

LINCOLN NATIONAL CORP  
Form 11-K  
March 31, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11- K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILARY 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, 2008

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-6028

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

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

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

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

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REQUIRED INFORMATION

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

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- Financial Statements and Supplemental Schedule

The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan  
December 31, 2008 and 2007  
and for the Three Years Ended December 31, 2008, 2007, and 2006  
with Report of Independent Registered Public Accounting Firm



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

Financial Statements  
and Supplemental Schedule

Years Ended December 31, 2008 and 2007 and for the  
Three Years Ended December 31, 2008, 2007, and 2006

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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, 2008 and 2007, and the related statements of changes in net assets available for benefits for each of the three years in the period ended December 31, 2008. 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, 2008 and 2007, and the changes in its net assets available for benefits for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States.

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, 2008, 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 25, 2009

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

Statements of Net Assets Available for Benefits

|  | December 31    |                |
|--|----------------|----------------|
|  | 2008           | 2007           |
| Assets   |                |                |
| Investments:   |                |                |
| Mutual funds (cost – \$62,557,165)   | \$ 48,171,602  | \$ –           |
| Other collective investment trusts (cost – \$26,174,352)   | 23,063,386     | –              |
| Common stock – Lincoln National Corporation (cost: 2008 – \$33,866,772; 2007 – \$33,920,977)                         | 21,964,369     | 47,511,770     |
| Wilmington Trust money market fund   | 1,003,490      | –              |
| Wells Fargo Bank short-term investment account   | –              | 1,564,190      |
| Pooled separate accounts – The Lincoln National Life Insurance Company Separate Accounts (cost: 2007 – \$91,414,277) | –              | 133,100,849    |
| Investment contracts – The Lincoln National Life Insurance Company   | 29,623,868     | 14,604,738     |
| Participant loans  | 3,572,337      | 3,996,682      |
| Total investments  | 127,399,052    | 200,778,229    |
| Accrued interest receivable  | 118,613        | 54,904         |
| Cash   | 14,689         | (4,648)        |
| Contributions receivable from participant deferrals  | 40,306         | –              |
| Contributions receivable from Sponsor company  | 1,161,189      | 2,212,179      |
| Total assets   | 128,733,849    | 203,040,664    |
| Liabilities  |                |                |
| Due to broker  | 12,670         | 214            |
| Total liabilities  | 12,670         | 214            |
| Net assets available for benefits  | \$ 128,721,179 | \$ 203,040,450 |

See accompanying notes to the financial statements.

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

Statements of Changes in Net Assets Available for Benefits

|   | Year Ended December 31 |                |                |
|---|------------------------|----------------|----------------|
|   | 2008                   | 2007           | 2006           |
| Investment income:  |                        |                |                |
| Cash dividends  | \$ 2,480,552           | \$ 1,336,688   | \$ 1,431,425   |
| Interest  | 1,091,696              | 965,603        | 907,029        |
|   | 3,572,248              | 2,302,291      | 2,338,454      |
| Net realized gain (loss) on sale and distributions<br>of investments:                       |                        |                |                |
| Mutual funds  | (2,203,395)            | -              | -              |
| Other collective investment trusts  | (760,263)              | -              | -              |
| Common Stock – Lincoln National Corporation   | (3,553,903)            | 3,844,371      | 5,504,007      |
| Pooled separate accounts – The Lincoln National Life<br>Insurance Company separate accounts | 16,379,942             | 8,568,425      | 5,920,004      |
|   | 9,862,381              | 12,412,796     | 11,424,011     |
| Net change in unrealized appreciation (depreciation)<br>of investments                      | (84,114,674)           | (8,070,015)    | 14,925,196     |
| Contributions:  |                        |                |                |
| Participants  | 7,988,435              | 8,793,200      | 7,889,483      |
| Sponsor company   | 3,653,901              | 4,661,121      | 1,960,209      |
|   | 11,642,336             | 13,454,321     | 9,849,692      |
| Transfers to (from) affiliated plans  | 2,511,221              | (36,541)       | (204,186)      |
| Deposit from Jefferson-Pilot 401(k) Plan  | -                      | -              | 14,357,318     |
| Distributions to participants   | (17,704,133)           | (26,167,088)   | (26,009,979)   |
| Administrative expenses   | (88,650)               | (152,742)      | (173,808)      |
| Net increase (decrease) in net assets available for benefits                                | (74,319,271)           | (6,256,978)    | 26,506,698     |
| Net assets available for benefits at beginning of the year                                  | 203,040,450            | 209,297,428    | 182,790,730    |
| Net assets available for benefits at end of the year  | \$ 128,721,179         | \$ 203,040,450 | \$ 209,297,428 |

See accompanying notes to the financial statements.



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

Notes to Financial Statements

December 31, 2008

1. Description of the Plan

The following description of The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan (Plan) is a summary only and is qualified in its entirety by the terms and provisions of the Plan document.

The Plan is a contributory, defined contribution plan which covers eligible full-time agents of The Lincoln National Life Insurance Company (Lincoln Life), Lincoln Financial Advisors Corporation, and Lincoln Life & Annuity Company of New York. Lincoln Life is the Plan sponsor. Effective April 3, 2006, Lincoln National Corporation (LNC) acquired Jefferson-Pilot Corporation (Jefferson-Pilot). Jefferson-Pilot sponsored a 401(k) plan for their eligible agents. 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. Effective June 1, 2006 the Plan was amended to make legacy Jefferson-Pilot agents eligible to participate in the Plan. This increased the net assets of the Plan by \$14.4 million. Effective June 1, 2006, participants were permitted to 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 agents, as defined in the Plan), up to a maximum annual amount as determined under applicable law. The maximum contribution rate for highly compensated agents was increased to 10% as of January 1, 2008. The Plan, although not subject to the Employee Retirement Income Security Act of 1974 (ERISA) is administered in accordance with the provisions of ERISA as a standard and in a manner of "best practices."

In addition to each participant's pre-tax contributions, Sponsor matching contributions are provided to the Plan. As of January 1, 2007, the Sponsor matching contribution for eligible participants is equal to 50% of each participant's pre-tax contributions, not to exceed 6% of eligible earnings per pay period. Prior to January 1, 2007, the Sponsor matching contribution for eligible former Jefferson-Pilot agents was equal to 10% of each participant's pre-tax contribution, not to exceed 6% of eligible compensation. The investment of these Sponsor matching contributions is directed by the participant. In addition, the Sponsor may contribute an additional discretionary match to eligible participants. The Sponsor discretionary match is an amount determined by the sole discretion of the LNC Board of Directors. One requirement for eligibility is that the participant must be employed on the last day of the year or have died or become disabled during the year. The amount of the Sponsor 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.

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

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

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

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

Participants direct the Plan to invest their contributions, the basic Sponsor matching contributions, and the Sponsor discretionary matching contribution in any combination of the investment options offered under the Plan. For 2008 and 2007, Sponsor discretionary matching contributions are made in cash, and allocated to the investment funds in accordance with the participant's elections. No discretionary matching contributions were made in 2006.

The Sponsor has the right to discontinue contributions at any time and terminate the Plan in accordance with 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 reduced by the highest outstanding loan balance in the previous 12 month period. Interest charged on new loans to participants is established monthly based upon the prime rate plus 1%. Interest income credited was \$284,652, \$293,769, and \$225,353 in 2008, 2007, and 2006, respectively. 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.

Upon termination of service or disability, 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. Vested account balances less than \$1,000 are immediately distributable under the terms of the Plan, without the participant's consent, unless the participant has made a timely election of rollover to an Individual Retirement Account or other qualified arrangement.

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

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Each participant's account is credited with the participant's contributions, Sponsor 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 Sponsor contributions.

2. Significant Accounting Policies

Investments Valuation and Income Recognition

As of October 1, 2008, Wilmington Trust (the Trustee) became the new trustee for the Plan. In addition, Lincoln Alliance also assumed responsibility as the recordkeeper for the Plan as of October 1, 2008. Prior to this date Wells Fargo Bank acted as the Plan's trustee and recordkeeper. As a result of this change, the funds the participants may invest in were changed. At December 31, 2008, the assets of the Plan consisted primarily of mutual funds, collective investment trust funds, investment contracts issued by Lincoln Life, LNC common stock and participant loans. Marketable securities are stated at fair value based on quoted market prices in an active market at the Plan's year end. The investment in 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. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year. The fair value of ownership interest of the collective investment trust funds is established by the trustee based on the quoted redemption values of the underlying investments on the last business day of the Plan year. A money market account is also utilized by the Trustee to hold money that has been removed from the participants' funds and is waiting for distribution to the appropriate participants.

Prior to October 1, 2008, the Plan's assets consisted of LNC common stock, pooled separate account investment contracts underwritten by Lincoln Life, investment contracts underwritten by Lincoln Life, Wells Fargo Bank short-term investment account and participant loans. The Wells Fargo Bank Short-term investment account, which is invested in the common stock fund, is valued at cost, which approximates fair value. The fair value of participation units in the pooled separate accounts estimated by Lincoln Life is based on quoted redemption value of the underlying investments on the last business day of the year. Total amount of assets transferred from Wells Fargo to Wilmington Trust was \$162,671,965.

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

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

The investment contracts are valued at contract value as estimated by Lincoln Life. As described in Financial Accounting Standards Board (FASB) Staff Position, (FSP), FSP AAG INV-1 and Statement of Position (SOP), 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, distributed, or forfeited is determined using the specific identification method. Investment purchases and sales are accounted for on a trade-date basis.

Interest and dividend income is recorded when earned.

Accounting Estimates and Assumptions

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States that require management to make estimates and assumptions affecting the amounts reported in the financial statements and accompanying notes. Those estimates are inherently subject to change and actual results could differ from those estimates.

Adoption of New Accounting Standard

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157) which defines fair value, establishes a framework for measuring fair value under current accounting pronouncements that require or permit fair value measurement and enhances disclosures about fair value measurements. Effective January 1, 2008, the Plan adopted SFAS 157. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. Adoption of SFAS 157 did not have a material impact on the Plan's financial statements.

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

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Mutual Funds

These investments are public investment vehicles valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Collective Investment Trust

These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is classified within level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

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

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Lincoln National Corporation common stock

Lincoln National Corporation common stock is valued at the closing price reported on the New York Stock Exchange Composite Listing and is classified within level 1 of the valuation hierarchy.

Investment Contracts

These investments are made by the Plan in an Unallocated Group Fixed Annuity Contract which are invested in the general assets of Lincoln Life who guarantees a fixed interest rate. The NAV for the investment contract is \$1. The investment contracts are classified within level 3 of the valuation hierarchy.

Money Market Funds

These investments are public investment vehicles valued using \$1 for the NAV. The money market funds are classified within level 2 of the valuation hierarchy.

Loans to Participants

Loans to plan participants are valued at cost plus accrued interest, which approximates fair value and are classified within level 3 of the valuation hierarchy.

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, 2008                          |                                |               | December 31, 2007                                |                                |               |
|---|--|--------------------------------|---------------|--|--------------------------------|---------------|
|   | Number of<br>Shares, Units<br>or Par Value | Net Asset<br>Value Per<br>Unit | Fair<br>Value | Number of<br>Shares,<br>Units<br>or Par<br>Value | Net Asset<br>Value Per<br>Unit | Fair<br>Value |
| Fair values   |  |                                |               |  |                                |               |
| Mutual funds:   |  |                                |               |  |                                |               |
| Columbia Acorn Z<br>Delaware Conservative<br>Allocation I | 459,043.245                                | \$ 17.710                      | \$ 8,129,656* | -  | -                              | -             |
| Delaware Moderate<br>Allocation I                         | 113,085.607                                | 7.770                          | 878,675       | -  | -                              | -             |
| Delaware Aggressive<br>Allocation I                       | 302,589.806                                | 8.010                          | 2,423,744     | -  | -                              | -             |
| Delaware Mid Cap Value I                                  | 199,207.873                                | 7.000                          | 1,394,455     | -  | -                              | -             |
| Dodge & Cox International<br>Stock                        | 245,586.608                                | 5.660                          | 1,390,020     | -  | -                              | -             |
| American Fund Growth<br>Fund of                           | 274,568.330                                | 21.900                         | 6,013,046     | -  | -                              | -             |
| America R-5   | 422,607.570                                | 20.440                         | 8,638,099*    | -  | -                              | -             |
| Harbor International Growth<br>Institutional              | 890,942.000                                | 8.110                          | 7,225,540*    | -  | -                              | -             |
| Vanguard Institutional Index                              | 119,468.046                                | 82.540                         | 9,860,893*    | -  | -                              | -             |
| Vanguard Extended Market<br>Index                         |  |                                |               |  |                                |               |
| Institutional   | 92,317.823                                 | 24.020                         | 2,217,474     | -  | -                              | -             |
| Total mutual funds  |  |                                | 48,171,602    |  |                                |               |
| Other collective investment<br>trusts                     |  |                                |               |  |                                |               |
| Delaware Large Cap Value<br>Trust                         | 781,119.037                                | 8.780                          | 6,858,225*    | -  | -                              | -             |
| Delaware International<br>Equity Trust                    | 10,413.875                                 | 5.460                          | 56,860        | -  | -                              | -             |
| Delaware Small Cap Growth<br>Trust                        | 605,693.008                                | 6.850                          | 4,148,997     | -  | -                              | -             |
|   | 773,847.545                                | 10.550                         | 8,164,092*    | -  | -                              | -             |

|   |               |    |        |                |         |    |                       |
|---|---------------|----|--------|----------------|---------|----|-----------------------|
| Delaware Diversified<br>Income Trust          |               |    |        |                |         |    |                       |
| Delaware Large Cap Growth<br>Trust            | 492,325.027   |    | 7.790  | 3,835,212      |         | -  | -                     |
| Total collective investment<br>trust<br>funds |               |    |        | 23,063,386     |         |    |                       |
| Common Stock - LNC                            | 1,165,837.000 | \$ | 18.840 | \$ 21,964,369* | 816,073 | \$ | 58.220 \$ 47,511,770* |

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

## Notes to Financial Statements (continued)

## 3. Investments (continued)

|  | December 31, 2008                                |                                      |               | December 31, 2007                          |                                |                |
|--|--|--------------------------------------|---------------|--|--------------------------------|----------------|
|  | Number of<br>Shares,<br>Units<br>or Par<br>Value | Net<br>Asset<br>Value<br>Per<br>Unit | Fair<br>Value | Number of<br>Shares, Units or<br>Par Value | Net Asset<br>Value Per<br>Unit | Fair<br>Value  |
| Pooled separate accounts –<br>The<br>Lincoln Life Insurance<br>Company<br>Separate Accounts: |  |                                      |               |  |                                |                |
| Core Equity Account  | – \$   | – \$                                 | –             | 603,408.454                                | \$ 17.535                      | \$ 10,580,767* |
| Medium Capitalization<br>Equity<br>Account   | –  | –                                    | –             | 558,122.762                                | 17.023                         | 9,500,756      |
| Short-Term Account   | –  | –                                    | –             | 2,707,860.831                              | 4.142                          | 11,214,877*    |
| Government/Corporate<br>Bond<br>Account  | –  | –                                    | –             | 502,647.363                                | 9.843                          | 4,947,357      |
| Large Capitalization Equity<br>Account   | –  | –                                    | –             | 703,700.685                                | 10.991                         | 7,734,304      |
| Balanced Account   | –  | –                                    | –             | 399,671.268                                | 9.426                          | 3,767,261      |
| High Yield Bond Account  | –  | –                                    | –             | 842,282.306                                | 4.488                          | 3,780,163      |
| Small Capitalization Equity<br>Account   | –  | –                                    | –             | 882,868.835                                | 9.896                          | 8,737,135      |
| Value Equity Account   | –  | –                                    | –             | 1,922,453.540                              | 3.122                          | 6,001,708      |
| International Equity<br>Account  | –  | –                                    | –             | 941,916.059                                | 12.562                         | 11,832,632*    |
| Conservative Balanced<br>Account   | –  | –                                    | –             | 409,589.675                                | 2.510                          | 1,028,234      |
| Aggressive Balanced<br>Account   | –  | –                                    | –             | 608,494.129                                | 2.988                          | 1,817,998      |
| Delaware Growth and<br>Income<br>Account   | –  | –                                    | –             | 2,079,971.566                              | 2.138                          | 4,446,147      |
| Scudder VIT Equity 500<br>Index<br>Account   | –  | –                                    | –             | 4,049,051.948                              | 1.268                          | 5,133,793      |

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|   |            |   |                |                |        |                |
|---|------------|---|----------------|----------------|--------|----------------|
| Fidelity VIP Contrafund<br>Neuberger-Berman AMT<br>Regency<br>Account       | –          | – | –              | 6,414,875.498  | 1.906  | 12,229,960*    |
| Social Awareness Account  | –          | – | –              | 1,506,244.982  | 1.827  | 2,751,458      |
| American Funds Insurance<br>Series  | –          | – | –              | 1,311,610.737  | 1.365  | 1,789,955      |
| Global Growth<br>Neuberger-Berman<br>Mid-Cap<br>Growth Account              | –          | – | –              | 4,869,650.703  | 1.457  | 7,094,107      |
| Scudder VIT Small Cap<br>Index<br>Account                                   | –          | – | –              | 3,341,287.715  | 1.702  | 5,687,874      |
| Black Rock Legacy<br>Account  | –          | – | –              | 1,781,845.843  | 1.859  | 3,313,342      |
| American Funds<br>International Account                                     | –          | – | –              | 407,813.986    | 1.899  | 774,601        |
| Total pooled separate<br>accounts   | –          | – | –              | 395,626.878    | 22.588 | 8,936,420      |
|   |            |   |                |                |        | 133,100,849    |
| Contract value (approximates fair value – See<br>footnote 3)                |            |   |                |                |        |                |
| Investment contracts – The<br>Lincoln<br>National Life Insurance<br>Company | 29,623,868 | 1 | 29,623,868*    | 14,604,738.000 | –      | 14,604,738*    |
| Estimated value   |            |   |                |                |        |                |
| Wilmington Trust Money<br>market fund                                       | 1,003,490  | 1 | 1,003,490      | –              | –      | –              |
| Wells Fargo Bank<br>short-term<br>investment account                        | –          | – | –              | 1,564,190.000  | –      | 1,564,190      |
| Participants loans  | 3,572,337  | – | 3,572,337      | 3,996,682.000  | –      | 3,996,682      |
| Total investments   | \$         | – | \$ 127,399,052 | \$             | –      | \$ 200,778,229 |

\* Investments that represent 5% or more of the fair value of net assets available for benefits as of the end of the plan year.

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 (loss) and distribution of investments is summarized as follows:

|   | Year Ended December 31 |               |               |
|---|------------------------|---------------|---------------|
|   | 2008                   | 2007          | 2006          |
| Mutual fund accounts  |                        |               |               |
| Proceeds from disposition of units  | \$ 6,146,376           | \$ –          | \$ –          |
| Cost of units disposed  | 8,349,771              | –             | –             |
| Net realized loss on sale and distribution of mutual fund accounts              | \$ (2,203,395)         | \$ –          | \$ –          |
| Collective investment trust funds   |                        |               |               |
| Proceeds from disposition of units  | \$ 3,682,194           | \$ –          | \$ –          |
| Cost of units disposed  | 4,442,457              | –             | –             |
| Net realized loss on sale and distribution of collective investment trust funds | \$ (760,263)           | \$ –          | \$ –          |
| Common stock  |                        |               |               |
| Proceeds from disposition of stock  | \$ 4,366,742           | \$ 7,729,845  | \$ 12,038,077 |
| Cost of stock disposed  | 7,920,645              | 3,885,474     | 6,534,070     |
| Net realized gain (loss) on sale and distribution of common stock               | \$ (3,553,903)         | \$ 3,844,371  | \$ 5,504,007  |
| Pooled separate accounts  |                        |               |               |
| Proceeds from disposition of units  | \$ 135,008,487         | \$ 49,126,170 | \$ 43,764,916 |
| Cost of units disposed  | 118,628,545            | 40,557,745    | 37,844,912    |
| Net realized gain on sale and distribution of pooled separate accounts          | \$ 16,379,942          | \$ 8,568,425  | \$ 5,920,004  |
| Total net realized gain on sale and distribution of investments                 | \$ 9,862,381           | \$ 12,412,796 | \$ 11,424,011 |

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

Notes to Financial Statements (continued)

3. Investments (continued)

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

|   | Year Ended December 31 |                |               |
|---|------------------------|----------------|---------------|
|   | 2008                   | 2007           | 2006          |
| Fair value in excess of (less than) cost:                           |                        |                |               |
| At beginning of the year  | \$ 55,277,366          | \$ 63,347,381  | \$ 48,422,185 |
| At end of the year  | (28,837,308)           | 55,277,366     | 63,347,381    |
| Change in net unrealized appreciation (depreciation) of investments | \$ (84,114,674)        | \$ (8,070,015) | \$ 14,925,196 |
| Mutual funds  | \$ (14,385,805)        | \$ —           | \$ —          |
| Other collective investment trusts                                  | (3,110,966)            | —              | —             |
| Common stock – LNC  | (24,931,330)           | (10,211,687)   | 7,023,661     |
| Pooled separate accounts – LNL                                      | (41,686,573)           | 2,141,672      | 7,901,535     |
| Change in net unrealized appreciation (depreciation) of investments | \$ (84,114,674)        | \$ (8,070,015) | \$ 14,925,196 |

The Plan holds investments in investment contracts. From October 1 to December 31, 2008, the Plan invested in Lincoln Stable Value Fund (Stable Value Fund) which earned an average interest rate of approximately 4.95% (annualized) in the fourth quarter of 2008. Interest is credited at the same rate for the entire contract value. The credited interest rate is based upon a three-year average of the Lehman rate plus 20 basis points (“bp”) and can be changed quarterly. Prior to October 1, 2008, the Plan invested in the Lincoln Life Guaranteed Account (Guaranteed Account) which earned an average interest rate of approximately 4.0% (annualized) in the first three quarter of 2008 and for all of 2007 and 2006. The credited interest rates for new contributions, which approximated the current market rate, were 4.0% (annualized) through September 30, 2008, and all of 2007 and 2006. The rate on new contributions was guaranteed through the three succeeding calendar year quarters. The credited interest rates for the remaining contract value balance, which approximated the current market rate, were 4.0% (annualized) at September 30, 2008 and December 31, 2007 and 2006, and were determined based upon the performance of Lincoln Life’s general account. The credited interest rates could be changed quarterly for both the Stable Value Fund and the Guaranteed Account. The minimum rate was 3.5% through September 30, 2008 and is currently 3.0%. The guarantee is based on Lincoln Life’s ability to meet its financial obligations from the general assets of Lincoln Life.

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

Notes to Financial Statements (continued)

3. Investments (continued)

For both the Stable Value Fund and the Guaranteed Account restrictions apply to the aggregate movement of funds to other investment options. The fair value of the investment contracts approximate contract value. Participants are allocated interest on the investment contracts based on the average rate earned on all Plan investments in the investment contracts.

4. Investment Options

The detail of the net assets available for benefits by investment option as of December 31, 2008 is as follows:

|   | Total              | Investment Options |                |                  |                  |                  |                  |
|---|--------------------|--------------------|----------------|------------------|------------------|------------------|------------------|
|   |                    | 1.A.               | 2.A.           | 3.A.             | 4.A.             | 5.A.             | 6.A.             |
| <b>Assets</b>                                       |                    |                    |                |                  |                  |                  |                  |
| <b>Investments:</b>                                 |                    |                    |                |                  |                  |                  |                  |
| Mutual funds  | \$ 48,171,602      | \$ 8,129,656       | \$ 878,675     | \$ 2,423,744     | \$ 1,394,455     | \$ 1,390,020     | \$ 6,013,046     |
| Other collective investment trusts                  | 23,063,386         | —                  | —              | —                | —                | —                | —                |
| Common stock – LNC                                  | 21,964,369         | —                  | —              | —                | —                | —                | —                |
| Wilmington Trust money market fund                  | 1,003,490          | —                  | —              | —                | —                | —                | —                |
| Investment contracts                                | 29,623,868         | —                  | —              | —                | —                | —                | —                |
| Participant loans                                   | 3,572,337          | —                  | —              | —                | —                | —                | —                |
| <b>Total investments</b>                            | <b>127,399,052</b> | <b>8,129,656</b>   | <b>878,675</b> | <b>2,423,744</b> | <b>1,394,455</b> | <b>1,390,020</b> | <b>6,013,046</b> |
| Accrued interest receivable                         | 118,613            | —                  | —              | —                | —                | —                | —                |
| Cash  | 14,689             | —                  | —              | —                | —                | —                | —                |
| Contributions receivable from participant deferrals | 40,306             | 2,734              | —              | 582              | 286              | 303              | 899              |
| Contributions receivable from Sponsor company       | 1,161,189          | 98,660             | 2,741          | 29,147           | 21,559           | 20,209           | 89,172           |
| <b>Total assets</b>                                 | <b>128,733,849</b> | <b>8,231,050</b>   | <b>881,416</b> | <b>2,453,473</b> | <b>1,416,300</b> | <b>1,410,532</b> | <b>6,103,117</b> |
| <b>Liabilities</b>                                  |                    |                    |                |                  |                  |                  |                  |

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|   |                |              |            |              |              |              |              |     |
|---|----------------|--------------|------------|--------------|--------------|--------------|--------------|-----|
| Due to (from)   |                |              |            |              |              |              |              |     |
| broker  | 12,670         | 208          | –          | –            | –            | –            | –            | 337 |
| Total liabilities   | 12,670         | 208          | –          | –            | –            | –            | –            | 337 |
| Net assets<br>available for<br>benefits                         | \$ 128,721,179 | \$ 8,230,842 | \$ 881,416 | \$ 2,453,473 | \$ 1,416,300 | \$ 1,410,532 | \$ 6,102,780 |     |
| Number of<br>participants<br>selecting<br>investment<br>options |                | 835          | 56         | 260          | 157          | 248          |              | 629 |

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

Notes to Financial Statements (continued)

4. Investment Options (continued)

|   | Investment Options  |                     |                     |                     |                     |                  |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|
|   | 7.A.                | 8.A.                | 9.A.                | 10.A.               | 11.A.               | 12.A.            | 13.A.               |
| <b>Assets</b>                                       |                     |                     |                     |                     |                     |                  |                     |
| <b>Investments:</b>                                 |                     |                     |                     |                     |                     |                  |                     |
| Mutual funds  | \$ 8,638,099        | \$ 7,225,540        | \$ 9,860,893        | \$ 2,217,474        | \$ —                | \$ —             | \$ —                |
| Other collective investment trusts                  | —                   | —                   | —                   | —                   | 6,858,225           | 56,860           | 4,148,997           |
| Common stock – LNC                                  | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| Wilmington Trust money market fund                  | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| Investment contracts                                | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| Participant loans                                   | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| <b>Total investments</b>                            | <b>8,638,099</b>    | <b>7,225,540</b>    | <b>9,860,893</b>    | <b>2,217,474</b>    | <b>6,858,225</b>    | <b>56,860</b>    | <b>4,148,997</b>    |
| Accrued interest receivable                         | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| Cash  | —                   | —                   | —                   | —                   | —                   | —                | —                   |
| Contributions receivable from participant deferrals | 5,988               | 6,001               | 2,336               | 1,998               | 2,042               | —                | 642                 |
| Contributions receivable from Sponsor company       | 130,639             | 150,527             | 92,285              | 35,847              | 84,594              | 1,084            | 50,441              |
| <b>Total assets</b>                                 | <b>8,774,726</b>    | <b>7,382,068</b>    | <b>9,955,514</b>    | <b>2,255,319</b>    | <b>6,944,861</b>    | <b>57,944</b>    | <b>4,200,080</b>    |
| <b>Liabilities</b>                                  |                     |                     |                     |                     |                     |                  |                     |
| Due to (from) broker                                | (2,068)             | (3,447)             | (1,089)             | —                   | (1,883)             | 208              | —                   |
| <b>Total liabilities</b>                            | <b>(2,068)</b>      | <b>(3,447)</b>      | <b>(1,089)</b>      | <b>—</b>            | <b>(1,883)</b>      | <b>208</b>       | <b>—</b>            |
| <b>Net assets available for benefits</b>            | <b>\$ 8,776,794</b> | <b>\$ 7,385,515</b> | <b>\$ 9,956,603</b> | <b>\$ 2,255,319</b> | <b>\$ 6,946,744</b> | <b>\$ 57,736</b> | <b>\$ 4,200,080</b> |
| Number of participants selecting                    | 724                 | 793                 | 725                 | 374                 | 654                 | 17               | 532                 |

investment  
options

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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)

|   | Investment Options |              |               |               |              |            |
|---|--------------------|--------------|---------------|---------------|--------------|------------|
|   | 14.A.              | 15.A.        | 16.A.         | 17.A.         | Loans        | Short-term |
| Assets  |                    |              |               |               |              |            |
| Investments:  |                    |              |               |               |              |            |
| Mutual funds  | \$                 | –            | \$            | –             | \$           | –          |
| Other collective investment trusts                    | 8,164,092          | 3,835,212    | –             | –             | –            | –          |
| Common stock – LNC Wilmington Trust money market fund | –                  | –            | 21,964,369    | –             | –            | –          |
| Investment contracts                                  | –                  | –            | 561,866       | –             | –            | 441,624    |
| Participant loans                                     | –                  | –            | –             | 29,623,868    | –            | –          |
| Total investments                                     | 8,164,092          | 3,835,212    | 22,526,235    | 29,623,868    | 3,572,337    | 441,624    |
| Accrued interest receivable                           | –                  | –            | –             | 118,613       | –            | –          |
| Cash  | –                  | –            | –             | –             | –            | 14,689     |
| Contributions receivable from participant deferrals   | 837                | 629          | 10,975        | 4,054         | –            | –          |
| Contributions receivable from Sponsor company         | 51,238             | 55,144       | 180,943       | 66,959        | –            | –          |
| Total assets  | 8,216,167          | 3,890,985    | 22,718,153    | 29,813,494    | 3,572,337    | 456,313    |
| Liabilities   |                    |              |               |               |              |            |
| Due to (from) broker                                  | (15,751)           | (1,033)      | –             | 37,188        | –            | –          |
| Total liabilities                                     | (15,751)           | (1,033)      | –             | 37,188        | –            | –          |
| Net assets available for benefits                     | \$ 8,231,918       | \$ 3,892,018 | \$ 22,718,153 | \$ 29,776,306 | \$ 3,572,337 | \$ 456,313 |
| Number of participants selecting investment options   |                    |              |               |               |              |            |
|   | 498                | 402          | 1267          | 710           | 272          |            |

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 benefits by investment option as of December 31, 2007 is as follows:

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

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

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

Notes to Financial Statements (continued)

4. Investment Options (continued)

|   | Investment Options |              |              |              |              |               |              |
|---|--------------------|--------------|--------------|--------------|--------------|---------------|--------------|
|   | 7                  | 8            | 9            | 10           | 11           | 12            | 13           |
| Assets  |                    |              |              |              |              |               |              |
| Investments:  |                    |              |              |              |              |               |              |
| Common stock – LNC                                  | \$                 | – \$         | – \$         | – \$         | – \$         | – \$          | – \$         |
| Wells Fargo Bank short-term investment account      | –                  | –            | –            | –            | –            | –             | –            |
| Pooled separate accounts – LNL                      | 7,734,304          | 3,767,261    | 3,780,163    | 8,737,135    | 6,001,708    | 11,832,632    | 1,028,234    |
| Investment contracts                                | –                  | –            | –            | –            | –            | –             | –            |
| Participant loans                                   | –                  | –            | –            | –            | –            | –             | –            |
| Total investments                                   | 7,734,304          | 3,767,261    | 3,780,163    | 8,737,135    | 6,001,708    | 11,832,632    | 1,028,234    |
| Accrued interest receivable                         |                    |              |              |              |              |               |              |
| Cash  | –                  | –            | –            | –            | –            | –             | –            |
| Contributions receivable from participant deferrals |                    |              |              |              |              |               |              |
| Contributions receivable from Sponsor company       | –                  | –            | –            | –            | –            | –             | –            |
| Total assets  | 7,734,304          | 3,767,261    | 3,780,163    | 8,737,135    | 6,001,708    | 11,832,632    | 1,028,234    |
| Liabilities   |                    |              |              |              |              |               |              |
| Due to (from) broker                                | (20,915)           | –            | (10,164)     | (9,880)      | (28,411)     | (18,761)      | –            |
| Total liabilities                                   | (20,915)           | –            | (10,164)     | (9,880)      | (28,411)     | (18,761)      | –            |
| Net assets available for benefits                   | \$ 7,755,219       | \$ 3,767,261 | \$ 3,790,327 | \$ 8,747,015 | \$ 6,030,119 | \$ 11,851,393 | \$ 1,028,234 |
| Number of participants selecting investment options |                    |              |              |              |              |               |              |
|   | 471                | 188          | 338          | 579          | 378          | 655           | 52           |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

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

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

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

Investment options 23 and 24 had a zero balance as of December 31, 2007 and are not shown.

## 4. Investment Options (continued)

The detail of the changes in net assets available for benefits by investment option for the year ended December 31, 2008 is as follows:

|  | Total        | 1            | Investment Options |             |             |           | 6         |
|--|--------------|--------------|--------------------|-------------|-------------|-----------|-----------|
|  |              |              | 2                  | 3           | 4           | 5         |           |
| Investment income:   |              |              |                    |             |             |           |           |
| Cash dividends   | \$ 2,480,552 | \$ 992,652   | \$ –               | \$ –        | \$ –        | \$ –      | –         |
| Interest   | 1,091,696    | 27,789       | 430,879            | –           | –           | –         | –         |
| Total investment income  | 3,572,248    | 1,020,441    | 430,879            | –           | –           | –         | –         |
| Net realized gain (loss) on sale and distribution of investments:      |              |              |                    |             |             |           |           |
| Mutual funds   | (2,203,395)  | –            | –                  | –           | –           | –         | –         |
| Other collective investment trusts                                     | (760,263)    | –            | –                  | –           | –           | –         | –         |
| Common Stock – Lincoln National Corporation                            | (3,553,903)  | (2,038,638)  | –                  | –           | –           | –         | –         |
| Pooled separate accounts – The Lincoln National Life Insurance Company | 16,379,942   | –            | –                  | 7,113,263   | 4,053,768   | 744,210   | 418,130   |
|  | 9,862,381    | (2,038,638)  | –                  | 7,113,263   | 4,053,768   | 744,210   | 418,130   |
| Net change in unrealized appreciation (depreciation) of investments    | (84,114,674) | (10,333,659) | –                  | (8,978,006) | (5,961,467) | (525,325) | (611,969) |
| Contributions:   |              |              |                    |             |             |           |           |
| Participant Sponsor company  | 7,988,435    | 769,366      | 157,742            | 370,605     | 258,035     | 170,287   | 171,628   |
|  | 3,653,901    | 236,797      | 60,617             | 102,816     | 74,379      | 43,389    | 61,374    |
|  | 11,642,336   | 1,006,163    | 218,359            | 473,421     | 332,414     | 213,676   | 233,002   |

|  |                |              |              |              |             |              |             |   |
|--|----------------|--------------|--------------|--------------|-------------|--------------|-------------|---|
| Total contributions  |                |              |              |              |             |              |             |   |
| Transfers to (from) affiliated plans                         | 2,511,221      | 1,131,002    | 6,987        | 39,703       | 121,657     | 305,370      | 40,626      |   |
| Transfer from Wells Fargo to Wilmington Trust                | –              | (35,061,561) | (15,463,946) | (8,194,643)  | (6,640,307) | (13,015,959) | (4,881,347) |   |
| Distributions to participants                                | (17,704,133)   | (3,277,477)  | (1,675,195)  | (377,312)    | (576,982)   | (2,468,824)  | (733,699)   |   |
| Administrative expenses                                      | (88,650)       | (20,967)     | (7,071)      | (4,695)      | (4,092)     | (5,809)      | (2,485)     |   |
| Net transfers  | –              | (3,719,409)  | 1,840,959    | (680,818)    | (825,747)   | 3,632,107    | 575,998     |   |
| Net increase (decrease) in net assets available for benefits | (74,319,271)   | (51,294,105) | (14,649,028) | (10,609,087) | (9,500,756) | (11,120,554) | (4,961,744) |   |
| Net assets available for benefits at beginning of year       | 203,040,450    | 51,294,105   | 14,649,028   | 10,609,087   | 9,500,756   | 11,120,554   | 4,961,744   |   |
| Net assets available for benefits at end of year             | \$ 128,721,179 | \$ –         | –\$          | –\$          | –\$         | –\$          | –\$         | – |



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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|  | Investment Options |           |           |             |             |             |           |
|--|--------------------|-----------|-----------|-------------|-------------|-------------|-----------|
|  | 7                  | 8         | 9         | 10          | 11          | 12          | 13        |
| Investment income:   |                    |           |           |             |             |             |           |
| Cash dividends \$  | – \$               | – \$      | – \$      | – \$        | – \$        | – \$        | –         |
| Interest   | –                  | –         | –         | –           | –           | –           | –         |
| Total investment income  | –                  | –         | –         | –           | –           | –           | –         |
| Net realized gain (loss) on sale and distribution of investments:      |                    |           |           |             |             |             |           |
| Mutual funds   | –                  | –         | –         | –           | –           | –           | –         |
| Other collective investment trusts                                     | –                  | –         | –         | –           | –           | –           | –         |
| Common Stock – Lincoln National Corporation                            | –                  | –         | –         | –           | –           | –           | –         |
| Pooled separate accounts – The Lincoln National Life Insurance Company | 2,283,053          | 107,728   | 214,579   | 864,849     | 725,242     | 1,589,539   | (6,597)   |
|  | 2,283,053          | 107,728   | 214,579   | 864,849     | 725,242     | 1,589,539   | (6,597)   |
| Net change in unrealized appreciation (depreciation) of investments    | (4,332,528)        | (664,197) | (523,738) | (2,733,998) | (1,810,140) | (4,753,882) | (114,086) |
| Contributions:   |                    |           |           |             |             |             |           |
| Participant Sponsor company  | 350,072            | 190,840   | 138,493   | 314,623     | 277,280     | 466,763     | 23,460    |
| Total contributions  | 461,239            | 360,498   | 177,875   | 402,701     | 352,984     | 594,274     | 28,667    |
| Transfers to (from) affiliated   | 90,242             | (6,334)   | 2,305     | 135,018     | 16,608      | 144,734     | 3,263     |

|  |             |             |             |             |             |              |             |
|--|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| plans  |             |             |             |             |             |              |             |
| Transfer from<br>Wells Fargo to<br>Wilmington<br>Trust                   | (5,550,836) | (3,162,482) | (3,311,855) | (6,481,657) | (4,935,869) | (8,132,281)  | (1,083,294) |
| Distributions to<br>participants   | (476,163)   | (134,855)   | (179,449)   | (497,293)   | (273,905)   | (688,884)    | (12,840)    |
| Administrative<br>expenses   | (3,370)     | (1,720)     | (1,754)     | (3,748)     | (2,705)     | (4,945)      | (572)       |
| Net transfers  | (226,856)   | (265,899)   | (168,290)   | (432,887)   | (102,334)   | (599,948)    | 157,225     |
| Net increase<br>(decrease) in<br>net<br>assets available<br>for benefits | (7,755,219) | (3,767,261) | (3,790,327) | (8,747,015) | (6,030,119) | (11,851,393) | (1,028,234) |
| Net assets<br>available for<br>benefits<br>at beginning of<br>year       | 7,755,219   | 3,767,261   | 3,790,327   | 8,747,015   | 6,030,119   | 11,851,393   | 1,028,234   |
| Net assets<br>available for<br>benefits at<br>end of year                | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -         | \$ -        |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|  | Investment Options |           |           |             |           |           |             |
|--|--------------------|-----------|-----------|-------------|-----------|-----------|-------------|
|  | 14                 | 15        | 16        | 17          | 18        | 19        | 20          |
| Investment income:   |                    |           |           |             |           |           |             |
| Cash dividends \$  | – \$               | – \$      | – \$      | – \$        | – \$      | – \$      | –           |
| Interest   | –                  | –         | –         | –           | –         | –         | –           |
| Total investment income  | –                  | –         | –         | –           | –         | –         | –           |
| Net realized gain (loss) on sale and distribution of investments:      |                    |           |           |             |           |           |             |
| Mutual funds   | –                  | –         | –         | –           | –         | –         | –           |
| Other collective investment trusts                                     | –                  | –         | –         | –           | –         | –         | –           |
| Common Stock – Lincoln National Corporation                            | –                  | –         | –         | –           | –         | –         | –           |
| Pooled separate accounts – The Lincoln National Life Insurance Company | (131,835)          | (608,123) | (44,433)  | (16,452)    | 118,793   | 6,846     | (136,428)   |
|  | (131,835)          | (608,123) | (44,433)  | (16,452)    | 118,793   | 6,846     | (136,428)   |
| Net change in unrealized appreciation (depreciation) of investments    | (255,465)          | (378,654) | (967,450) | (3,186,406) | (561,468) | (275,292) | (1,497,242) |
| Contributions:   |                    |           |           |             |           |           |             |
| Participant Sponsor company  | 153,926            | 255,751   | 215,050   | 643,901     | 117,216   | 57,866    | 368,324     |
| company  | 45,488             | 79,116    | 63,036    | 229,654     | 35,026    | 15,949    | 103,100     |
| Total contributions  | 199,414            | 334,867   | 278,086   | 873,555     | 152,242   | 73,815    | 471,424     |
|  | (11,252)           | 32,118    | 27,961    | 152,108     | 5,567     | 11,893    | 79,171      |

|  |             |             |             |              |             |             |             |      |
|--|-------------|-------------|-------------|--------------|-------------|-------------|-------------|------|
| Transfers to<br>(from) affiliated<br>plans                               |             |             |             |              |             |             |             |      |
| Transfer from<br>Wells Fargo to<br>Wilmington<br>Trust                   | (1,849,835) | (3,309,397) | (4,234,028) | (9,684,047)  | (1,905,571) | (1,527,681) | (5,058,443) |      |
| Distributions to<br>participants   | (64,232)    | (227,887)   | (482,087)   | (760,650)    | (338,714)   | (125,226)   | (579,689)   |      |
| Administrative<br>expenses   | (891)       | (1,992)     | (2,291)     | (5,562)      | (1,135)     | (797)       | (3,274)     |      |
| Net transfers  | 296,098     | (293,110)   | 290,449     | 444,704      | (216,254)   | 46,487      | (387,366)   |      |
| Net increase<br>(decrease) in<br>net<br>assets available<br>for benefits | (1,817,998) | (4,452,178) | (5,133,793) | (12,182,750) | (2,746,540) | (1,789,955) | (7,111,847) |      |
| Net assets<br>available for<br>benefits<br>at beginning of<br>year       | 1,817,998   | 4,452,178   | 5,133,793   | 12,182,750   | 2,746,540   | 1,789,955   | 7,111,847   |      |
| Net assets<br>available for<br>benefits<br>at end of year                | \$ -        | \$ -        | \$ -        | \$ -         | \$ -        | \$ -        | \$ -        | \$ - |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|  | Investment Options |             |           |             |              |
|--|--------------------|-------------|-----------|-------------|--------------|
|  | 21                 | 22          | 25        | 26          | Loans        |
| Investment income:   |                    |             |           |             |              |
| Cash dividends   | \$ —               | \$ —        | \$ —      | \$ —        | —            |
| Interest   | —                  | —           | —         | —           | 284,652      |
| Total investment income  | —                  | —           | —         | —           | 284,652      |
| Net realized gain (loss) on sale and distribution of investments:      |                    |             |           |             |              |
| Mutual funds   | —                  | —           | —         | —           | —            |
| Other collective investment trusts                                     | —                  | —           | —         | —           | —            |
| Common Stock – Lincoln National Corporation                            | —                  | —           | —         | —           | —            |
| Pooled separate accounts – The Lincoln National Life Insurance Company | (3,509)            | 76,068      | (111,706) | (877,043)   | —            |
|  | (3,509)            | 76,068      | (111,706) | (877,043)   | —            |
| Net change in unrealized appreciation (depreciation) of investments    | (1,407,719)        | (424,814)   | (75,562)  | (1,647,165) | —            |
| Contributions:   |                    |             |           |             |              |
| Participant  | 290,319            | 196,013     | 40,047    | 472,982     | —            |
| Sponsor company  | 93,514             | 60,356      | 10,960    | 153,014     | —            |
| Total contributions  | 383,833            | 256,369     | 51,007    | 625,996     | —            |
| Transfers to (from) affiliated plans                                   | 26,729             | 6,911       | 4,133     | 144,701     | —            |
| Transfer from Wells Fargo to Wilmington Trust                          | (4,577,803)        | (2,923,155) | (915,695) | (6,685,857) | —            |
| Distributions to participants  | (352,713)          | (222,741)   | (78,689)  | (601,557)   | (708,997)    |
| Administrative expenses  | (2,582)            | (1,533)     | (466)     | (4,194)     | —            |
| Net transfers  | 226,394            | (89,435)    | 381,176   | 116,756     | —            |
| Net increase (decrease) in net assets available for benefits           | (5,707,370)        | (3,322,330) | (745,802) | (8,928,363) | (424,345)    |
| Net assets available for benefits at beginning of year                 | 5,707,370          | 3,322,330   | 745,802   | 8,928,363   | 3,996,682    |
| Net assets available for benefits at end of year                       | \$ —               | \$ —        | \$ —      | \$ —        | \$ 3,572,337 |

Investment options 23 and 24 had a zero balance as of December 31, 2008 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)

|  | Investment Options |           |           |           |           |             |             |
|--|--------------------|-----------|-----------|-----------|-----------|-------------|-------------|
|  | 1.A.               | 2.A.      | 3.A.      | 4.A.      | 5.A.      | 6.A.        | 7.A.        |
| Investment income:   |                    |           |           |           |           |             |             |
| Cash dividends   | \$ 55,268          | \$ 25,018 | \$ 62,766 | \$ 47,588 | \$ 9,312  | \$ 618,418  | \$ 136,789  |
| Interest   | —                  | —         | —         | —         | —         | —           | —           |
| Total investment income  | 55,268             | 25,018    | 62,766    | 47,588    | 9,312     | 618,418     | 136,789     |
| Net realized gain (loss) on sale and distribution of investments:      |                    |           |           |           |           |             |             |
| Mutual funds   | (268,126)          | (18,231)  | (82,740)  | (82,213)  | (96,790)  | (162,497)   | (212,853)   |
| Other collective investment trusts                                     | —                  | —         | —         | —         | —         | —           | —           |
| Common Stock – Lincoln National Corporation                            | —                  | —         | —         | —         | —         | —           | —           |
| Pooled separate accounts – The Lincoln National Life Insurance Company | —                  | —         | —         | —         | —         | —           | —           |
|  | (268,126)          | (18,231)  | (82,740)  | (82,213)  | (96,790)  | (162,497)   | (212,853)   |
| Net change in unrealized appreciation (depreciation) of investments    | (2,600,638)        | (60,279)  | (265,308) | (228,061) | (333,958) | (2,582,426) | (2,361,832) |
| Contributions:   |                    |           |           |           |           |             |             |
| Participant  | 122,571            | 6,625     | 37,608    | 29,244    | 23,886    | 114,896     | 173,185     |
| Sponsor company  | 132,340            | 3,735     | 39,628    | 28,919    | 27,180    | 120,056     | 175,264     |
| Total contributions  | 254,911            | 10,360    | 77,236    | 58,163    | 51,066    | 234,952     | 348,449     |
| Transfers to (from) affiliated plans                                   | —                  | —         | —         | —         | —         | —           | —           |
| Transfer from Wells Fargo to Wilmington Trust                          | 11,218,110         | 1,083,294 | 3,162,482 | 1,849,835 | 1,905,571 | 8,132,281   | 10,599,742  |
| Distributions to participants  | (122,380)          | (2,812)   | (5,087)   | (12,618)  | (9,561)   | (95,233)    | (65,589)    |
|  | —                  | —         | —         | —         | —         | —           | —           |

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|  |              |            |              |              |              |              |              |
|--|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| Administrative expenses                                      |              |            |              |              |              |              |              |
| Net transfers  | (306,303)    | (155,934)  | (495,876)    | (216,394)    | (115,108)    | (42,715)     | 332,088      |
| Net increase (decrease) in net assets available for benefits | 8,230,842    | 881,416    | 2,453,473    | 1,416,300    | 1,410,532    | 6,102,780    | 8,776,794    |
| Net assets available for benefits at beginning of year       | —            | —          | —            | —            | —            | —            | —            |
| Net assets available for benefits at end of year             | \$ 8,230,842 | \$ 881,416 | \$ 2,453,473 | \$ 1,416,300 | \$ 1,410,532 | \$ 6,102,780 | \$ 8,776,794 |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|  | Investment Options |             |           |           |         |             |           |
|--|--------------------|-------------|-----------|-----------|---------|-------------|-----------|
|  | 8.A.               | 9.A.        | 10.A.     | 11.A.     | 12.A.   | 13.A.       | 14.A.     |
| Investment income:   |                    |             |           |           |         |             |           |
| Cash dividends   | \$ 82,227          | \$ 79,056   | \$ 41,175 | \$ –      | \$ –    | \$ –        | –         |
| Interest   | –                  | –           | –         | –         | –       | –           | –         |
| Total investment income  | 82,227             | 79,056      | 41,175    | –         | –       | –           | –         |
| Net realized gain (loss) on sale and distribution of investments:      |                    |             |           |           |         |             |           |
| Mutual funds   | (632,974)          | (561,201)   | (85,770)  | –         | –       | –           | –         |
| Other collective investment trusts                                     | –                  | –           | –         | (246,395) | –       | (194,948)   | 10,638    |
| Common Stock – Lincoln National Corporation                            | –                  | –           | –         | –         | –       | –           | –         |
| Pooled separate accounts – The Lincoln National Life Insurance Company | –                  | –           | –         | –         | –       | –           | –         |
|  | (632,974)          | (561,201)   | (85,770)  | (246,395) | –       | (194,948)   | 10,638    |
| Net change in unrealized appreciation (depreciation) of investments    | (2,515,904)        | (2,716,893) | (720,506) | (769,543) | (1,193) | (1,861,251) | 424,173   |
| Contributions:   |                    |             |           |           |         |             |           |
| Participant  | 203,532            | 119,234     | 53,570    | 113,548   | 2,437   | 62,044      | 71,893    |
| Sponsor company  | 203,270            | 125,212     | 48,074    | 115,996   | 1,495   | 68,413      | 69,857    |
| Total contributions  | 406,802            | 244,446     | 101,644   | 229,544   | 3,932   | 130,457     | 141,750   |
| Transfers to (from) affiliated plans                                   | –                  | –           | –         | –         | –       | –           | –         |
| Transfer from Wells Fargo to Wilmington Trust                          | 11,744,300         | 13,956,353  | 2,923,155 | 8,245,267 | –       | 6,481,658   | 8,193,200 |
| Distributions to participants  | (55,246)           | (71,142)    | (8,280)   | (24,105)  | (208)   | (21,182)    | 1,354     |
| Administrative expenses  | –                  | –           | –         | –         | –       | –           | –         |
| Net transfers  | (1,643,690)        | (974,016)   | 3,901     | (488,024) | 55,205  | (334,654)   | (539,197) |
|  | 7,385,515          | 9,956,603   | 2,255,319 | 6,946,744 | 57,736  | 4,200,080   | 8,231,918 |



|   |              |              |              |              |           |              |              |   |
|---|--------------|--------------|--------------|--------------|-----------|--------------|--------------|---|
| Net increase<br>(decrease) in net<br>assets available for<br>benefits |              |              |              |              |           |              |              |   |
| Net assets available<br>for benefits at<br>beginning of year          | -            | -            | -            | -            | -         | -            | -            | - |
| Net assets available<br>for benefits at end of<br>year                | \$ 7,385,515 | \$ 9,956,603 | \$ 2,255,319 | \$ 6,946,744 | \$ 57,736 | \$ 4,200,080 | \$ 8,231,918 |   |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|  | Investment Options |               |               |            |
|--|--------------------|---------------|---------------|------------|
|  | 15.A.              | 16.A.         | 16.A.         | Short-term |
| Investment income:   |                    |               |               |            |
| Cash dividends   | \$ —               | \$ 330,283    | \$ —          | \$ —       |
| Interest   | —                  | —             | 348,376       | —          |
| Total investment income  | —                  | 330,283       | 348,376       | —          |
| Net realized gain (loss) on sale and distribution of investments:      |                    |               |               |            |
| Mutual funds   | —                  | —             | —             | —          |
| Other collective investment trusts                                     | (329,558)          | —             | —             | —          |
| Common Stock – Lincoln National Corporation                            | —                  | (1,515,265)   | —             | —          |
| Pooled separate accounts – The Lincoln National Life Insurance Company | —                  | —             | —             | —          |
|  | (329,558)          | (1,515,265)   | —             | —          |
| Net change in unrealized appreciation (depreciation) of investments    | (903,152)          | (14,597,671)  | —             | —          |
| Contributions:   |                    |               |               |            |
| Participant  | 64,096             | 224,744       | 94,733        | —          |
| Sponsor company  | 75,044             | 243,949       | 90,177        | —          |
| Total contributions  | 139,140            | 468,693       | 184,910       | —          |
| Transfers to (from) affiliated plans                                   | —                  | —             | —             | —          |
| Transfer from Wells Fargo to Wilmington Trust                          | 5,550,835          | 35,061,562    | 28,479,904    | —          |
| Distributions to participants  | 7,505              | (92,569)      | (1,667,233)   | 456,313    |
| Administrative expenses  | —                  | —             | —             | —          |
| Net transfers  | (572,752)          | 3,063,120     | 2,430,349     | —          |
| Net increase (decrease) in net assets available for benefits           | 3,892,018          | 22,718,153    | 29,776,306    | 456,313    |
| Net assets available for benefits at beginning of year                 | —                  | —             | —             | —          |
| Net assets available for benefits at end of year                       | \$ 3,892,018       | \$ 22,718,153 | \$ 29,776,306 | \$ 456,313 |

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 benefits by investment option for the year ended December 31, 2007 is as follows:

|   | Investment Options |              |         |          |          |         |          |
|---|--------------------|--------------|---------|----------|----------|---------|----------|
|   | Total              | 1            | 2       | 3        | 4        | 5       | 6        |
| Investment income:  |                    |              |         |          |          |         |          |
| Cash dividends  | \$ 1,336,688       | \$ 1,336,688 | \$ —    | \$ —     | \$ —     | \$ —    | \$ —     |
| Interest  | 965,603            | 76,858       | 594,976 | —        | —        | —       | —        |
| Total investment income   | 2,302,291          | 1,413,546    | 594,976 | —        | —        | —       | —        |
| Net realized gain on sale and distribution of investments:          |                    |              |         |          |          |         |          |
| Common Stock – LNC  | 3,844,371          | 3,844,371    | —       | —        | —        | —       | —        |
| Pooled separate accounts – LNL                                      | 8,568,425          | —            | —       | 664,484  | 561,776  | 457,917 | 126,139  |
| Total net realized gains  | 12,412,796         | 3,844,371    | —       | 664,484  | 561,776  | 457,917 | 126,139  |
| Net change in unrealized appreciation (depreciation) of investments | (8,070,015)        | (10,211,687) | —       | (23,248) | 630,889  | 72,885  | 70,687   |
| Contributions:  |                    |              |         |          |          |         |          |
| Participant   | 8,793,200          | 1,253,272    | 205,334 | 488,649  | 378,949  | 185,822 | 222,521  |
| Sponsor company   | 4,661,121          | 2,472,984    | 68,051  | 149,632  | 110,506  | 52,493  | 62,216   |
| Total contributions   | 13,454,321         | 3,726,256    | 273,385 | 638,281  | 489,455  | 238,315 | 284,737  |
| Transfers to (from) affiliated plans                                | (36,541)           | (26,046)     | 123,769 | (91,474) | (36,589) | 1,148   | (55,814) |
|   | —                  | —            | —       | —        | —        | —       | —        |

|  |                |               |               |               |              |               |              |
|--|----------------|---------------|---------------|---------------|--------------|---------------|--------------|
| Deposit from<br>Jefferson-Pilot<br>401(k) Plan<br>Distributions<br>to participants | (26,167,088)   | (5,292,358)   | (2,994,094)   | (928,069)     | (548,062)    | (5,901,943)   | (241,702)    |
| Administrative<br>expenses   | (152,742)      | (38,138)      | (9,642)       | (7,265)       | (6,359)      | (23,600)      | (3,031)      |
| Net transfers  | –              | (3,431,147)   | (455,387)     | (861,230)     | (1,176,110)  | 6,503,894     | 272,608      |
| Net increase<br>(decrease) in<br>net assets<br>available for<br>benefits           | (6,256,978)    | (10,015,203)  | (2,466,993)   | (608,521)     | (85,000)     | 1,348,616     | 453,624      |
| Net assets<br>available for<br>benefits at<br>beginning of<br>year                 | 209,297,428    | 61,309,308    | 17,116,021    | 11,217,608    | 9,585,756    | 9,771,938     | 4,508,120    |
| Net assets<br>available for<br>benefits at end<br>of year                          | \$ 203,040,450 | \$ 51,294,105 | \$ 14,649,028 | \$ 10,609,087 | \$ 9,500,756 | \$ 11,120,554 | \$ 4,961,744 |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|   | Investment Options |           |           |           |           |             |          |
|---|--------------------|-----------|-----------|-----------|-----------|-------------|----------|
|   | 7                  | 8         | 9         | 10        | 11        | 12          | 13       |
| Investment income:  |                    |           |           |           |           |             |          |
| Cash dividends  | \$                 | – \$      | – \$      | – \$      | – \$      | – \$        | –        |
| Interest  |                    | –         | –         | –         | –         | –           | –        |
| Total investment income   |                    | –         | –         | –         | –         | –           | –        |
| Net realized gain on sale and distribution of investments:          |                    |           |           |           |           |             |          |
| Common Stock – LNC  |                    | –         | –         | –         | –         | –           | –        |
| Pooled separate accounts – LNL                                      | 328,624            | 160,650   | 223,727   | 627,301   | 510,207   | 1,402,736   | 6,931    |
| Total net realized gains  | 328,624            | 160,650   | 223,727   | 627,301   | 510,207   | 1,402,736   | 6,931    |
| Net change in unrealized appreciation (depreciation) of investments | 567,002            | 16,677    | (131,196) | 277,677   | (323,142) | (771,756)   | 31,719   |
| Contributions:  |                    |           |           |           |           |             |          |
| Participant   | 495,873            | 232,621   | 227,386   | 461,880   | 385,416   | 673,139     | 31,372   |
| Sponsor company   | 153,408            | 65,594    | 63,133    | 128,953   | 110,044   | 186,021     | 8,513    |
| Total contributions   | 649,281            | 298,215   | 290,519   | 590,833   | 495,460   | 859,160     | 39,885   |
| Transfers to (from) affiliated plans                                | (58,621)           | (47,208)  | 9,755     | (48,121)  | (61,018)  | (31,786)    | 2,869    |
| Deposit from Jefferson-Pilot 401(k) Plan                            | –                  | –         | –         | –         | –         | –           | –        |
| Distributions to participants                                       | (643,603)          | (230,133) | (426,186) | (824,414) | (535,077) | (1,532,873) | (39,414) |
| Administrative expenses   | (5,356)            | (2,150)   | (2,737)   | (5,918)   | (4,329)   | (8,767)     | (593)    |
| Net transfers   | (1,349,981)        | 636,431   | 47,503    | (836,027) | (470,127) | (1,022,172) | 203,810  |
| Net increase (decrease) in net assets available for benefits        | (512,654)          | 832,482   | 11,385    | (218,669) | (388,026) | (1,105,458) | 245,207  |
|   | 8,267,873          | 2,934,779 | 3,778,942 | 8,965,684 | 6,418,145 | 12,956,851  | 783,027  |

Net assets available  
for benefits at  
beginning of year  
Net assets available  
for benefits at end  
of year

|              |              |              |              |              |               |              |
|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| \$ 7,755,219 | \$ 3,767,261 | \$ 3,790,327 | \$ 8,747,015 | \$ 6,030,119 | \$ 11,851,393 | \$ 1,028,234 |
|--------------|--------------|--------------|--------------|--------------|---------------|--------------|

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|   | Investment Options |           |           |             |           |           |           |
|---|--------------------|-----------|-----------|-------------|-----------|-----------|-----------|
|   | 14                 | 15        | 16        | 17          | 18        | 19        | 20        |
| Investment income:  |                    |           |           |             |           |           |           |
| Cash dividends  | \$ –               | \$ –      | \$ –      | \$ –        | \$ –      | \$ –      | –         |
| Interest  | –                  | –         | –         | –           | –         | –         | –         |
| Total investment income   | –                  | –         | –         | –           | –         | –         | –         |
| Net realized gain on sale and distribution of investments:          |                    |           |           |             |           |           |           |
| Common Stock – LNC  | –                  | –         | –         | –           | –         | –         | –         |
| Pooled separate accounts – LNL                                      | 84,856             | 388,328   | 375,161   | 633,888     | 304,958   | 166,495   | 368,289   |
| Total net realized gains  | 84,856             | 388,328   | 375,161   | 633,888     | 304,958   | 166,495   | 368,289   |
| Net change in unrealized appreciation (depreciation) of investments | (7,272)            | (491,433) | (96,526)  | 1,059,176   | (209,939) | (108,043) | 478,622   |
| Contributions:  |                    |           |           |             |           |           |           |
| Participant   | 167,729            | 397,221   | 327,593   | 773,153     | 192,216   | 94,470    | 436,375   |
| Sponsor company   | 47,380             | 123,171   | 94,406    | 229,182     | 56,811    | 23,608    | 115,367   |
| Total contributions   | 215,109            | 520,392   | 421,999   | 1,002,335   | 249,027   | 118,078   | 551,742   |
| Transfers to (from) affiliated plans                                | 19,560             | 19,808    | 126,166   | 54,298      | 13,290    | 4,671     | 26,797    |
| Deposit from Jefferson-Pilot 401(k) Plan                            | –                  | –         | –         | –           | –         | –         | –         |
| Distributions to participants                                       | (257,743)          | (517,097) | (577,682) | (1,141,743) | (339,021) | (341,781) | (675,586) |
| Administrative expenses   | (1,075)            | (3,661)   | (3,428)   | (7,445)     | (2,128)   | (1,323)   | (4,290)   |
| Net transfers   | 372,461            | (569,895) | (182,952) | 432,054     | (417,767) | (62,109)  | 675,543   |
| Net increase (decrease) in net assets available for benefits        | 425,896            | (653,558) | 62,738    | 2,032,563   | (401,580) | (224,012) | 1,421,117 |
| Net assets available for benefits at                                | 1,392,102          | 5,105,736 | 5,071,055 | 10,150,187  | 3,148,120 | 2,013,967 | 5,690,730 |

|                        |              |              |              |               |              |              |              |
|------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| beginning of year      |              |              |              |               |              |              |              |
| Net assets available   |              |              |              |               |              |              |              |
| for benefits at end of |              |              |              |               |              |              |              |
| year                   | \$ 1,817,998 | \$ 4,452,178 | \$ 5,133,793 | \$ 12,182,750 | \$ 2,746,540 | \$ 1,789,955 | \$ 7,111,847 |



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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|   | Investment Options |              |            |              | Loans        |
|---|--------------------|--------------|------------|--------------|--------------|
|   | 21                 | 22           | 25         | 26           |              |
| Investment income:  |                    |              |            |              |              |
| Cash dividends  | \$ -               | \$ -         | \$ -       | \$ -         | -            |
| Interest  | -                  | -            | -          | -            | 293,769      |
| Total investment income   | -                  | -            | -          | -            | 293,769      |
| Net realized gain on sale and distribution of investments:          |                    |              |            |              |              |
| Common Stock – LNC  | -                  | -            | -          | -            | -            |
| Pooled separate accounts – LNL                                      | 400,202            | 236,248      | 27,248     | 512,260      | -            |
| Total net realized gains  | 400,202            | 236,248      | 27,248     | 512,260      | -            |
| Net change in unrealized appreciation (depreciation) of investments | 569,104            | (302,865)    | 45,981     | 786,673      | -            |
| Contributions:  |                    |              |            |              |              |
| Participant   | 333,069            | 321,154      | 29,914     | 478,072      | -            |
| Sponsor company   | 98,406             | 89,843       | 7,488      | 143,911      | -            |
| Total contributions   | 431,475            | 410,997      | 37,402     | 621,983      | -            |
| Transfers to (from) affiliated plans                                | 10,159             | 19,857       | 4,795      | (16,806)     | -            |
| Deposit from Jefferson-Pilot 401(k) Plan                            | -                  | -            | -          | -            | -            |
| Distributions to participants                                       | (712,486)          | (326,627)    | (34,679)   | (796,203)    | (308,512)    |
| Administrative expenses   | (3,443)            | (2,668)      | (343)      | (5,053)      | -            |
| Net transfers   | 700,568            | (458,028)    | 200,835    | 1,247,225    | -            |
| Net increase (decrease) in net assets available for benefits        | 1,395,579          | (423,086)    | 281,239    | 2,350,079    | (14,743)     |
| Net assets available for benefits at beginning of year              | 4,311,791          | 3,745,416    | 464,563    | 6,578,284    | 4,011,425    |
| Net assets available for benefits at end of year                    | \$ 5,707,370       | \$ 3,322,330 | \$ 745,802 | \$ 8,928,363 | \$ 3,996,682 |

Investment options 23 and 24 had a zero balance as of December 31, 2007, 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 changes in net assets available for benefits by investment option for the year ended December 31, 2006 is as follows:

|   | Investment Options |              |           |          |          |           |          |
|---|--------------------|--------------|-----------|----------|----------|-----------|----------|
|   | Total              | 1            | 2         | 3        | 4        | 5         | 6        |
| Investment income:  |                    |              |           |          |          |           |          |
| Cash dividends  | \$ 1,431,425       | \$ 1,431,425 | \$ -      | \$ -     | \$ -     | \$ -      | \$ -     |
| Interest  | 907,029            | 75,944       | 605,734   | -        | -        | -         | -        |
| Total investment income   | 2,338,454          | 1,507,369    | 605,734   | -        | -        | -         | -        |
| Net realized gain on sale and distribution of investments:          |                    |              |           |          |          |           |          |
| Common Stock – LNC  | 5,504,007          | 5,504,007    | -         | -        | -        | -         | -        |
| Pooled separate accounts – LNL                                      | 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 (depreciation) of investments | 14,925,196         | 7,023,661    | -         | 562,705  | 431,374  | 144,500   | 215,027  |
| Contributions:  |                    |              |           |          |          |           |          |
| Participant Sponsor company   | 7,889,483          | 892,220      | 219,516   | 534,884  | 444,349  | 156,018   | 190,879  |
| Total contributions   | 1,960,209          | 167,578      | 62,897    | 147,672  | 127,649  | 45,235    | 39,260   |
| Transfers to (from) affiliated plans                                | 9,849,692          | 1,059,798    | 282,413   | 682,556  | 571,998  | 201,253   | 230,139  |
| Deposit from Jefferson-Pilot  | (204,186)          | 40,455       | (80,699)  | (67,104) | (15,423) | 19,074    | (34,410) |
|   | 14,357,318         | 4,303,193    | 1,069,761 | 813,773  | 30,436   | 1,810,678 | 492,367  |

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|  |                |               |               |               |              |              |              |
|--|----------------|---------------|---------------|---------------|--------------|--------------|--------------|
| 401(k) Plan 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)      |
| Net transfers  | –              | (5,940,883)   | 1,236,927     | (2,362,923)   | (1,044,483)  | 2,232,329    | 721,015      |
| Net increase (decrease) in net assets available for benefits | 26,506,698     | 5,615,505     | 2,140,081     | (1,015,626)   | (527,217)    | 1,651,280    | 1,337,982    |
| Net assets available for benefits at beginning of year       | 182,790,730    | 55,693,803    | 14,975,940    | 12,233,234    | 10,112,973   | 8,120,658    | 3,170,138    |
| Net assets available for benefits at end of year             | \$ 209,297,428 | \$ 61,309,308 | \$ 17,116,021 | \$ 11,217,608 | \$ 9,585,756 | \$ 9,771,938 | \$ 4,508,120 |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|   | Investment Options |           |           |             |           |             |          |
|---|--------------------|-----------|-----------|-------------|-----------|-------------|----------|
|   | 7                  | 8         | 9         | 10          | 11        | 12          | 13       |
| Investment income:  |                    |           |           |             |           |             |          |
| Cash dividends  | \$                 | – \$      | – \$      | – \$        | – \$      | – \$        | –        |
| Interest  | (1)                | –         | –         | (1)         | –         | –           | –        |
| Total investment income   | (1)                | –         | –         | (1)         | –         | –           | –        |
| Net realized gain on sale and distribution of investments:          |                    |           |           |             |           |             |          |
| Common Stock – LNC  | –                  | –         | –         | –           | –         | –           | –        |
| Pooled separate accounts – LNL                                      | 256,005            | 81,440    | 181,716   | 609,894     | 193,896   | 893,187     | 26,701   |
| Total net realized gains  | 256,005            | 81,440    | 181,716   | 609,894     | 193,896   | 893,187     | 26,701   |
| Net change in unrealized appreciation (depreciation) of investments | (71,963)           | 172,802   | 191,493   | 13,347      | 782,905   | 1,563,299   | 34,529   |
| Contributions:  |                    |           |           |             |           |             |          |
| Participant   | 538,206            | 193,039   | 229,529   | 536,012     | 380,805   | 715,945     | 33,347   |
| Sponsor company   | 171,749            | 50,772    | 56,584    | 143,170     | 107,499   | 182,614     | 9,907    |
| Total contributions   | 709,955            | 243,811   | 286,113   | 679,182     | 488,304   | 898,559     | 43,254   |
| Transfers to (from) affiliated plans                                | (52,313)           | (4,143)   | 3,480     | 7,320       | (10,103)  | 35,229      | 1,020    |
| Deposit from Jefferson-Pilot 401(k) Plan                            | 5,932              | 24,752    | 15,909    | 32,510      | 34,191    | 51,862      | 14,266   |
| 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 benefits        | (2,377,334)        | 171,296   | 584,641   | (856,607)   | 991,989   | 2,184,637   | 14,911   |
|   | 10,645,207         | 2,763,483 | 3,194,301 | 9,822,291   | 5,426,156 | 10,772,214  | 768,116  |

Net assets available  
for benefits at  
beginning of year  
Net assets available  
for benefits at end of  
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)

|   | Investment Options |           |           |             |           |           |           |
|---|--------------------|-----------|-----------|-------------|-----------|-----------|-----------|
|   | 14                 | 15        | 16        | 17          | 18        | 19        | 20        |
| Investment income:  |                    |           |           |             |           |           |           |
| Cash dividends  | \$ –               | \$ –      | \$ –      | \$ –        | \$ –      | \$ –      | –         |
| Interest  | –                  | –         | –         | –           | –         | –         | –         |
| Total investment income   | –                  | –         | –         | –           | –         | –         | –         |
| Net realized gain on sale and distribution of investments:          |                    |           |           |             |           |           |           |
| Common Stock – LNC  | –                  | –         | –         | –           | –         | –         | –         |
| Pooled separate accounts – LNL                                      | 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 (depreciation) of investments | 94,353             | 643,058   | 544,507   | 589,751     | 53,486    | 96,001    | 655,306   |
| Contributions:  |                    |           |           |             |           |           |           |
| Participant   | 137,628            | 267,527   | 270,109   | 661,729     | 201,773   | 110,703   | 364,104   |
| Sponsor company   | 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 benefits        | 403,086            | 3,040,196 | 1,277,796 | 2,446,690   | (134,733) | 157,021   | 2,058,595 |
| Net assets available for benefits at                                | 989,016            | 2,065,540 | 3,793,259 | 7,703,497   | 3,282,853 | 1,856,946 | 3,632,135 |

|                        |              |              |              |               |              |              |              |
|------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| beginning of year      |              |              |              |               |              |              |              |
| Net assets available   |              |              |              |               |              |              |              |
| for benefits at end of |              |              |              |               |              |              |              |
| year                   | \$ 1,392,102 | \$ 5,105,736 | \$ 5,071,055 | \$ 10,150,187 | \$ 3,148,120 | \$ 2,013,967 | \$ 5,690,730 |

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

## Notes to Financial Statements (continued)

## 4. Investment Options (continued)

|   | Investment Options |              |           |             |            |              | Loans        |
|---|--------------------|--------------|-----------|-------------|------------|--------------|--------------|
|   | 21                 | 22           | 23        | 24          | 25         | 26           |              |
| Investment income:  |                    |              |           |             |            |              |              |
| Cash dividends  | \$ -               | \$ -         | \$ -      | \$ -        | \$ -       | \$ -         | -            |
| Interest  | -                  | -            | -         | -           | -          | -            | 225,353      |
| Total investment income   | -                  | -            | -         | -           | -          | -            | 225,353      |
| Net realized gain on sale and distribution of investments:          |                    |              |           |             |            |              |              |
| Common Stock – LNC Pooled separate accounts – LNL                   | 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 (depreciation) 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      | -            |
| Sponsor company   | 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 benefits        | 1,309,107          | 1,118,143    | (269,328) | (1,903,957) | 464,563    | 6,578,284    | 45,697       |
| Net assets available for benefits at beginning of year              | 3,002,684          | 2,627,273    | 269,328   | 1,903,957   | -          | -            | 3,965,728    |
| Net assets available for benefits at end of year                    | \$ 4,311,791       | \$ 3,745,416 | \$ -      | \$ -        | \$ 464,563 | \$ 6,578,284 | \$ 4,011,425 |





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

Notes to Financial Statements (continued)

4. Investment Options (continued)

Information with respect to investment options through September 30, 2008 is as follows:

| Option | Description of Investment Option   |
|--------|--|
| 1      | LNC Common Stock Account, which invests exclusively in the stock of LNC. However, some funds may be invested in the Wells Fargo Bank Short-Term Investment Account until the LNC stock can be purchased. |
| 2      | Guaranteed Account, which invests in investment contracts underwritten by Lincoln Life. The account's balances are backed by the general assets of Lincoln Life.   |
| 3      | Core Equity Account (SA#11), which seeks to buy large capitalization stocks of well-established companies with the objective of long-term capital appreciation.  |
| 4      | Medium Capitalization Equity Account (SA#17), which invests in stocks of medium-sized companies with the objective of maximum long-term total return.  |
| 5      | Short-Term Account (SA#14), which invests in high-quality money market securities with the objective of maximizing interest earnings while maintaining principal.  |
| 6      | Government/Corporate Bond Account (SA#12), which invests primarily in U.S. government and high-quality corporate bonds and securities.   |
| 7      | Large Capitalization Equity Account (SA#23), which invests primarily in stocks of large companies that have the potential to grow 50% within 18 months from the date of purchase.                        |
| 8      | Balanced Account (SA#21), which invests in stocks, bonds and money market instruments with the objective to maximize long-term total return with a moderate level of risk.                               |
| 9      | High Yield Bond Account (SA#20), which invests primarily in below-investment-grade bonds, providing higher rates of return to compensate for higher risk.  |
| 10     | Small Capitalization Equity Account (SA#24), which invests primarily in the stock of new, rapid growth companies.  |
| 11     | Value Equity Account (SA#28), which invests in large capitalization stocks of conservative companies that are industry leaders.  |
| 12     | International Equity Account (SA#22), which invests primarily in stocks of non-United States companies.  |
| 13     | Conservative Balanced Account (SA#30), which invests in stocks, bonds and money market instruments to maximize long-term total earnings with a conservative level of risk.                               |
| 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.  |



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

Notes to Financial Statements (continued)

4. Investment Options (continued)

| Option | Description of Investment Option  |
|--------|---|
| 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.   |

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

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

Notes to Financial Statements (continued)

4. Investment Options (continued)

The following investment options are available beginning October 1, 2008:

| Option | Description of Investment Option  |
|--------|---|
| 1.A.   | Columbia Acorn Z is a mutual fund that invests a majority of its net assets in small- and mid-sized companies with market capitalizations under \$5 billion at the time of investment. The fund seeks long-term capital appreciation.   |
| 2.A.   | Delaware Conservative Allocation I is a mutual fund that invests primarily in shares of other Delaware Investments Funds, including fixed income and equity funds. The portfolio seeks a combination of current income and preservation of capital with capital appreciation.   |
| 3.A.   | Delaware Moderate Allocation I is a mutual fund that invests at least 25% of its net assets in equity funds and securities and at least 25% of its net assets in fixed income funds with the flexibility to invest more in equity funds and securities or more in fixed income funds and securities. It will also typically invest between 5% and 20% of its assets in international funds and securities. The portfolio seeks capital appreciation with current income as a secondary objective. |
| 4.A.   | Delaware Aggressive Allocation I which invests primarily in shares of international mutual funds, including equity funds and to a lesser extent, fixed income funds. The fund seeks long-term capital growth.   |
| 5.A.   | Delaware Mid Cap Value I is a mutual fund that invests primarily in investments of medium-sized companies whose stock prices appear low relative to their underlying value or future potential. The fund seeks capital appreciation.  |
| 6.A.   | Dodge & Cox International Stock is a mutual fund that invests at least 80% of its total assets in common stocks, preferred stocks, securities convertible into common stocks and securities that carry the right to buy common stocks of non-United States companies excluding non-United States companies included in the Standard & Poor's 500. The fund also invests in American, European and Global Depositary Receipts. The fund seeks long-term growth of principal and income.            |
| 7.A.   | American Fund Growth Fund R5 is a mutual fund that seeks long-term growth by investing primarily in common stocks of companies that appear to offer superior opportunities for growth of capital.   |
| 8.A.   | Harbor International Growth Institutional is a mutual fund that invests primarily in common stocks of foreign companies of any size throughout the world. The fund seeks long-term growth of capital.   |
| 9.A.   | Vanguard Institutional Index is a mutual fund that employs a "passive management" or indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.  |



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

Notes to Financial Statements (continued)

4. Investment Options (continued)

| Option | Description of Investment Option  |
|--------|---|
| 10.A.  | Vanguard Extended Market Index Institutional is a mutual fund that employs a “passive management” or indexing investment approach designed to track the performance of the Standard & Poor’s Completion Index. The fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.          |
| 11.A.  | Delaware Large Cap Value Trust is a collective investment trust fund that invests mainly in securities of large-capitalization companies. The fund seeks long term capital appreciation.  |
| 12.A.  | Delaware International Equity Trust is a collective investment trust fund that invests mainly in non-U.S. equity securities. The fund seeks long-term capital appreciation without undue risk to principal.   |
| 13.A.  | Delaware Small Cap Growth Trust is a collective investment trust fund that invests primarily in small companies. The fund seeks capital appreciation by investing primarily in securities of emerging or other growth-oriented companies.   |
| 14.A.  | Delaware Diversified Income Trust is a collective investment trust fund that allocates its investments principally among the U.S. Investment Grade, U.S. High Yield, International Developed Markets and Emerging Market Sectors. The fund seeks maximum long-term total return, consistent with reasonable risk.   |
| 15.A.  | Delaware Large Cap Growth Trust is a collective investment trust fund that invests mainly in individual large-cap companies. The fund seeks long-term capital appreciation by investing in equity securities of large capitalization companies that the advisors believe to have the potential for sustainable free cash flow growth.                             |
| 16.A.  | LNC Stock Fund investment is a collective investment trust fund that invests exclusively in shares of LNC Common Stock. However, some funds may be invested in the Wilmington Trust Short-Term Investment Account until the LNC stock can be purchased. This option is designed to provide participants with the opportunity to invest in the Sponsor securities. |
| 17.A.  | Lincoln Stable Value Account is a fixed annuity issued by Lincoln Life. The Lincoln Stable Value option is managed to earn a competitive interest rate without risk of loss of principal.   |

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

## Notes to Financial Statements (continued)

## 5. Fair Value of Financial Investments, Carried at Fair Value

See "Adoption of New Accounting Standard" in Note 2 above for discussions of the methodologies and assumptions used to determine the fair value of the Plan's investments.

Below are the Plan's financial instruments carried at fair value on a recurring basis by the FAS 157 fair value hierarchy levels described in Note 2.

|                              | As of December 31, 2008   |  |  |                     |
|------------------------------|---|--|--|---------------------|
|                              | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total<br>Fair Value |
| Assets:                      |   |  |  |                     |
| Mutual funds                 | \$ 48,171,602   | \$ —   | \$ —   | \$ 48,171,602       |
| Collective investment trusts | —   | 23,063,386                                       | —  | 23,063,386          |
| Common stock – LNC           | 21,964,369  | —  | —  | 21,964,369          |
| Investment contracts         | —   | —  | 29,623,868   | 29,623,868          |
| Money market fund            | —   | 1,003,490  | —  | 1,003,490           |
| Participant loans            | —   | —  | 3,572,337  | 3,572,337           |
| Total assets                 | \$ 70,135,971   | \$ 24,066,876                                    | \$ 33,196,205                                      | \$ 127,399,052      |

The table below sets forth a summary of changes in the fair value of the Plan's level 3 investment assets and liabilities for the year ended December 31, 2008:

|                      | As of December 31, 2008 |                                       |                             |   |   |                         |
|----------------------|-------------------------|---------------------------------------|-----------------------------|---|---|-------------------------|
|                      | Beginning<br>Fair Value | Items<br>Included<br>in Net<br>Income | Gains<br>(Losses)<br>in OCI | Sales,<br>Issuances,<br>Maturities,<br>Settlements,<br>Calls, Net | Transfers<br>In or<br>Out of<br>Level 3,<br>Net | Ending<br>Fair<br>Value |
| Investment contracts | \$ 14,604,738           | \$ —                                  | \$ —                        | \$ 15,019,130   | \$ —  | \$ 29,623,868           |
| Participant loans    | 3,996,682               | —                                     | —                           | (424,345)   | —   | 3,572,337               |
| Total                | \$ 18,601,420           | \$ —                                  | \$ —                        | \$ 14,594,785   | \$ —  | \$ 33,196,205           |



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

Notes to Financial Statements (continued)

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 30, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt.

7. Tax Implications to Participants

Federal (and most states) income tax is deferred on participants contributions, the Sponsor's contributions, and income earned in the Plan until actual distribution or withdrawal from the Plan.

8. Transactions with Parties-in-Interest

The Plan has investments in common stock of LNC and investment contracts with Lincoln Life. Starting October 1, 2008, the Plan also invests in mutual funds and collective investment trust funds managed by Delaware Management Holdings, Inc., an affiliate of Lincoln Life. For the first nine months of 2008 and in 2007 and 2006 the Plan was invested in pooled separate accounts with Lincoln Life. Lincoln Life charged the Plan for certain administrative expenses including trustee and audit fees. Total administrative expenses charged were \$88,650, \$152,742, and \$173,808 in 2008, 2007, and 2006, respectively. Lincoln Alliance, an affiliate of Lincoln Life is the recordkeeper for the Plan. As of October 1, 2008, all administrative expenses are being paid for by LNC.

9. Concentrations of Credit Risks

The Plan has investments in common stock of LNC and investment contracts with Lincoln Life of \$21,964,369 and \$29,623,686, respectively, at December 31, 2008 (17.5% and 23.0% of net assets, respectively). LNC and Lincoln Life operate predominately in the insurance and investment management industries.

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

Notes to Financial Statements (continued)

9. Concentrations of Credit Risks (continued)

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.

10. Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits per the 2008 statement of net assets available for benefits to the Form 5500:

|  | December 31,<br>2008 |
|--|----------------------|
| Net assets available for benefits per the financial statements | \$ 128,721,179       |
| Less: Amounts allocated to benefits payable to participants    | 506,313              |
| Net assets available for benefits per the Form 5500            | \$ 128,214,866       |

The following is a reconciliation of distributions to participants per the 2008 statement of changes in net assets available for plan to the Form 5500:

|   | December 31,<br>2008 |
|---|----------------------|
| Distributions to participants per the financial statements              | \$ 17,704,133        |
| Plus: Amounts allocated to benefits payable to participants at year-end | 506,313              |
| Distributions to participants per the Form 5500                         | \$ 18,210,446        |

Amounts allocated to benefits payable to 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; however, the financial statements do not reduce assets until paid.

Supplemental Schedule

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

Schedule H, Line 4i – Schedule of Assets (Held At End of Year)

Plan Number: 006  
EIN: 35-0472300

December 31, 2008

| (a) | (b)<br>Identity of Issue, 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>Cost                      | (e)<br>Current<br>Value |
|-----|---|---|----------------------------------|-------------------------|
|     | Mutual fund accounts:   |   |                                  |                         |
|     | Columbia Acorn Z  | 459,043.245   | participation units **           | \$ 8,129,656            |
| *   | Delaware Conservative Allocation I  | 113,085.607   | participation units **           | 878,675                 |
| *   | Delaware Moderate Allocation I  | 302,589.806   | participation units **           | 2,423,744               |
| *   | Delaware Aggressive Allocation I  | 199,207.873   | participation units **           | 1,394,455               |
| *   | Delaware Mid Cap Value I  | 245,586.608   | participation units **           | 1,390,020               |
|     | Dodge & Cox International Stock   | 274,568.330   | participation units **           | 6,013,046               |
|     | American Fund Growth Fund of<br>America R-5   | 422,607.570   | participation units **           | 8,638,099               |
|     | Harbor International Growth<br>Institutional  | 890,942.000   | participation units **           | 7,225,540               |
|     | Vanguard Institutional Index  | 119,468.046   | participation units **           | 9,860,893               |
|     | Vanguard Extended Market Index<br>Institutional                                       | 92,317.823  | participation units **           | 2,217,474               |
|     | Total mutual funds  |   |                                  | 48,171,602              |
|     | Other collective investment trust<br>funds:   |   |                                  |                         |
| *   | Delaware Large Cap Value Trust  | 781,119.037   | participation units **           | 6,858,225               |
| *   | Delaware International Equity Trust   | 10,413.875  | participation units **           | 56,860                  |
| *   | Delaware Small Cap Growth Trust   | 605,693.008   | participation units **           | 4,148,997               |
| *   | Delaware Diversified Income Trust   | 773,847.545   | participation units **           | 8,164,092               |
| *   | Delaware Large Cap Growth Trust   | 492,325.027   | participation units **           | 3,835,212               |
|     | Total collective investment trust fund accounts                                       |   |                                  | 23,063,386              |
|     | Common stock:   |   |                                  |                         |
| *   | Lincoln National Corporation<br>Lincoln Stable Value Account<br>Investment contracts: | 1,165,837.000   | shares **                        | 21,964,369              |
| *   | Lincoln Stable Value Account  | 4.95%   | interest rate<br>(annualized) ** | 29,623,868              |
|     | Wilmington Trust Money Market<br>Fund W Class   | 1,003,490.000   | par value **                     | 1,003,490               |

|                   |  |                               |
|-------------------|--|-------------------------------|
| Participant loans | Various loans at interest rates<br>varying from 4.25% to 10.25%<br>Maturity through May 2027 | – 3,572,337<br>\$ 127,399,052 |
|-------------------|--|-------------------------------|

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

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

By: /s/ William David  
William David on behalf of The Lincoln National  
Corporation Benefits Committee

Date: March 31, 2009

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-131943; Form S-1 No. 333-131947) pertaining to The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan of our report dated March 25, 2009, with respect to the financial statements and schedule of The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2008.

/s/ Ernst & Young LLP  
Philadelphia, Pennsylvania  
March 25, 2009

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