for plan benefits | (55,130)      | 457,514      | 463,042      | 1,269,459     | 1,409,628    | 2,643,594    | 58,194     |
| Net assets available for plan benefits at beginning of the year   | 10,087,661    | 1,549,450    | 2,257,925    | 9,908,122     | 4,672,453    | 6,706,526    | 433,808    |
| Net assets available for plan benefits at end of the year         | \$ 10,032,531 | \$ 2,006,964 | \$ 2,720,967 | \$ 11,177,581 | \$ 6,082,081 | \$ 9,350,120 | \$ 492,002 |

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:

| <b>December 31,<br/>2004</b>  | <b><u>Investment Options</u></b> |           |           |           |           |           |           |
|---|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | <b>14</b>                        | <b>15</b> | <b>16</b> | <b>17</b> | <b>18</b> | <b>19</b> | <b>20</b> |
| Investment income:  |                                  |           |           |           |           |           |           |
| Cash dividends  | \$ -                             | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Interest  | -                                | -         | -         | -         | -         | -         | -         |
| Total investment income   | -                                | -         | -         | -         | -         | -         | -         |
| Net realized gain (loss) on sale and distribution of investments:   |                                  |           |           |           |           |           |           |
| Common stock  | -                                | -         | -         | -         | -         | -         | -         |
| Pooled separate accounts  | 15,861                           | 33,241    | 96,378    | 84,290    | 100,306   | 70,301    | (72,288)  |
| Total net realized gains (losses)                                   | 15,861                           | 33,241    | 96,378    | 84,290    | 100,306   | 70,301    | (72,288)  |
| Net change in unrealized appreciation (depreciation) of investments | 67,620                           | 113,392   | 295,717   | 537,009   | 315,620   | 77,919    | 305,514   |
| Contributions:  |                                  |           |           |           |           |           |           |
| Participant   | 122,416                          | 160,835   | 229,911   | 352,392   | 150,485   | 63,352    | 136,142   |
| Employer companies  | 31,944                           | 45,509    | 66,604    | 99,622    | 42,459    | 17,056    | 40,541    |
| Total contributions   | 154,360                          | 206,344   | 296,515   | 452,014   | 192,944   | 80,408    | 176,683   |
| Transfers (to) from affiliated plans                                | 33,405                           | 12,599    | 234,516   | 39,198    | 23,085    | 5,632     | 98,166    |
| Distributions to participants                                       | (95,828)                         | (38,684)  | (123,031) | (349,783) | (140,610) | (35,899)  | (224,214) |
| Administrative expenses   | (627)                            | (981)     | (2,968)   | (3,091)   | (1,472)   | (934)     | (1,312)   |
| Net transfers   | 140,129                          | 243,550   | (156,924) | 1,450,616 | 653,881   | 123,294   | 1,111,652 |
| Net increase (decrease) in net assets available for plan benefits   | 314,920                          | 569,461   | 640,203   | 2,210,253 | 1,143,754 | 320,721   | 1,394,201 |
| Net assets available for plan                                       | 584,686                          | 990,011   | 3,526,574 | 3,159,246 | 1,429,763 | 1,068,011 | 1,342,969 |



|  |    |         |              |              |              |              |                           |
|--|----|---------|--------------|--------------|--------------|--------------|---------------------------|
| benefits at<br>beginning of the<br>year                            |    |         |              |              |              |              |                           |
| Net assets available<br>for plan<br>benefits at end of<br>the year | \$ | 899,606 | \$ 1,559,472 | \$ 4,166,777 | \$ 5,369,499 | \$ 2,573,517 | \$ 1,388,732 \$ 2,737,170 |

**Investment Options**

| <b>December 31,<br/>2004</b>  | <b>21</b> | <b>22</b> | <b>23</b> | <b>24</b> | <b>Loans</b> |
|---|-----------|-----------|-----------|-----------|--------------|
| Investment income:  |           |           |           |           |              |
| Cash dividends  | \$        | -\$       | -\$       | -\$       | -\$          |
| Interest  |           | -         | -         | -         | 250,743      |
| Total investment<br>income  |           | -         | -         | -         | 250,743      |
| Net realized gain<br>(loss) on sale and<br>distribution of<br>investments:      |           |           |           |           |              |
| Common stock  |           | -         | -         | -         | -            |
| Pooled separate<br>accounts   |           | 29,076    | 147,930   | 39,823    | 48,356       |
| Total net realized<br>gains (losses)  |           | 29,076    | 147,930   | 39,823    | 48,356       |
| Net change in<br>unrealized<br>appreciation<br>(depreciation) of<br>investments |           | 235,544   | 223,675   | (21,832)  | 37,902       |
| Contributions:  |           |           |           |           |              |
| Participant   |           | 200,906   | 212,549   | 27,387    | 78,624       |
| Employer<br>companies   |           | 55,631    | 56,071    | 6,768     | 18,789       |
| Total contributions   |           | 256,537   | 268,620   | 34,155    | 97,413       |
| Transfers (to) from<br>affiliated plans   |           | 21,996    | 89,182    | 53,567    | 24,540       |
| Distributions to<br>participants  |           | (172,305) | (136,161) | (23,429)  | (22,550)     |
| Administrative<br>expenses  |           | (1,347)   | (2,011)   | (346)     | (607)        |
| Net transfers   |           | 174,640   | 175,250   | (122,114) | 168,918      |
| Net increase<br>(decrease) in net<br>assets available for<br>plan benefits      |           | 544,141   | 766,485   | (40,176)  | 353,972      |
| Net assets available<br>for plan<br>benefits at<br>beginning of the             |           | 1,441,993 | 2,062,111 | 351,608   | 529,204      |
|   |           |           |           |           | 4,218,026    |

year  
Net assets available  
for plan  
benefits at end of  
the year           **\$ 1,986,134 \$ 2,828,596 \$ 311,432 \$ 883,176 \$ 4,151,804**

17

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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)**

Information with respect to investment options is as follows:

| <u>Option</u> | <u>Description of Investment Option</u>  |
|---------------|--|
| 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.

19

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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)**

I n v e s t m e n t  
o p t i o n s 3  
through 26 are  
i n v e s t e d i n  
pooled separate  
a c c o u n t s o f  
L i n c o l n L i f e  
through a group  
a n n u i t y c o n t r a c t  
i s s u e d b y  
L i n c o l n L i f e.

**5. Income Tax  
Status**

T h e P l a n h a s  
r e c e i v e d a  
d e t e r m i n a t i o n  
l e t t e r f r o m t h e  
I n t e r n a l R e v e n u e  
S e r v i c e d a t e d  
A p r i l 3 0 , 2 0 0 4 ,  
s t a t i n g t h a t t h e  
P l a n i s q u a l i f i e d  
u n d e r S e c t i o n  
4 0 1 ( a ) o f t h e  
I n t e r n a l R e v e n u e  
C o d e ( t h e  
" C o d e " ) a n d ,  
t h e r e f o r e , t h e  
r e l a t e d t r u s t i s  
e x e m p t f r o m

t a x a t i o n .  
Subsequent to  
t h i s  
determination by  
the Internal  
R e v e n u e  
Service, the Plan  
was amended.  
Once qualified,  
the Plan is  
required to  
operate in  
conformity with  
the Code to  
maintain its  
qualification.  
T h e p l a n  
administrator  
believes the Plan  
is being operated  
in compliance  
w i t h t h e  
a p p l i c a b l e  
requirements of  
the Code and,  
t h e r e f o r e ,  
believes that the  
P l a n , a s  
amended, is  
qualified and the  
related trust is  
tax exempt.

## **6. Tax Implications to Participants**

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



the Plan.

**7. Transactions  
with Parties in  
Interest**

The Plan has investments in common stock of LNC and in pooled separate accounts and investment contracts with Lincoln Life. Lincoln Life charges the Plan for certain administrative expenses including trustee and audit fees. Total administrative expenses charged were \$173,808, \$168,180 and \$128,210 in 2006, 2005 and 2004, 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 \$59,554,426, \$126,882,016,

and  
\$16,312,170,  
respectively, at  
December 31,  
2006 (28.5%,  
60.6% and 7.8%  
of net assets,  
respectively).  
L N C 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.

20

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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 2006 statement of net assets available for plan benefits to the Form 5500:

|   |    | <b>Year Ended<br/>December 31<br/>2006</b> |
|---|----|--|
| Net assets available for plan benefits per the financial statements | \$ | 209,297,428                                |
| Amounts allocated to withdrawn participants                         |    | (850,631)                                  |
| Net assets available for plan benefits per the Form 5500            | \$ | 208,446,797                                |

The following is a reconciliation of distributions to participants per the 2006 statement of changes in net assets available for plan benefits to the Form 5500:

|   |    | <b>Year Ended<br/>December 31<br/>2006</b> |
|---|----|--|
| Distributions to participants per the financial statements                    | \$ | 26,009,979                                 |
| Amounts allocated on Form 5500 to withdrawn participants at December 31, 2006 |    | 850,631                                    |
| Distributions to participants per the Form 5500                               | \$ | 26,860,610                                 |

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. There were no pending payments in 2005.

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,  
2006

| (b)<br><br>Identity of Issuer, Borrower,<br>Lessor or Similar Party                              | (c)<br>Description of Investment<br>Including Maturity Date<br>Rate of Interest,<br>Par or Maturity Value | (d)<br><br>Cost | (e)<br><br>Current<br>Value |
|--|---|-----------------|-----------------------------|
| *Common stock account:   |   |                 |                             |
| Lincoln National Corporation common stock  | 896,904 shares  | **              | \$ 59,554,426               |
| Wells Fargo Bank Short-Term Investment Account   | 1,748,430 par value   | **              | 1,748,430                   |
|  |   |                 | 61,302,856                  |
| *Pooled separate accounts –<br>The Lincoln National Life Insurance<br>Company Separate Accounts: |   |                 |                             |
| Core Equity Account  | 675,925.619 participation<br>units  | **              | 11,218,540                  |
| Medium Capitalization Equity Account   | 637,440.864 participation<br>units  | **              | 9,586,154                   |
| Short-Term Account   | 2,474,519.389 participation<br>units  | **              | 9,774,599                   |
| Government/ Corporate Bond Account   | 478,163.909 participation<br>units  | **              | 4,508,225                   |
| Large Capitalization Equity Account  | 845,211.812 participation<br>units  | **              | 8,268,538                   |
| Balanced Account   | 329,975.428   | **              | 2,935,692                   |

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|  |   |                        |    |               |
|--|---|------------------------|----|---------------|
|  |   | participation<br>units |    |               |
| High Yield Bond Account  | 861,514.961   | participation<br>units | ** | 3,778,949     |
| Small Capitalization Equity<br>Account   | 1,004,016.412   | participation<br>units | ** | 8,966,268     |
| Value Equity Account   | 2,106,200.926   | participation<br>units | ** | 6,418,858     |
| International Equity Account   | 1,078,128.890   | participation<br>units | ** | 12,957,276    |
| Conservative Balanced Account  | 327,871.900   | participation<br>units | ** | 783,056       |
| Aggressive Balanced Account  | 494,596.549   | participation<br>units | ** | 1,392,190     |
| Delaware Growth and Income<br>Account  | 2,315,835.708   | participation<br>units | ** | 5,106,881     |
| Scudder VIT Equity 500 Index<br>Account  | 4,198,242.064   | participation<br>units | ** | 5,071,896     |
| Fidelity VIP Contrafund  | 6,248,064.787   | participation<br>units | ** | 10,151,855    |
| Neuberger-Berman AMT<br>Regency Account  | 1,777,817.112   | participation<br>units | ** | 3,148,514     |
| Social Awareness Account   | 1,514,969.167   | participation<br>units | ** | 2,014,000     |
| American Funds Insurance Series<br>Global Growth   | 4,481,783.250   | participation<br>units | ** | 5,693,657     |
| Neuberger-Berman Mid-Cap<br>Growth Account   | 3,099,565.265   | participation<br>units | ** | 4,312,735     |
| Scudder VIT Small Cap Index<br>Account   | 1,970,608.242   | participation<br>units | ** | 3,746,520     |
| BlackRock Legacy Account   | 289,661.157   | participation<br>units | ** | 465,485       |
| American Funds International<br>Account  | 348,696.154   | participation<br>units | ** | 6,582,128     |
|  |   |                        |    | 126,882,016   |
| *Investment contracts –<br>The Lincoln National Life<br>Insurance Company (Guaranteed Account) |   | 4.00% interest<br>rate | ** | 16,312,170    |
| Participant loans  | Various loans at interest rates<br>varying from 5.00% to<br>10.50%. |                        | -  | 4,010,852     |
|  |   |                        |    | \$208,507,894 |

\* 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.

Date: March 30, 2007

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

By: /s/ Barbara Bird

Barbara Bird on Behalf of the Lincoln National  
Corporation Benefits Committee