LINCOLN NATIONAL CORP
Form 424B2
May 09, 2006
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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(B)(2)
File Number: 333-132416

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED MAY 9, 2006

PROSPECTUS SUPPLEMENT

(To prospectus dated March 14, 2006)

$

Lincoln National Corporation

% CAPITAL SECURITIES DUE 2066

This is an offering by Lincoln National Corporation of $ of its % Capital Securities due 2066, which we refer to as the capital securities. The capital securities are junior subordinated debentures issued by Lincoln National Corporation under a junior subordinated indenture. Interest on the capital securities will accrue from the issue date until May , 2016 at a fixed rate equal to % per year. Such fixed interest rate on the capital securities will be payable in arrears semi-annually on May and November of each year, commencing on November , 2006, subject to our right to defer interest payments as described in this prospectus supplement under Description of the Capital Securities. From May , 2016 until maturity, interest on the capital securities will be payable quarterly in arrears on February , May , August and November of each year, at an annual rate of 3-month LIBOR plus a margin equal to %, subject to our right to defer interest payments as described in this prospectus supplement under Description of the Capital Securities.

We may redeem the capital securities in whole or in part at their aggregate principal amount, together with any accrued and unpaid interest, on or after May , 2016 for cash in an amount equal to 100% of the principal amount of the capital securities to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on the capital securities to the date of redemption, which amount we refer to as the par redemption amount.

Prior to May , 2016, we may redeem the capital securities at our option, including, but not limited to, upon the occurrence of a tax event, as defined in this prospectus supplement, in whole but not in part, for cash in an amount equal to the greater of the par redemption amount and a specified make-whole redemption amount. See Description of the Capital Securities Redemption.

The capital securities will be issued in denominations of $2,000 and integral multiples of $1,000, will be our junior subordinated unsecured obligations and will rank junior to our existing senior indebtedness, as defined in this prospectus supplement, and any other senior indebtedness that we or any of our subsidiaries incur in the future, including our recent offering of $500,000,000 aggregate principal amount of Floating Rate Senior Notes due 2009 and $500,000,000 aggregate principal amount of 6.15% Senior Notes due 2036 (collectively, the senior notes). The capital securities will rank pari passu with our recent offering of $275,000,000 6.75% Capital Securities due 2066.

As further described in this prospectus supplement, if we have optionally deferred interest payments for a period of more than five consecutive years or if we have failed to satisfy certain financial tests, which failure we refer to as a trigger event, we will be required to make commercially reasonable efforts to sell qualifying securities (as described herein) and to pay interest on the capital securities only from the net proceeds of those sales. An event of default will occur if non-payment of interest, due to an optional deferral or otherwise, continues for 10 consecutive years without all accrued and unpaid interest (including compounded interest) having been paid in full. In certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any capital securities, whether voluntary or not, a holder of capital securities will have no claim for interest that is unpaid as a result of certain consequences of a trigger event (including compounded interest thereon) and has not been settled through the application of the alternative coupon satisfaction mechanism (as described herein) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder s capital securities. The capital securities will not be subject to redemption at the option of the holder or to any sinking fund payments. The capital securities are not listed and we do not plan to apply to list the capital securities on any securities exchange or to include them in any automated quotation system.

Investing in the capital securities involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement.

	Price to the Public(1)	Underwriting Discounts and Commissions	Proceeds to LNC (before expenses)(1)
Per Capital Security	%	%	%
Total	$	$	$

(1) Plus accumulated distributions, if any, from the original issue date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the capital securities in book-entry form only through the facilities of The Depository Trust Company, Clearstream, Luxembourg or Euroclear, as the case may be, on or about May , 2006.

Joint Bookrunning Managers

MORGAN STANLEY
Global Coordinator
Structuring Agent

CITIGROUP
Global Coordinator
Structuring Agent

MERRILL LYNCH & CO.
Global Coordinator

BANC OF AMERICA SECURITIES LLC ***GOLDMAN, SACHS & CO.*** ***JPMORGAN*** ***LEHMAN BROTHERS*** ***UBS INVESTMENT BANK*** ***WACHOVIA SECURITIES***

May , 2006

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on information contained in this prospectus supplement and the accompanying base prospectus or information to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. The information in this prospectus supplement and the accompanying base prospectus may only be accurate as of the date of this prospectus supplement.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of capital securities and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus. The second part, the accompanying base prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information contained in this prospectus supplement.

Unless otherwise indicated, or the context otherwise requires, references in this prospectus supplement and the accompanying base prospectus to *LNC,* *we,* *us* and *our* or similar terms are to Lincoln National Corporation and its subsidiaries.

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FORWARD-LOOKING STATEMENTS CAUTIONARY LANGUAGE

This prospectus supplement and the accompanying base prospectus may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, expect, project, intend, plan, believe, and other words and terms of similar meaning connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining LNC s actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance, and there are no guarantees about the performance of any securities offered by this prospectus supplement. Actual results could differ materially from those expressed or implied in the forward-looking statements. Among factors that could cause actual results to differ materially are:

Problems arising with the ability to successfully integrate our and Jefferson-Pilot Corporation s (Jefferson-Pilot) businesses, which may affect our ability to operate as effectively and efficiently as expected or to achieve the expected synergies from the merger or to achieve such synergies within our expected timeframe;

Legislative, regulatory or tax changes, both domestic and foreign, that affect the cost of, or demand for, LNC s products, the required amount of reserves and/or surplus, or otherwise affect our ability to conduct business, including changes to statutory reserves and/or risk-based capital requirements related to secondary guarantees under universal life and variable annuity products such as Actuarial Guideline 38; restrictions on revenue sharing and 12b-1 payments; and the potential for U.S. Federal tax reform;

The initiation of legal or regulatory proceedings against LNC or its subsidiaries and the outcome of any legal or regulatory proceedings, such as: (a) adverse actions related to present or past business practices common in businesses in which LNC and its subsidiaries compete; (b) adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities, and extra-contractual and class action damage cases; (c) new decisions that result in changes in law; and (d) unexpected trial court rulings;

Changes in interest rates causing a reduction of investment income, the margins of LNC s fixed annuity and life insurance businesses and demand for LNC s products;

A decline in the equity markets causing a reduction in the sales of LNC s products, a reduction of asset fees that LNC charges on various investment and insurance products, an acceleration of amortization of deferred acquisition costs (DAC), the value of business acquired (VOBA), deferred sales inducements (DSI) and deferred front-end loads (DFEL) and an increase in liabilities related to guaranteed benefit features of LNC s variable annuity products;

Ineffectiveness of LNC s various hedging strategies used to offset the impact of declines in the equity markets;

A deviation in actual experience regarding future persistency, mortality, morbidity, interest rates or equity market returns from LNC s assumptions used in pricing its products, in establishing related insurance reserves, and in the amortization of intangibles that may result in an increase in reserves and a decrease in net income;

Changes in accounting principles generally accepted in the United States (GAAP) that may result in unanticipated changes to LNC s net income;

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- Lowering of one or more of LNC s debt ratings issued by nationally recognized statistical rating organizations, and the adverse impact such action may have on LNC s ability to raise capital and on its liquidity and financial condition;

- Lowering of one or more of the insurer financial strength ratings of LNC s insurance subsidiaries, and the adverse impact such action may have on the premium writings, policy retention, and profitability of its insurance subsidiaries;

- Significant credit, accounting, fraud or corporate governance issues that may adversely affect the value of certain investments in the portfolios of LNC s companies requiring that LNC realize losses on such investments;

- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including LNC s ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;

- The adequacy and collectibility of reinsurance that LNC has purchased;

- Acts of terrorism or war that may adversely affect LNC s businesses and the cost and availability of reinsurance;

- Competitive conditions, including pricing pressures, new product offerings and the emergence of new competitors, that may affect the level of premiums and fees that LNC can charge for its products;

- The unknown impact on LNC s business resulting from changes in the demographics of LNC s client base, as aging baby-boomers move from the asset-accumulation stage to the asset-distribution stage of life;

- Loss of key management, portfolio managers in the Investment Management segment, financial planners or wholesalers; and

- Changes in general economic or business conditions, both domestic and foreign, that may be less favorable than expected and may affect foreign exchange rates, premium levels, claims experience, the level of pension benefit costs and funding, and investment results.

The risks included here are not exhaustive. We describe these risks and uncertainties in greater detail under the caption Risk Factors below and in LNC s recent Forms 10-Q, 10-K and 8-K and other documents filed with the Securities and Exchange Commission (the SEC). Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the impact of all risk factors on LNC s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, we disclaim any current intention to update any forward-looking statements to reflect events or circumstances that occur after the date of this prospectus supplement.

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SUMMARY

This summary contains basic information about LNC, LNC s merger with Jefferson-Pilot consummated on April 3, 2006 (the merger) and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing in the capital securities. You should read this entire prospectus supplement carefully, including the section entitled Risk Factors, our financial statements and the notes thereto incorporated by reference into this prospectus supplement, and the accompanying base prospectus, before making an investment decision.

LNC

For a detailed description of LNC s business, the latest financial statements of LNC, management s discussion and analysis of LNC s financial condition and results of operations, and other important information concerning LNC, please refer to LNC s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, Annual Report on Form 10-K for the year ended December 31, 2005 and other documents filed with the SEC, which are incorporated by reference into this prospectus supplement. For more information, see Documents Incorporated by Reference in the accompanying base prospectus.

LNC is a holding company, which operates multiple insurance and investment management businesses as well as a broadcasting and sports programming business through subsidiary companies. LNC was organized under the laws of the state of Indiana in 1968 and maintains its principal executive offices in Philadelphia, Pennsylvania. Lincoln Financial Group is the marketing name for LNC and its subsidiary companies. At March 31, 2006, LNC had consolidated assets of $128.4 billion and consolidated shareholders equity of $6.3 billion. Giving effect to the merger as if it had occurred at March 31, 2006, LNC would have had pro forma consolidated assets of $167.5 billion and pro forma consolidated shareholders equity of $12.0 billion at March 31, 2006.

For the year ended December 31, 2005, we had total revenue of $5.5 billion and net income of $831 million. Giving effect to the merger as if it had occurred at January 1, 2005, LNC would have had pro forma total revenue of $9.6 billion and net income of $1.4 billion for the year ended December 31, 2005. For the quarter ended March 31, 2006, we had total revenue of $1.4 billion and net income of $221 million. Giving effect to the merger as if it had occurred at January 1, 2006, LNC would have had pro forma total revenue of $2.5 billion and net income of $349 million for the quarter ended March 31, 2006.

Our principal executive office is located at Centre Square West Tower, 1500 Market Street, Suite 3900, Philadelphia, Pennsylvania 19102. Our telephone number is (215) 448-1400.

Recent Developments: Merger with Jefferson-Pilot

On April 3, 2006, Jefferson-Pilot, a financial services and broadcasting holding company, merged with and into a wholly-owned subsidiary of LNC. Jefferson-Pilot, through its subsidiaries, provided products and services in four major businesses: (1) life insurance, (2) annuities and investment products, (3) group life, disability and dental insurance and (4) broadcasting and sports programming production. At March 31, 2006, Jefferson-Pilot had consolidated assets of $35.8 billion and consolidated shareholders equity of $3.9 billion. For a detailed description of Jefferson-Pilot s business, the latest audited financial statements of Jefferson-Pilot, and other important information concerning Jefferson-Pilot, please refer to Jefferson-Pilot s Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated herein by reference.

LNC paid $1.8 billion in cash and issued approximately 112 million shares of LNC common stock to the former holders of Jefferson-Pilot common stock in connection with the merger. LNC financed the cash portion of the merger consideration under a bridge financing facility. All of the net proceeds from this offering will be used to repay a portion of the outstanding debt under the bridge financing facility.

Overview of LNC since the Merger

Our individual products and services are distributed primarily through brokers, planners, agents and other intermediaries with sales and marketing support provided by Lincoln Financial Distributors (LFD), our wholesaling distribution arm. Our group products and services are distributed primarily through financial advisors, employee benefit brokers, third party administrators, and other employee benefit firms with sales support provided by Lincoln s Employer Markets group and retirement sales specialists. Our retail distribution firm, Lincoln Financial Advisors Corporation (LFA), offers LNC and non-proprietary products and advisory services through a national network of financial planners, agents and registered representatives.

As a result of our merger with Jefferson-Pilot, we provide products and services in five operating businesses: (1) Individual Markets, (2) Employer Markets, (3) Investment Management, (4) Lincoln UK and (5) Lincoln Financial Media.

In addition, beginning in the second quarter of 2006, we are reporting results through six business segments. The following is a brief description of these segments.

Individual Markets. The Individual Markets business provides its products through two segments, Individual Annuities and Individual Life Insurance. Through its Individual Annuities segment, Individual Markets provides tax-deferred investment growth and lifetime income opportunities for its clients by offering individual fixed, variable and equity-indexed annuities. The Individual Life Insurance segment offers wealth protection and transfer opportunities through both single and survivorship versions of universal life, variable universal life, interest-sensitive whole life, term insurance, as well as a linked-benefit product, which is a universal life insurance policy linked with riders that provide for long-term care costs.

Employer Markets. The Employer Markets segment provides products and services to the employer-sponsored marketplace. The Employer Markets segment offers group protection, retirement income, and executive benefits solutions. Products will include employer-sponsored variable and fixed annuities, mutual-fund based programs in the 401(k), 403(b) and 457 marketplaces, corporate owned life insurance, as well as group life, disability and dental insurance.

Investment Management. The Investment Management segment, through Delaware Investments, provides a broad range of managed accounts and portfolios, mutual funds, subadvised funds, and other investment products to individual investors and to institutional investors such as private and public pension funds, foundations, and endowment funds. Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries.

Lincoln UK. Lincoln UK is headquartered in Barnwood, Gloucester, England, and is licensed to do business throughout the United Kingdom. Lincoln UK primarily focuses on protecting and enhancing the value of its existing customer base. The segment accepts new deposits from existing relationships into existing and a limited number of new products. Lincoln UK s product portfolio principally consists of unit-linked life and pension products, which are similar to U.S. produced variable life and annuity products, where the risk associated with the underlying investments is borne by the policyholders.

Lincoln Financial Media. The Lincoln Financial Media segment consists of 18 radio and 3 television broadcasting stations located in selected markets in the Southeastern and Western United States and also produces syndicated collegiate basketball and football sports programming.

LNC also has an Other Operations category that includes the financial data for operations that are not directly related to the business segments, unallocated corporate items (such as corporate investment income and interest expense on short-term and long-term borrowings) and the historical results of the former reinsurance segment, which was sold to Swiss Re Life & Health America Inc. (Swiss Re) in the fourth quarter of 2001, along with the ongoing amortization of deferred gain on the indemnity reinsurance portion of the transaction with Swiss Re.

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The Offering

Issuer	Lincoln National Corporation
Securities	% Capital Securities due 2066 (the capital securities).
	The capital securities will be junior subordinated debentures which we will issue under a junior subordinated indenture between us and J.P. Morgan Trust Company, National Association, as subordinated indenture trustee. The capital securities will be issued in denominations of $2,000 principal amount and integral multiples of $1,000.
Aggregate Principal Amount	$.
Maturity Date	The capital securities will mature on May , 2066.
Interest	Subject to certain requirements during any optional deferral period or following a trigger event, as described below:
	interest on the capital securities will accrue from the issue date up to but not including May , 2016 at a fixed rate equal to % per year, payable semi-annually in arrears on May and November of each year, commencing on November , 2006; and
	from May , 2016 up to but not including the maturity date or earlier redemption, interest on the capital securities will accrue at an annual rate of 3-month LIBOR plus a margin equal to %, payable quarterly in arrears on February , May , August and November of each year.
Use of Proceeds	We anticipate that we will use all of the net proceeds from this offering to repay a portion of the outstanding loan balance under the bridge facility used to finance the cash portion of the merger consideration in connection with the merger of Jefferson-Pilot into a wholly-owned subsidiary of LNC and the repurchase of shares under a private accelerated stock buyback program.
Anticipated Ratings	Moody s: Baa2 (Stable)
	Standard & Poor s: A- (Stable)
	Fitch: A- (Stable)

A.M. Best: bbb+ (Stable)

An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The rating of the capital securities should be evaluated independently from similar ratings of other securities. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

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Redemption	We may redeem the capital securities on or after May , 2016 in whole or in part at a cash redemption price equal to the par redemption amount, as defined herein. However, if the capital securities are not redeemed in whole, we may not effect such redemption unless at least $50 million aggregate principal amount of the capital securities, excluding any capital securities held by us or any of our affiliates, remains outstanding after giving effect to such redemption.
	We may, at our option, including, but not limited to, upon the occurrence of a tax event, as defined in this prospectus supplement, redeem the capital securities prior to May , 2016. Such redemption must be in whole and not in part at a cash redemption price equal to the greater of (i) the par redemption amount and (ii) the make-whole redemption amount, as defined herein. See Description of the Capital Securities Redemption
Capital Replacement	We intend that, to the extent that the capital securities provide us with equity credit at the time of repayment at maturity or earlier redemption, we will repay the principal amount of the capital securities at maturity or upon such redemption with amounts that include net proceeds received by us from the sale or issuance, during the 180-day period prior to the date of maturity or redemption, as the case may be, by us or our subsidiaries to third-party purchasers, other than a subsidiary, of securities, for which we will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the capital securities at the time of such repayment or redemption.
Optional Deferral	So long as no event of default with respect to the capital securities or trigger event, as described below, has occurred and is continuing, we may elect to defer one or more interest payments on the capital securities at any time and from time to time for up to five years. During that five-year period, we may pay deferred interest out of any source of funds. Deferred interest will continue to accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the rate of interest applicable to the capital securities. If interest remains unpaid after five years of optional deferral, the alternative coupon satisfaction mechanism described below in this summary under Alternative Coupon Satisfaction Mechanism will apply, with the consequence, among others, that we must (except upon an event of default with respect to the capital securities) make commercially reasonable efforts to sell certain qualifying securities (as described below). If such efforts are successful, we must pay optionally deferred interest out of the net proceeds from the sale of such qualifying securities on the next succeeding interest payment date following such five year period, but we cannot pay such optionally deferred interest from sources other than the net proceeds from the sale of such qualifying securities. Additionally, during any optional deferral period the restrictions on payment by us of dividends and other distributions on capital stock described below in this summary under Payment Restrictions

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will apply. An event of default will occur if non-payment of interest, due to an optional deferral or otherwise, continues for 10 consecutive years without all accrued and unpaid interest (including compounded interest) having been paid in full.

Upon the termination of any optional deferral period and the payment of all amounts then due, we may commence a new optional deferral period, subject to the above requirements. There is no limit to the number of such new optional deferral periods that we may begin. See Description of the Capital Securities Optional Deferral of Interest.

Trigger Event	If we fail to meet the capital adequacy or net income and shareholders equity levels specified under Description of the Capital Securities Trigger Event, a trigger event will have occurred. The subordinated indenture provides that if as of the thirtieth day prior to an interest payment date (and regardless of whether a notice of an optional deferral has been delivered) a trigger event has occurred and is continuing, the alternative coupon satisfaction mechanism described in this summary under Alternative Coupon Satisfaction Mechanism will apply.
	Any interest that is accrued and unpaid during a period when a trigger event has occurred and is continuing (a trigger period) will continue to accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the rate of interest applicable to the capital securities, and the restrictions on payment by us of dividends and other distributions on capital stock described below in this summary under Payment Restrictions will apply. For more information, see Description of the Capital Securities Trigger Event and Consequences of a Trigger Event.
Alternative Coupon Satisfaction Mechanism	If we have optionally deferred interest payments otherwise due on the capital securities for a period of more than five consecutive years, or if a trigger event has occurred and is continuing as of the thirtieth day prior to an interest payment date (regardless of whether a notice of an optional deferral has been delivered), we must make commercially reasonable efforts to satisfy our obligation to pay interest in full on the capital securities (subject to the limitations described below) by selling qualifying securities, as defined herein, the sale of which will provide a cash amount to be paid to the holders of the capital securities in satisfaction of accrued and unpaid interest, together with any compounded interest. Such obligation will continue until all unpaid interest has been paid in full (subject to the limitations described below). Our obligation to make commercially reasonable efforts to sell qualifying securities to satisfy our obligation to pay interest is subject to market disruption events (as defined herein), does not apply to interest that has accrued during an optional deferral period of less than five years, and does not apply if an event of default with respect to the capital securities has occurred and is continuing. The net proceeds received by us from the issuance of qualifying securities (i) during the 180 days prior to any interest payment date on

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which we are required to use the alternative coupon satisfaction mechanism and (ii) designated by us at or before the time of such issuance as available to pay interest on the capital securities will, at the time such proceeds are delivered to the subordinated indenture trustee to satisfy the relevant interest payment, be deemed to satisfy our obligations to pay interest on the capital securities pursuant to the alternative coupon satisfaction mechanism.

Payment Restrictions	On any date on which accrued interest through the most recent interest payment date has not been paid in full, whether because of an optional deferral, the consequences of a trigger event or otherwise, we will not, and will not permit any subsidiary to, declare or pay any dividends or any distributions on, or make any payments of interest, principal or premium, or any guarantee payments on, or redeem, purchase, acquire or make a liquidation payment on, any of our capital stock, debt securities that rank equal or junior to the capital securities or guarantees that rank equal or junior to the capital securities, other than pro rata payments on debt securities that rank equally with the capital securities and except for certain exceptions detailed in Description of the Capital Securities Certain Restrictions during Optional Deferral Periods or Following a Trigger Event.
Subordination	The payment of principal of and interest on the capital securities, to the extent provided in the subordinated indenture, will be subordinated to the prior payment in full of all present and future senior indebtedness, as described in Description of the Capital Securities Subordination, and will be effectively subordinated to all indebtedness of our subsidiaries. The subordinated indenture places no limitation on the amount of additional senior indebtedness that we may incur. We expect from time to time to incur additional indebtedness constituting senior indebtedness.
Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership	In certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any capital securities, whether voluntary or not, a holder of capital securities will have no claim for, and thus no right to receive, interest that is unpaid as a result of certain consequences of a trigger event (including compounded interest thereon) and has not been settled through the application of the alternative coupon satisfaction mechanism to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder s capital securities.
Events of Default	The subordinated indenture will provide the following events of default with respect to the capital securities:

default for 30 calendar days in the payment of any interest on the capital securities when such interest becomes due and payable (whether or not such payment is prohibited by the subordination provisions); however, a default under this provision will not arise if we have properly deferred the interest in connection with an optional deferral period or when the alternative coupon satisfaction mechanism applies;

any non-payment of interest, whether due to an optional deferral, during a trigger period or otherwise, that continues for 10 consecutive years without all accrued and unpaid interest (including compounded interest) having been paid in full;

default in the payment of the principal of, and premium, if any, on the capital securities when due; or

certain events of bankruptcy, insolvency, or receivership, whether voluntary or not.

The subordinated indenture does not include as an event of default failure to comply with covenants, including the alternative coupon satisfaction mechanism.

Material U.S. Federal Income Tax Consequences	A holder will generally take into account interest on the capital securities at the time it is accrued or received, in accordance with such holder s method of accounting for U.S. federal income tax purposes. During any deferral period, a holder will be required to include interest in income as it accrues, regardless of such holder s method of accounting for U.S. federal income tax purposes, using a constant yield method. Consequently, holders of capital securities would be required to include interest in income even though no cash payments would be made during the deferral period. See Material U.S. Federal Income Tax Consequences.
SVO Classification	The Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (the NAIC) has advised us that it would preliminarily designate capital securities that are similar, in terms of maturity, subordination, interest deferral, payment restrictions, events of default and forgiveness of deferred interest relating to a trigger event in the event of a bankruptcy, to the capital securities offered hereby as common equity for purposes of calculating the statutory risk-based capital requirements of U.S. insurance companies that hold such capital securities. However, the SVO will not provide an official designation of the security-type of the capital securities offered hereby unless and until an insurance company subject to regulation by a U.S. state insurance department purchases the capital securities, reports them to the SVO and the SVO receives and reviews the final, executed documentation related to the capital securities.
Form	The capital securities will be represented by one or more global securities registered in the name of Cede & Co., as nominee for The Depository Trust Company (DTC). Beneficial interests in the

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	capital securities will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in DTC.
Trustee and Principal Paying Agent	J.P. Morgan Trust Company, National Association
Delivery and Clearance	We will deposit the global securities representing the capital securities with DTC in New York. You may hold an interest in the capital securities through DTC, Clearstream Bank, *société anonyme*, (Clearstream, Luxembourg) or Euroclear SA/NV (Euroclear), directly as a participant of any such system or indirectly through organizations that are participants in such systems.
Governing Law	New York
Accounting Treatment	The capital securities will be reflected on our balance sheet as debt, and interest payments on the capital securities will be included as interest expense on our statement of income.

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RISK FACTORS

You should carefully consider the risks described below before investing in our securities. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations could be materially affected. In that case, the value of the capital securities could decline substantially. For additional risks concerning our merger with Jefferson-Pilot consummated on April 3, 2006, see Amendment No. 1 to our Form S-4 (Registration No. 333-130226).

Risks Related to the Ownership of the Capital Securities

We may elect to defer interest payments on the capital securities.

So long as no event of default with respect to the capital securities or trigger event, as described below, has occurred and is continuing, we may elect to defer one or more interest payments on the capital securities at any time and from time to time for up to five years. During that five-year period, we may pay deferred interest out of any source of funds. If interest remains unpaid after five years of optional deferral, the alternative coupon satisfaction mechanism described below under Description of the Capital Securities Alternative Coupon Satisfaction Mechanism will apply, with the consequences, among others, that we must (except upon an event of default with respect to the capital securities) make commercially reasonable efforts to sell certain qualifying securities as described under Description of the Capital Securities Alternative Coupon Satisfaction Mechanism and may pay optionally deferred interest only out of the net proceeds of such qualifying securities. Additionally, during any optional deferral period the restrictions on payment by us of dividends and other distributions on capital stock as described under Description of the Capital Securities Certain Restrictions during Optional Deferral Periods or Following a Trigger Event will apply. An event of default will occur if non-payment of interest, due to an optional deferral or otherwise, continues for 10 consecutive years without all accrued and unpaid interest (including compounded interest) having been paid in full. Upon termination of any optional deferral period and the payment of all amounts then due, we may commence a new optional deferral period, subject to certain requirements. There is no limit to the number of such new optional deferral periods that we may begin. See Description of the Capital Securities Optional Deferral of Interest.

We will be required to pay interest on the capital securities with proceeds from the issuance of qualifying securities if we fail to achieve specified capital adequacy or net income and shareholders equity levels.

If we fail to achieve specified capital adequacy or net income and shareholders equity levels, a trigger event will occur, in which case we will only be able to make interest payments in accordance with the alternative coupon satisfaction mechanism, as described under Description of the Capital Securities Alternative Coupon Satisfaction Mechanism.

We may not be able to sell stock when and in the amount necessary to pay interest on the capital securities.

Our ability to raise proceeds in connection with an optional deferral continuing for more than five consecutive years or a trigger event by issuing qualifying securities will depend on, among other things, market conditions at the time, the acceptability to prospective investors of the terms of the qualifying securities issued, our financial performance and a variety of other factors beyond our control, including our ability to obtain any required consents or approvals, such as any corporate, stockholder, governmental or regulatory authorization that may be required. Accordingly, there could be circumstances where we would wish to or be required to pay interest on the capital securities and sufficient cash is available for that purpose, but we can not do so because we have not been able to obtain proceeds from sales of qualifying securities sufficient for that purpose.

Holders of the capital securities have limited rights to accelerate payments of the amounts due under the capital securities.

The holder of the capital securities may accelerate payment of the capital securities only upon the occurrence and continuation of the following events:

- default for 30 calendar days in the payment of any interest on the capital securities when it becomes due and payable (whether or not such payment is prohibited by the subordination provisions);

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however, a default under this provision will not arise if we have properly deferred the interest in connection with an optional deferral period, or when the alternative coupon satisfaction mechanism applies;

any non-payment of interest, whether due to an optional deferral, during a trigger period or otherwise, that continues for 10 consecutive years without all accrued and unpaid interest (including compounded interest) having been paid in full;

default in the payment of the principal of, and premium, if any, on the capital securities when due; or

certain events of bankruptcy, insolvency or receivership, whether voluntary or not.

A failure to comply with or breach of our other covenants in the subordinated indenture with respect to the capital securities (an other covenant default), including the covenant to sell qualifying securities through the alternative coupon satisfaction mechanism to meet certain interest payment obligations, will not result in the acceleration of payment of the capital securities. Although an other covenant default will not constitute an event of default, it will otherwise constitute a default under the subordinated indenture and could give rise to a claim against us relating to the specific breach; however, the remedy of holders of the capital securities may be limited to direct monetary damages (if any).

The aftermarket price of the capital securities may be discounted significantly if we defer interest payments or we are unable to pay interest.

If we defer interest payments on the capital securities due to an optional deferral or we are unable to pay interest as a result of an optional deferral period of more than five years or certain consequences of a trigger event, you may be unable to sell your capital securities at a price that reflects the value of deferred amounts. To the extent a trading market develops for the capital securities, that market may not continue during such a deferral period or following a trigger event, or during periods in which investors perceive that there is a likelihood of a deferral or a trigger event, and you may be unable to sell capital securities at those times, either at a price that reflects the value of required payments under the capital securities or at all.

An active after-market for the capital securities may not develop.

The capital securities constitute a new issue of securities with no established trading market. We cannot assure you that an active after-market for the capital securities will develop or be sustained or that holders of the capital securities will be able to sell their capital securities at favorable prices or at all. Although the underwriters have indicated to us that they intend to make a market in the capital securities, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the capital securities. The capital securities are not listed and we do not plan to apply to list the capital securities on any securities exchange or to include them in any automated quotation system.

The capital securities may be classified as common equity by the SVO of the NAIC.

The SVO has advised us that it would preliminarily designate capital securities that are similar, in terms of maturity, subordination, interest deferral, payment restrictions, events of default and forgiveness of deferred interest relating to a trigger event in the event of a bankruptcy, to the capital securities offered hereby as common equity for purposes of calculating the statutory risk-based capital requirements of U.S. insurance companies that hold such capital securities. However, the SVO will not provide an official designation of the security-type of the capital securities offered hereby unless and until an insurance company subject to regulation by a U.S. state insurance department purchases the capital securities, reports them to the SVO and the SVO receives and reviews the final, executed documentation related to the capital securities and upholds its preliminary analysis and publishes its final NAIC Designation in the Valuations of Securities CD-ROM or in some other forum which serves as the official expression from the NAIC. Accordingly, no assurances can be given as to the official NAIC designation of the capital securities. A designation of the capital securities as common equity could adversely impact the secondary trading market for the capital securities.

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Interest payments on the capital securities may be deferred and, in such case, holders of the capital securities will be required to recognize income for U.S. federal income tax purposes in advance of the receipt of cash attributable to such income.

If interest payments on the capital securities are deferred, each holder will thereafter be required to accrue interest income in respect of the capital securities for U.S. federal income tax purposes using a constant yield method, regardless of such holder s method of accounting for such purposes, before such holder receives any cash payment attributable to such income. See Material U.S. Federal Income Tax Consequences U.S. Holders Interest and Original Issue Discount.

We may redeem the capital securities prior to the maturity date and you may not be able to reinvest in a comparable security.

We have the option to redeem the capital securities for cash, in whole or in part, from time to time on or after May , 2016. The redemption price will equal 100% of the principal amount of the capital securities to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on the capital securities to the redemption date (the par redemption amount). Additionally, we have the option to redeem the capital securities for cash, in whole, but not in part, prior to May , 2016 at a redemption price equal to the greater of (i) the par redemption amount of the capital securities to be redeemed and (ii) a treasury-based make-whole redemption amount as defined herein. See Description of the Capital Securities Redemption. In the event we choose to redeem your capital securities, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the capital securities.

The capital securities are effectively subordinated to almost all of our other indebtedness.

Our obligations under the capital securities are subordinate and junior in right of payment to all of our senior indebtedness (including the senior notes and our junior subordinated notes underlying the trust preferred securities issued by statutory trusts), except any indebtedness that by its terms is subordinated to, or ranks on an equal basis with, the capital securities and certain other indebtedness, including indebtedness incurred in the ordinary course of business. This means that we cannot make any payments on the capital securities if we default on a payment of senior indebtedness and do not cure the default within the applicable grace period, if the holders of the senior indebtedness have the right to accelerate the maturity of the senior indebtedness and request that we cease payments on the capital securities or if the terms of our senior indebtedness otherwise restrict us from making payments to junior creditors.

On a pro forma basis, our indebtedness as of March 31, 2006, after giving effect to the offerings of Floating Rate Senior Notes due 2009, 6.15% Senior Notes due 2036 and 6.75% Capital Securities due 2066, would have been approximately $3.496 billion, $3.221 billion of which would be senior in priority to the capital securities. This senior indebtedness includes approximately $617 million of junior subordinated indebtedness that we issued to statutory trusts, which will rank senior to the capital securities and at least equally with any other junior subordinated debt that we might issue in the future, but which is subordinated and junior in right of payment to our current and future senior debt securities. As of March 31, 2006, our subsidiaries had approximately $151 billion of outstanding liabilities on a pro forma basis that effectively ranks and would rank senior to our current and future senior debt securities and the capital securities, unless the senior debt securities are guaranteed on a senior basis by these subsidiaries. See Risk Factors Because we are a holding company with no direct operations, the inability of our subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations.

Due to the subordination provisions described in Description of the Capital Securities Subordination, in the event of our insolvency, funds which we would otherwise use to pay the holders of the capital securities will be used to pay the holders of senior indebtedness to the extent necessary to pay the senior indebtedness in full. As a result of those payments, our general creditors may recover less, ratably, than the holders of our senior indebtedness and these general creditors may recover more, ratably, than the holders of the capital securities. In addition, the holders of our senior indebtedness may, under certain circumstances, restrict or prohibit us from making payments on the capital securities.

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There are no terms in the subordinated indentures or the capital securities that limit our ability to incur additional indebtedness, and we expect from time to time to incur additional indebtedness constituting senior indebtedness.

Upon the occurrence of a bankruptcy, insolvency or receivership with respect to us, claims for payment may be limited.

In certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any capital securities, whether voluntary or not, a holder of capital securities will have no claim for interest that is unpaid as a result of certain consequences of a trigger event (including compounded interest) and has not been settled through the application of the alternative coupon satisfaction mechanism to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder s capital securities. See Description of the Capital Securities Limitations on Claims in the Event of Our Bankruptcy, Insolvency or Receivership.

Moreover, the claims of capital security holders in a bankruptcy, insolvency or similar proceeding are subject to the broad equitable powers of the court. For example, although we do not believe such an argument should prevail, a party in interest in such a proceeding might argue that such holders should be treated as equity holders rather than creditors, and the court could rule in favor of such party. This could further limit or reduce any amounts that a holder of capital securities could receive in a bankruptcy, insolvency, receivership or similar proceeding.

The interest rate of the capital securities will fluctuate when the fixed rate period ends, and may decline below the fixed rate from time to time.

At the conclusion of the fixed rate period for the capital securities on May , 2016, the capital securities will begin to accrue interest at a floating rate. The floating rate may be volatile over time and could be substantially less than the fixed rate, which could reduce the value of the capital securities in any available after-market, apart from the reduction in current interest income.

General market conditions and unpredictable factors could adversely affect market prices for the capital securities.

There can be no assurance about the market prices for the capital securities. Several factors, many of which are beyond our control, will influence the market value of the capital securities. Factors that might influence the market value of the capital securities include, but are not limited to:

- whether interest payments have been made and are likely to be made on the capital securities from time to time;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on the capital securities provided by any ratings agency have changed;
- regulatory investment classifications of the capital securities for purposes of certain types of investors and whether those classifications have changed;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

If you purchase capital securities, whether in this offering or in the secondary market, the capital securities may subsequently trade at a discount to the price that you paid for them.

We are not obligated to redeem the capital securities prior to their maturity date and could at a future date make a covenant in favor of a class or classes of our senior indebtedness restricting our right to redeem the capital securities.

During the past year, a number of issuers have entered into covenants generally called declarations of covenant or replacement capital covenants in connection with their issuance of preferred stock or other junior securities. In the covenants, the issuers have agreed in favor of specified classes of covered debt not to redeem, or in some cases repurchase, such preferred stock or other junior securities except out of the proceeds from the issuance of other specified securities that have equity-like characteristics that are the same as or more equity-like than the characteristics of the subject securities at the time of redemption. We intend to abide by such a capital replacement restriction and, in the future, we could choose to make such a covenant in favor of a specified class or classes of our senior indebtedness. If we were to make such a covenant, there could be circumstances where we would wish to redeem or repurchase some or all of the capital securities but be restricted from doing so because of the covenant. The entering into by us of such a covenant could adversely affect trading prices for the capital securities.

Risk Factors in Connection with Our Business

Our reserves for future policy benefits and claims related to our current and future business as well as businesses we may acquire in the future may prove to be inadequate.

Our reserves for future policy benefits and claims may prove to be inadequate. We establish and carry, as a liability, reserves based on estimates of how much we will need to pay for future benefits and claims. For our insurance and annuity products, we calculate these reserves based on many assumptions and estimates, including estimated premiums we will receive over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid and the investment returns on the assets we purchase with the premiums we receive. The assumptions and estimates we use in connection with establishing and carrying our reserves are inherently uncertain. Accordingly, we cannot determine with precision the ultimate amounts that we will pay for, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow to the level we assume prior to payment of benefits or claims. If our actual experience is different from our assumptions or estimates, our reserves may prove to be inadequate in relation to our estimated future benefits and claims. As a result, we would incur a charge to our earnings in the quarter in which we increase our reserves.

Because the equity markets and interest rates impact our profitability, changes in equity markets and interest rates may also negatively affect our business and profitability.

The fee revenue that we earn on equity-based variable annuities, unit-linked accounts, variable universal life insurance policies and investment advisory business, is based upon account values. Because strong equity markets result in higher account values, strong equity markets positively affect our net income through increased fee revenue. In addition, the increased fee revenue resulting from strong equity markets increases the expected gross profits (EGPs) from variable insurance products. As a result, the higher EGPs may result in lower net amortized costs related to DAC, DSI, VOBA, and DFEL associated with those products. For more information on DAC, DSI, VOBA (previously referred to as the present value of in-force business (PVIF)) and DFEL amortization, see Critical Accounting Policies in the Management s Discussion and Analysis of Financial Condition and Results of Operations of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 and our Annual Report on Form 10-K for the year ended December 31, 2005. Finally, the amount of reserves related to the guaranteed minimum death benefits (GMDB) for variable annuities is tied to the difference between the value of the underlying accounts and the guaranteed death benefit, which is a benefit ratio (present value of total expected GMDB payments over the life of the contract divided by the present value of total expected assessments over the life of the contract). Both the level of expected GMDB payments and expected total assessments used in calculating this benefit ratio are affected by the equity markets. Accordingly, strong equity markets will decrease the amount of GMDB reserves that we must carry.

Conversely, a weakening of the equity markets results in lower fee income and, depending upon the significance of the drop in the equity markets, may result in higher net expenses associated with DAC, DSI, VOBA and DFEL. Both lower fee income and higher net expenses may have a material adverse effect on our results of operations and capital resources. Furthermore, a decrease in the equity markets will increase the net amount at risk under the GMDB benefits we offer as part of our variable annuity products, which has the effect of increasing the amount of GMDB reserves that we must carry. As a result, if such reserves are not reasonable in relation to our expected liabilities for GMDB, it would likely result in an increase GMDB payments and would result in a decrease in the present value of total expected assessments over the life of the contract. The result

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would be an increase in the level of the GMDB reserves. Such an increase in reserves would result in and a charge to our earnings in the quarter in which we increase our reserves to bring them within a reasonable range of our estimated future liabilities related to the GMDB guarantees.

Because the profitability of our fixed annuity and interest-sensitive whole life, universal life and fixed portion of variable universal life insurance business depends in part on interest rate spreads, interest rate fluctuations could negatively affect our profitability. Jefferson-Pilot also offers products the profitability of which depends in part on interest rate spreads. Accordingly, our merger with Jefferson-Pilot may exacerbate this risk.

Changes in interest rates may reduce both our profitability from spread businesses and our return on invested capital. Some of our products, principally fixed annuities and interest-sensitive whole life, universal life and the fixed portion of variable universal life insurance, expose us to the risk that changes in interest rates will reduce our spread, or the difference between the amounts that we are required to pay under the contracts and the amounts we are able to earn on our general account investments intended to support our obligations under the contracts. Declines in our spread from these products could have a material adverse effect on our businesses or results of operations.

In periods of increasing interest rates, we may not be able to replace the assets in our general account with higher yielding assets needed to fund the higher crediting rates necessary to keep our interest sensitive products competitive. We therefore may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In periods of declining interest rates, we have to reinvest the cash we receive as interest or return of principal on our investments in lower yielding instruments then available. Moreover, borrowers may prepay fixed-income securities, commercial mortgages and mortgage-backed securities in our general account in order to borrow at lower market rates, which exacerbates this risk. Because we are entitled to reset the interest rates on our fixed rate annuities only at limited, pre-established intervals, and since many of our policies have guaranteed minimum interest or crediting rates, our spreads could decrease and potentially become negative.

Increases in interest rates may cause increased surrenders and withdrawals of insurance products. In periods of increasing interest rates, policy loans and surrenders and withdrawals of life insurance policies and annuity contracts may increase as policyholders seek to buy products with perceived higher returns. This process may lead to a flow of cash out of our businesses. These outflows may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. A sudden demand among consumers to change product types or withdraw funds could lead us to sell assets at a loss to meet the demand for funds. In addition, unanticipated withdrawals and terminations also may require us to accelerate DAC, DSI, VOBA and DFEL amortization. This would increase our current expenses.

A downgrade in our financial strength or credit ratings could limit our ability to market products, increase the number or value of policies being surrendered and/or hurt our relationships with creditors.

Nationally recognized rating agencies rate the financial strength of our principal insurance subsidiaries and rate our debt. Ratings are not recommendations to buy our securities. Please see Ratings beginning on page 17 of our Annual Report on Form 10-K for the year ended December 31, 2005 for a complete description of our ratings.

Our financial strength ratings, which are intended to measure our ability to meet policyholder obligations, are an important factor affecting public confidence in most of our products and, as a result, our competitiveness. The interest rates we pay on our borrowings are largely dependent on our credit ratings. Each of the rating agencies reviews its ratings periodically, and our current ratings may not be maintained in the future. A downgrade of the financial strength rating of one of our principal insurance subsidiaries could affect our competitive position in the insurance industry and make it more difficult for us to market our products as potential customers may select companies with higher financial strength ratings. This could lead to a decrease in fees as outflows of assets increase, and therefore, result in lower fee income. Furthermore, sales of assets to meet customer withdrawal demands could also result in losses, depending on market conditions. A downgrade of our

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debt ratings could affect our ability to raise additional debt with terms and conditions similar to our current debt, and accordingly, likely increase our cost of capital. In addition, a downgrade of these ratings could make it more difficult to raise capital to refinance any maturing debt obligations, to support business growth at our insurance subsidiaries and to maintain or improve the current financial strength ratings of our principal insurance subsidiaries described above.

A drop in the rankings of the mutual funds that we manage as well as a loss of key portfolio managers could result in lower advisory fees.

While mutual funds are not rated, per se, many industry periodicals and services, such as Lipper, provide rankings of mutual fund performance. These rankings often have an impact on the decisions of customers regarding which mutual funds to invest in. If the rankings of the mutual funds for which we provide advisory services decrease materially, the funds assets may decrease as customers leave for funds with higher performance rankings. Similarly, a loss of our key portfolio managers who manage mutual fund investments could result in poorer fund performance, as well as customers leaving these mutual funds for new mutual funds managed by the portfolio managers. Any loss of fund assets would decrease the advisory fees that we earn from such mutual funds, which are generally tied to the amount of fund assets and performance. This would have an adverse effect on our results of operations.

Our businesses are heavily regulated and changes in regulation may reduce our profitability.

Our insurance subsidiaries are subject to extensive supervision and regulation in the states in which we do business. The supervision and regulation relate to numerous aspects of our business and financial condition. The primary purpose of the supervision and regulation is the protection of our insurance policyholders, and not our investors. The extent of regulation varies, but generally is governed by state statutes. These statutes delegate regulatory, supervisory and administrative authority to state insurance departments. This system of supervision and regulation covers, among other things:

- standards of minimum capital requirements and solvency, including risk-based capital measurements;
- restrictions of certain transactions between our insurance subsidiaries and their affiliates;
- restrictions on the nature, quality and concentration of investments;
- restrictions on the types of terms and conditions that we can include in the insurance policies offered by our primary insurance operations;
- limitations on the amount of dividends that insurance subsidiaries can pay;
- the existence and licensing status of the company under circumstances where it is not writing new or renewal business;
- certain required methods of accounting;
- reserves for unearned premiums, losses and other purposes; and
- assignment of residual market business and potential assessments for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies.

The regulations of the state insurance departments may affect the cost or demand for our products and may impede us from taking actions we might wish to take to increase our profitability. For example, in July 2005, a committee of the NAIC adopted a change to Actuarial Guideline 38 (also known as AXXX), the statutory reserve requirements for universal life (UL) products with secondary guarantees, such as Lincoln National Life Insurance Company s Lapse Protection Rider product. This proposal was formally adopted by the NAIC in 2005 with an effective date of July 1, 2005.

The proposal does not affect business written prior to the effective date of July 1, 2005. We continue to evaluate potential modifications to our universal life products with secondary guarantees that may be made in response to the revised regulation. Although the impact of this proposal on future sales of guaranteed no-lapse UL cannot be predicted, it may result in a price increase for such products, and therefore, may lower sales of such products.

Further, we may be unable to maintain all required licenses and approvals and our business may not fully comply with the wide variety of applicable laws and regulations or the relevant authority s interpretation of the laws and regulations, which may change from time to time. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or impose substantial fines. Further, insurance regulatory authorities have relatively broad discretion to issue orders of supervision, which permit such authorities to supervise the business and operations of an insurance company. As of March 31, 2006, no state insurance regulatory authority had imposed on us any substantial fines or revoked or suspended any of our licenses to conduct insurance business in any state or issued an order of supervision with respect to our insurance subsidiaries, which would have a material adverse effect on our results of operations or financial condition.

In addition, LFA and LFD, as well as our variable annuities and variable life insurance products, are subject to regulation and supervision by the SEC and the National Association of Securities Dealers (NASD). Our Investment Management segment, like other investment management groups, is subject to regulation and supervision by the SEC, NASD, the Municipal Securities Rulemaking Board, the Pennsylvania Department of Banking and jurisdictions of the states, territories and foreign countries in which they are licensed to do business. Lincoln UK is subject to regulation by the Financial Services Authority in the U.K. These laws and regulations generally grant supervisory agencies and self-regulatory organizations broad administrative powers, including the power to limit or restrict the subsidiaries from carrying on their businesses in the event that they fail to comply with such laws and regulations.

Many of the foregoing regulatory or governmental bodies have the authority to review our products and business practices and those of our agents and employees. In recent years, there has been increased scrutiny of our businesses by these bodies, which has included more extensive examinations, regular sweep inquiries and more detailed review of disclosure documents. These regulatory or governmental bodies may bring regulatory or other legal actions against us if, in their view, our practices, or those of our agents or employees, are improper. These actions can result in substantial fines, penalties or prohibitions or restrictions on our business activities and could have a material adverse effect on our business, results of operations or financial condition.

For further information on regulatory matters relating to us, see Regulatory beginning on page 19 of our Annual Report on Form 10-K for the year ended December 31, 2005.

Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

There continues to be a significant amount of federal and state regulatory activity in the industry relating to numerous issues including, but not limited to, market timing and late trading of mutual fund and variable insurance products and broker-dealer access arrangements. Like others in the industry, we have received inquiries including requests for information and/or subpoenas from various authorities including the SEC, NASD and the New York Attorney General, as well as notices of potential proceedings from the SEC and NASD. We are in the process of responding to, and in some cases have settled or are in the process of settling, certain of these inquiries and potential proceedings. We continue to cooperate fully with such authorities. In addition, we are, and in the future may be, subject to legal actions in the ordinary course of our insurance and investment management operations, both domestically and internationally. Pending legal actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. Substantial legal liability in these or future legal or regulatory actions could have a material financial effect or cause significant harm to our reputation, which in turn could materially harm our business prospects.

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Changes in U.S. federal income tax law could make some of our products less attractive to consumers and increase our tax costs.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) as well as the Jobs and Growth Tax Relief Reconciliation Act of 2003 contain provisions that will, over time, significantly lower individual tax rates. This will have the effect of reducing the benefits of deferral on the build-up of value of annuities and life insurance products. EGTRRA also includes provisions that will eliminate, over time, the estate, gift and generation-skipping taxes and partially eliminate the step-up in basis rule applicable to property held in a decedent s estate. Many of these provisions expire in 2008 and 2010, unless extended. The Bush Administration continues to propose that many of the foregoing rate reductions be made permanent, as well as several tax-favored savings initiatives, such as the elimination of the estate tax, that, if enacted by Congress, could also adversely affect the sale of our annuity, life and tax-qualified retirement products and increase the surrender of such products. Although we cannot predict the overall effect on the sales of our products of the tax law changes included in these Acts, some of these changes might hinder our sales and result in the increased surrender of insurance products.

Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risk, which could negatively affect our businesses or result in losses.

We have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective. Many of our methods of managing risk and exposures are based upon our use of observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than the historical measures indicate, such as the risk of pandemics causing a large number of deaths. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

Because we are a holding company with no direct operations, the inability of our subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations.

We are a holding company, and we have no direct operations. Our principal asset is the capital stock of our insurance, investment management and communication company subsidiaries.

Our ability to meet our obligations for payment of interest and principal on outstanding debt obligations and to pay dividends to shareholders and corporate expenses depends upon the surplus and earnings of our subsidiaries and the ability of our subsidiaries to pay dividends or to advance or repay funds to us. Payments of dividends and advances or repayment of funds to us by our insurance subsidiaries are restricted by the applicable laws of their respective jurisdictions, including laws establishing minimum solvency and liquidity thresholds. Changes in these laws can constrain the ability of our subsidiaries to pay dividends or to advance or repay funds to us in sufficient amounts and at times necessary to meet our debt obligations and corporate expenses.

We face a risk of non-collectibility of reinsurance, which could materially affect our results of operations.

We follow the insurance practice of reinsuring with other insurance and reinsurance companies a portion of the risks under the policies written by our insurance subsidiaries (known as ceding). At the end of 2005, we have ceded approximately $320.1 billion on a pro forma basis of life insurance in-force to reinsurers for reinsurance protection. Although reinsurance does not discharge our subsidiaries from their primary obligation to pay policyholders for losses insured under the policies we issue, reinsurance does make the assuming reinsurer liable to the insurance subsidiaries for the reinsured portion of the risk. As of March 31, 2006, we had $8.1 billion on a pro forma basis of reinsurance receivables from reinsurers for paid and unpaid losses, for which they are obligated to reimburse us under our reinsurance contracts. Of this amount, $4.1 billion relates to the sale of our

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reinsurance business to Swiss Re in 2001 through an indemnity reinsurance agreement. During 2004, Swiss Re funded a trust to support this business. The balance in the trust changes as a result of ongoing reinsurance activity and was $1.7 billion at March 31, 2006. In addition, should Swiss Re s financial strength ratings drop below either S&P AA- or AM Best A or their NAIC risk-based capital ratio fall below 250%, assets equal to the reserves supporting business reinsured must be placed into a trust according to pre-established asset quality guidelines. Furthermore, approximately $2.0 billion of the Swiss Re treaties are funds-withheld structures where we have a right of offset on assets backing the reinsurance receivables. The balance of the reinsurance is due from a diverse group of reinsurers. The collectibility of reinsurance is largely a function of the solvency of the individual reinsurers. We perform annual credit reviews on our reinsurers, focusing on, among other things, financial capacity, stability, trends and commitment to the reinsurance business. We also require assets in trust, letters of credit or other acceptable collateral to support balances due from reinsurers not authorized to transact business in the applicable jurisdictions. Despite these measures, a reinsurer s insolvency, inability or unwillingness to make payments under the terms of a reinsurance contract, especially Swiss Re, could have a material adverse effect on our results of operations and financial condition.

Significant adverse mortality experience may result in the loss of, or higher prices for, reinsurance.

We reinsure a significant amount of the mortality risk on fully underwritten newly issued life insurance contracts. We regularly review retention limits for continued appropriateness and they may be changed in the future. If we were to experience adverse mortality experience, a significant portion of that would be reimbursed by our reinsurers. Prolonged or severe adverse mortality experience could result in increased reinsurance costs, and ultimately, reinsurers not willing to offer coverage. If we are unable to maintain our current level of reinsurance or purchase new reinsurance protection in amounts that we consider sufficient, we would either have to be willing to accept an increase in our net exposures or revise our pricing to reflect higher reinsurance premiums. If this were to occur, we may be exposed to reduced profitability and cash flow strain or we may not be able to price new business at competitive rates.

We may be unable to attract and retain sales representatives and other employees, particularly financial advisors.

We compete to attract and retain financial advisors, portfolio managers and other employees, as well as independent distributors of our products. Intense competition exists for persons and independent distributors with demonstrated ability. We compete with other financial institutions primarily on the basis of our products, compensation, support services and financial position. Sales in our businesses and our results of operations and financial condition could be materially adversely affected if we are unsuccessful in attracting and retaining financial advisors, portfolio managers and other employees, as well as independent distributors of our products. For example, in 2005, we changed the compensation structure for LFA s financial advisors. Although we believe the new compensation structure will benefit us, our policyholders and our planners, if a significant number of financial advisors terminate their affiliation with us, it could have a negative impact on our sales and ability to retain existing in-force business. During 2005, the number of new planners recruited to LFA was down relative to prior years, which is partially a result of LFA focusing more on recruiting experienced planners than in it had in prior years.

Our sales representatives are not captive and may sell products of our competitors.

We sell our annuity and life insurance products through independent sales representatives. These representatives are not captive, which means they may also sell our competitors products. If our competitors offer products that are more attractive than ours, or pay higher commission rates to the sales representatives than we do, these representatives may concentrate their efforts in selling our competitors products instead of ours.

Intense competition could negatively affect our ability to maintain or increase our profitability.

Our businesses are intensely competitive. We compete based on a number of factors including name recognition, service, the quality of investment advice, investment performance, product features, price, perceived financial strength, and claims-paying and credit ratings. Our competitors include insurers, broker-dealers, financial advisors, asset managers and other financial institutions. A number of our business units face competitors that have greater market share, offer a broader range of products or have higher financial strength or credit ratings than we do.

In recent years, there has been substantial consolidation and convergence among companies in the financial services industry resulting in increased competition from large, well-capitalized financial services firms. Many of these firms also have been able to increase their distribution systems through mergers or contractual arrangements. Furthermore, larger competitors may have lower operating costs and an ability to absorb greater risk while maintaining their financial strength ratings, thereby allowing them to price their products more competitively. We expect consolidation to continue and perhaps accelerate in the future, thereby increasing competitive pressure on us.

Losses due to defaults by others could reduce our profitability or negatively affect the value of our investments.

Third parties that owe us money, securities or other assets may not pay or perform their obligations. These parties include the issuers whose securities we hold, borrowers under the mortgage loans we make, customers, trading counterparties, counterparties under swaps and other derivative contracts, reinsurers and other financial intermediaries. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, corporate governance issues or other reasons. A downturn in the United States and other economies could result in increased impairments.

Our communications business faces a variety of risks that could adversely affect its results.

Our communications business relies on advertising revenues, and therefore is sensitive to cyclical changes in both the general economy and in the economic strength of local markets. Also, our stations derived 21.4%, 21.4% and 23.5% of their 2005, 2004 and 2003 advertising revenues from the automotive industry. If automobile advertising is severely curtailed, it could have a negative impact on broadcasting revenues.

For 2005, 7.1% of television revenues came from a network agreement with two CBS-affiliated stations that expires in 2011. The trend in the industry is away from the networks compensating affiliates for carrying their programming and there is a possibility those revenues will be eliminated when the contract is renewed.

Technological media changes, such as satellite radio and the Internet, and consolidation in the broadcast and advertising industries, may increase competition for audiences and advertisers.

Our communications business has commitments for purchases of syndicated television programming and commitments for other contracts and future sports programming rights, payable through 2011. These commitments are not reflected as an asset or liability in our balance sheet because the programs are not currently available for use. If sports programming advertising revenue decreases in the future, the commitments may have a material adverse effect on the financial position and earnings of the segment.

Risk Factors in Connection with the Jefferson-Pilot Merger

The merger with Jefferson-Pilot may cause disruptions in our business, which could have an adverse effect on our business and financial results.

The merger may cause disruptions in our business. Specifically:

- current employees and agents may experience uncertainty about their future roles with the new company, which might adversely affect our ability to retain key managers and other employees and agents; and

- the attention of our management may be directed toward the recently completed merger and not their ongoing business.

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The anticipated benefits of combining Jefferson-Pilot and us may not be realized.

We merged with Jefferson-Pilot with the expectation that the merger would result in various benefits including, among other things, benefits relating to enhanced revenues, a strengthened market position for the resulting company in its businesses, cross-selling opportunities, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether we and Jefferson-Pilot are integrated in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management s time and energy and could materially impact the resulting company s business, financial condition and operating results.

We may have difficulty integrating Jefferson-Pilot and may incur substantial costs in connection with the integration.

We may experience material unanticipated difficulties or expenses in connection with integrating Jefferson-Pilot, especially given the relatively large size of the merger. Integrating Jefferson-Pilot with us will be a complex, time-consuming and expensive process. Before the merger, we and Jefferson-Pilot operated independently, each with its own business, products, customers, employees, culture and systems.

We may face substantial difficulties, costs and delays in integrating Jefferson-Pilot. These factors may include:

- perceived adverse changes in product offerings available to clients or client service standards, whether or not these changes do, in fact, occur;
- conditions imposed by regulators in connection with their decisions whether to approve the merger;
- potential charges to earnings resulting from the application of purchase accounting to the transaction;
- the retention of existing clients, key portfolio managers, sales representatives and wholesalers of each company; and
- retaining and integrating management and other key employees of the resulting company.

We may seek to combine certain operations and functions using common information and communication systems, operating procedures, financial controls and human resource practices, including training, professional development and benefit programs. We may be unsuccessful or delayed in implementing the integration of these systems and processes.

Any one or all of these factors may cause increased operating costs, worse than anticipated financial performance or the loss of clients, employees and agents. Many of these factors are outside our control.

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USE OF PROCEEDS

We estimate that, after deducting expenses and underwriting discounts and commissions, our net proceeds from this offering will be approximately $. We anticipate that we will use all of the net proceeds from this offering to repay a portion of the outstanding loan balance of $1.033 billion under the bridge facility used to finance the cash portion of the merger consideration in connection with the merger of Jefferson-Pilot into a wholly-owned subsidiary of LNC and the repurchase of shares under a private accelerated stock buyback program. The interest rate on our outstanding indebtedness under the bridge facility is LIBOR plus 0.23%, and we are required to pay certain fees under the bridge facility, including a facility fee of 0.02% of the aggregate commitment amount. The bridge facility expires on December 22, 2006.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2006 and includes adjustments resulting from the merger and the financing related to the merger. The Actual column reflects our capitalization as of March 31, 2006 on a historical basis, without any adjustments to reflect subsequent or anticipated events. The Adjusted for the Merger and Related Financing column reflects pro forma adjustments to reflect the consummation of the merger as of March 31, 2006 and our recent senior notes offering, our recent offering of 6.75% capital securities and this offering. The following data is qualified in its entirety by, and should be read in conjunction with, our consolidated financial statements and notes thereto incorporated in this prospectus supplement and the accompanying base prospectus by reference.

	March 31, 2006	
	Actual	Adjusted for the Merger and Related Financing[(1)]
	(In millions)	
Short-term debt:		
Commercial paper	$ 11	$ 11
Jefferson-Pilot		
Total short-term debt	11	11
Long-term debt less current portion:		
5.25% notes, due 2007	250	250
6.5% notes, due 2008	100	100
6.20% notes, due 2011	250	250
4.75% notes, due 2014	199	199
7.00% notes, due 2018	200	200
Floating rate notes, due 2009		500
6.15% notes, due 2036		500
6.75% capital securities, due 2066		275
Jefferson-Pilot securities:		
4.75% notes, due 2014		300
Floating rate, Extendible Liquidity Securities		300
Total long-term debt	999	2,874
Junior subordinated debentures issued to affiliated trusts:		
7.65% notes, due 2050	178	178
6.75% notes, due 2052	154	154
Jefferson-Pilot securities:		
8.14% notes, due 2046		206
8.285% notes, due 2046		103
Total	332	641
Capital securities offered		1,025
Elimination of debt securities held by one company and issued by the other company		(30)
Total Debt	$ 1,342	$ 4,521
Shareholders Equity:		
Series A preferred stock	$ 1	$ 1
Common stock and additional paid-in capital	1,818	7,447
Retained earnings	4,236	4,236
Accumulated other comprehensive income	283	283

Total Shareholders Equity	$ 6,338	$ 11,967
Total Capitalization	$ 7,680	$ 16,488

(1) Adjusted to include the debt of Jefferson-Pilot Corporation acquired by LNC as a result of the completion of its merger with Jefferson-Pilot on April 3, 2006, the value assigned to LNC stock issued to Jefferson-Pilot shareholders and to outstanding Jefferson-Pilot stock options and the retirement of $500 million of LNC common stock through an accelerated stock repurchase program as discussed in the unaudited condensed pro forma financial statements, and to reflect the recent offering of senior notes, the recent offering of 6.75% capital securities and the capital securities being offered hereby, all of which is expected to total $2.3 billion.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LNC

The following table presents our selected historical consolidated financial data at March 31, 2006 and 2005 and at December 31, 2005, 2004, 2003, 2002 and 2001. The selected financial data is derived from our audited financial statements for those years. The following data should be read in conjunction with the financial statements and the related notes thereto and the pro forma financial information incorporated by reference in this prospectus supplement and the accompanying base prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001[1]
			(In Millions, Except Per Share Information)				
Consolidated Summaries of Income							
Total revenue	$ 1,417.0	$ 1,313.2	$ 5,487.9	$ 5,371.3	$ 5,283.9	$ 4,635.5	$ 6,378.0
Income before cumulative effect of accounting changes	$ 221.2	$ 178.9	831.1	731.5	767.1	48.8	561.2
Cumulative effect of accounting changes				(24.5)	(255.2)		(15.6)
Net Income	$ 221.2	$ 178.9	$ 831.1	$ 707.0	$ 511.9	$ 48.8	$ 545.6
Per Common Share Data[2]							
Net Income-Basic	$ 1.27	$ 1.03	$ 4.80	$ 4.01	$ 2.89	$ 0.27	$ 2.89
Net Income-Diluted	1.24	1.01	4.72	3.95	2.85	0.26	2.85
Common stock dividends	0.380	0.365	1.475	1.415	1.355	1.295	1.235

	At March 31,		At December 31,				
	2006	2005	2005	2004	2003	2002	2001[1]
			(In Millions, Except Per Share Information)				
Consolidated Period-End Balance Sheet Items							
Assets	$ 128,393.9	$ 116,352.2	$ 124,787.6	$ 116,219.3	$ 106,744.9	$ 93,184.6	$ 98,041.6
Long-term debt	998.5	1,046.6	999.0	1,048.6	1,117.5	1,119.2	861.8
Junior subordinated debentures issued to affiliated trusts	332.3	336.6	334.0	339.8	341.3	392.7	474.7
Shareholders equity	6,338.2	6,042.9	6,384.4	6,175.6	5,811.6	5,347.5	5,303.8
Period-End Per Common Share Data[2]							
Shareholders equity (including accumulated other comprehensive income)	$ 35.99	$ 34.74	$ 36.69	$ 35.53	$ 32.56	$ 30.10	$ 28.32
Shareholders equity (excluding accumulated other comprehensive income)	34.37	30.85	33.66	30.17	27.69	25.97	27.39
Market value of common stock	54.59	45.14	53.03	46.68	40.37	31.58	48.57

(1) As discussed in Note 12 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2005, LNC sold its reinsurance operations for approximately $2.0 billion on December 7, 2001. Revenues for 2001 include $1.7 billion from the reinsurance operations.

(2) Per share amounts were affected by the retirement of 755,000 shares of common stock in the first quarter of 2005, and 2,331,000, 7,611,910, 12,088,100 and 11,278,022 shares of common stock for the years ended December 31, 2005, 2004, 2002 and 2001, respectively. In addition, 4,630,318 shares of common stock were issued in 2001 related to the settlement of purchase contracts issued in conjunction with FELINE PRIDES financing.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF JEFFERSON-PILOT

The following table presents Jefferson-Pilot s selected consolidated historical financial data at March 31, 2006 and 2005 and at December 31, 2005, 2004, 2003, 2002 and 2001. The selected financial data is derived from Jefferson-Pilot s audited financial statements for those years. The following data should be read in conjunction with the financial statements and the related notes thereto and the pro forma financial information incorporated by reference in this prospectus supplement and the accompanying base prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(In Millions, Except Per Share Information)						
Consolidated Summaries of Income							
Total revenue	$ 1,089.5	$ 1,037.2	$ 4,219.7	$ 4,102.1	$ 3,572.9	$ 3,406.0	$ 3,322.0
Income before cumulative effect of accounting changes	$ 138.3	$ 161.2	578.6	562.7	491.6	450.2	511.3
Cumulative effect of accounting changes				(16.6)			1.5
Net Income	$ 138.3	$ 161.2	$ 578.6	$ 546.1	$ 491.6	$ 450.2	$ 512.8
Per Common Share Data[1]							
Net Income-Basic	NM	$ 1.18	$ 4.28	$ 3.96	$ 3.47	$ 3.07	$ 3.38
Net Income-Diluted	NM	1.17	4.25	3.92	3.44	3.04	3.34
Common stock dividends	NM	0.380	1.64	1.47	1.29	1.18	1.09

	At March 31,		At December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(In Millions, Except Per Share Information)						
Consolidated Period-End Balance Sheet Items[1]							
Assets	$ 35,753.1	$ 35,151.1	$ 36,078.3	$ 35,104.8	$ 32,696.3	$ 30,618.9	$ 29,005.0
Long-term debt	599.7	599.7	599.7	599.6			
Junior subordinated debentures issued to affiliated trusts	309.3	309.3	309.3	309.3	309.3	309.3	
Shareholders equity	3,867.6	3,831.3	3,916.9	3,933.9	3,805.9	3,540.0	3,390.9
Period-End Per Common Share Data[1]							
Shareholders equity (including accumulated other comprehensive income)	NM	$ 28.18	$ 29.15	$ 28.75	$ 27.07	$ 24.79	$ 22.61
Shareholders equity (excluding accumulated other comprehensive income)	NM	24.43	25.89	23.76	22.21	20.52	19.84
Market value of common stock	NM	49.05	56.93	51.96	50.65	38.11	46.27

(1) NM indicates that the data is not meaningful.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2006

On April 3, 2006, LNC and Jefferson-Pilot consummated the merger. The Jefferson-Pilot historical consolidated financial statements for the year ended December 31, 2005 are included in Jefferson-Pilot s Annual Report on Form 10-K for the year ended December 31, 2005.

The following unaudited pro forma condensed combined financial statements of LNC give effect to the merger as if it had been completed as of January 1, 2006 with respect to the pro forma results of operations data, and as of March 31, 2006 with respect to the pro forma balance sheet data. The unaudited proforma condensed combined financial information also gives effect to the initial funding of the cash portion of the merger consideration through a bridge financing facility and the issuance of the portion of the capital securities and senior notes that we have issued or that we expect to issue to repay all of the outstanding debt under the bridge financing facility as if they occurred on January 1, 2006. We have adjusted the historical consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information below should be read in conjunction with the notes thereto and our unaudited consolidated financial statements for the quarterly period ended March 31, 2006 in our Quarterly Report on Form 10-Q, and our audited historical consolidated financial statements for the year ended December 31, 2005 included in our Annual Report on Form 10-K.

The merger will be accounted for under the purchase method of accounting, with LNC treated as the accounting acquirer. Under this method of accounting, the purchase price will be allocated to Jefferson-Pilot s net assets based upon the estimated fair values of Jefferson-Pilot s assets and liabilities at the date of completion of the merger. The actual purchase price to be so allocated will depend upon, among other things, the number of shares of Jefferson-Pilot common stock issued and outstanding or subject to outstanding options immediately prior to the merger. The unaudited pro forma condensed combined financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to Jefferson-Pilot s net assets as of March 31, 2006. The purchase price allocation reflected herein is preliminary and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Jefferson-Pilot as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected herein.

The following unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of what our actual financial position or results of operations would have been had the merger been completed on the date indicated above. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the resulting company. These statements do not give effect to (1) the impact of possible revenue enhancements, expense efficiencies or synergies expected to result from the merger or contemplated share repurchases of our common stock, (2) the merger related costs of approximately $180 million to integrate our and Jefferson-Pilot s operations or (3) the effects of transactions or developments that may occur subsequent to the merger. The foregoing matters could cause both LNC s pro forma historical financial position and results of operations, and LNC s actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma condensed combined financial statements.

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Unaudited Pro Forma Condensed Combined Balance Sheet

(in millions)

March 31, 2006

	Lincoln National Corporation	Jefferson-Pilot Corporation	Pro Forma Adjustments	Note	Pro Forma
ASSETS					
Investments:					
Securities available-for-sale, at fair value:					
Fixed maturity	$ 32,893	$ 19,897	$ 1,827	3(a) 3(b)	$ 54,617
Equity	176	624	(3)	3(c)	797
Fixed maturity held-to-maturity		1,828	(1,828)	3(a)	
Trading securities	3,190				3,190
Mortgage loans on real estate	3,586	3,920	114	3(d)	7,620
Policy loans	1,860	837			2,697
Other investments	868	413	144	3(e)	1,425
Total Investments	42,573	27,519	254		70,346
Cash and invested cash	1,974	39	(90)	3(f)	1,923
Deferred acquisition costs and value of business acquired	5,367	2,987	(496)	3(g)	7,858
Amounts recoverable from reinsurers	6,900	1,296	(143)	3(h)	8,053
Goodwill	1,194	312	3,108	3(i)	4,614
Other intangible assets		198	583	3(j)	781
Other assets	2,402	828	137	3(k)	3,367
Assets held in separate accounts	67,984	2,574			70,558
Total Assets	$ 128,394	$ 35,753	$ 3,353		$ 167,500
LIABILITIES AND SHAREHOLDERS EQUITY					
Liabilities:					
Insurance and Investment Contract Liabilities:					
Insurance policy and claim reserves	$ 24,716	$ 4,682	$ 107	3(l)	$ 29,505
Contractholder funds	22,285	22,438	(604)	3(m)	44,119
Total Insurance and Investment Contract Liabilities	47,001	27,120	(497)		73,624
Short-term debt	11				11
Long-term debt	999	600	1,778	3(n)	3,377
Junior subordinated debentures issued to affiliated trusts	332	309	(12)	3(o)	629
Funds withheld reinsurance liabilities	2,058				2,058
Deferred gain on indemnity reinsurance	817				817
Other liabilities	2,854	1,283	322	3(p)	4,459
Liabilities related to separate accounts	67,984	2,574			70,558
Total Liabilities	122,056	31,886	1,591		155,533
Shareholders Equity:					
Series A preferred stock	1				1
Common stock and additional paid-in capital	1,818	232	5,397	3(q)	7,447
Retained earnings	4,236	3,431	(3,431)	3(r)	4,236
Accumulated other comprehensive income	283	204	(204)	3(s)	283
Total Shareholders Equity	6,338	3,867	1,762		11,967

Total Liabilities and Shareholders Equity	$ 128,394	$ 35,753	$ 3,353	$ 167,500

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

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Unaudited Pro Forma Condensed Combined Statement of Income

(in millions, except share amounts)

Three Months Ended March 31, 2006

	Lincoln National Corporation	Jefferson-Pilot Corporation	Pro Forma Adjustments	Note	Pro Forma
Revenue:					
Insurance premiums and fees	$ 554	$ 561	$ (12)	3(t)	$ 1,103
Net investment income	678	438	(1)	3(u)	1,115
Other revenue and fees	185	90			275
Total Revenue	1,417	1,089	(13)		2,493
Benefits and Expenses:					
Benefits	584	613	(10)	3(v)	1,187
Underwriting, acquisition, insurance and other expenses	496	265	(13)	3(w)	748
Interest and debt expense	22	16	25	3(x)	63
Total Benefits and Expenses	1,102	894	2		1,998
Income before Federal income taxes	315	195	(15)		495
Federal income taxes (benefit)	94	57	(5)	3(y)	146
Net Income	$ 221	$ 138	$ (10)		$ 349
Common shares basic	174,577,421				286,882,378
Common shares diluted	177,929,653				291,852,167
Net Income per Common Share					
Basic	$ 1.27				$ 1.22
Diluted	$ 1.24				$ 1.20

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION

Note 1 Reporting Reclassifications

Certain amounts in the historical consolidated financial statements of Jefferson-Pilot have been reclassified to conform to LNC s historical financial statement presentation. While LNC and Jefferson-Pilot have completed a preliminary review of their respective accounting and financial reporting policies as compared to those used by the other company, this review is ongoing and will continue throughout the merger process. As such, additional reclassifications or pro forma adjustments may be identified.

Note 2 Purchase Price and Financing Considerations

LNC funded the $1.8 billion cash portion of the merger consideration through the issuance of debt under a bridge financing facility. LNC expects to repay all, or substantially all of the outstanding debt under the bridge financing facility through the issuance of long-term debt, including senior notes and capital securities described below. The unaudited pro forma condensed combined financial information reflects the issuance of 112,304,957 shares of LNC common stock with an aggregate value of $5.5 billion (see note 1 to the table below), the conversion of all outstanding Jefferson-Pilot stock options at the date of the merger with an estimated value of approximately $131 million at March 31, 2006, and the cash payment of $1.8 billion and estimated transaction costs of $63 million.

Goodwill of $3.4 billion is a result of the excess of purchase price over the estimated fair value of Jefferson-Pilot s net assets at March 31, 2006. The purchase price is assumed to be $7.5 billion, including certain estimated purchase price adjustments related to the merger as shown in the table below. The estimated fair value of Jefferson-Pilot s net assets is assumed to be $4.1 billion based on the carrying value of net assets at March 31, 2006 plus estimated fair value pro forma adjustments as shown in the table below. Preliminary values and lives have been assigned to the acquired assets and liabilities assumed for the purposes of these unaudited pro forma combined financial statements. The unaudited pro forma combined financial statements reflect LNC s estimates of the fair value of the net assets of Jefferson-Pilot as of March 31, 2006, and the allocation of the purchase price to the fair value of Jefferson-Pilot s net assets, including identified intangible assets. The estimated fair values and lives will be refined during the completion of the merger process and may vary materially from the amounts included herein.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

The allocation of the purchase price follows:

	March 31, 2006 (in millions except share data)	
Jefferson-Pilot common shares outstanding	135,140,837	
Common shares converted into cash ($1.8 billion divided by cash consideration of $55.96)	(32,165,450)	
Jefferson-Pilot common shares converted into LNC common shares	102,975,387	
Exchange ratio	1.0906	
Estimated LNC common shares to be issued	112,304,957	
Purchase price per LNC common share[1]	$ 48.98	
Fair value of the shares to be issued		**$ 5,501**
Cash to be paid to Jefferson-Pilot shareholders		1,800
Fair value of Jefferson-Pilot stock options		131
Estimated transaction costs		63
Total estimated purchase price		**7,495**
Net assets acquired at December 31, 2005		
Carrying value of net assets prior to merger	$ 3,867	
Estimated fair value adjustments	208	
Estimated fair value of net assets acquired		4,075
Total goodwill		**$ 3,420**

(1) Fair value was based on the average closing price of LNC common stock for the five trading days ranging from two days before to two days after October 10, 2005, the date the merger was announced, which was $48.98 per share.

The pro forma financial information presented herein assumes that LNC initially funded the cash portion of the merger consideration of $1.8 billion through the issuance of debt under a bridge financing facility and then repaid such amount through the issuance of $500 million of floating rate senior notes due 2009, $500 million 6.15% senior notes due 2036, and $275 million of 6.75% capital securities due 2066, and anticipated issuance of $525 million of 7.00% capital securities due 2066, callable in 10 years. The unaudited pro forma condensed combined financial information reflects the impact of these financing arrangements using the applicable actual or anticipated borrowing rates for such types of securities. As discussed below in Note 6, management entered into a repurchase arrangement for $500 million in LNC stock, financed initially through issuance of debt under a bridge facility. No pro forma adjustments have been made to reflect the financing of the repurchase of LNC shares.

The interest rates used to calculate the impact of the financing on the pro forma financial information were based on the securities issued or were estimated based on LNC s borrowing rates at April 29, 2006. LNC s borrowing rates are sensitive to changes in risk-free rates and credit spreads. The actual interest rates may differ materially from those estimated by LNC.

Options outstanding to acquire Jefferson-Pilot common stock immediately prior to the effective time of the merger remain subject to the same terms and conditions as were in effect with respect to the options immediately prior to the effective time of the merger, except that each of these stock options is now exercisable for LNC common stock equal to the number of shares of Jefferson-Pilot common stock subject to such option multiplied by 1.0906 (rounded down to the nearest whole share), with the exercise price determined by dividing the exercise price

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

of the Jefferson-Pilot options by 1.0906 (rounded up to the sixth decimal place). Each unvested Jefferson-Pilot stock option held by an employee, officer or director and granted prior to October 9, 2005 (which was the date we signed the merger agreement) and outstanding under any Jefferson-Pilot stock option plan became fully vested and exercisable in connection with the merger. Jefferson-Pilot stock options held by its agents did not become fully vested and exercisable in connection with the merger, but will vest in accordance with the applicable option agreement.

The fair value of Jefferson-Pilot options was estimated using a Black-Scholes option pricing model at March 31, 2006. The actual variables used to calculate the fair value of the Jefferson-Pilot options at the date of the merger may differ from those estimated within the accompanying unaudited pro forma condensed combined financial statements.

Note 3 Pro Forma Adjustments

These pro forma adjustments are based on certain estimates and assumptions as of the date of the unaudited pro forma condensed combined financial information. The actual adjustments upon the consummation of the merger will depend on a number of factors, including changes in the estimated fair value of net assets and the effective date of the acquisition. Therefore, the actual adjustments may be different from the adjustments made to prepare the unaudited pro forma condensed combined financial information and such differences may be material.

a) Adjustment of $1.827 billion includes the redesignation of Jefferson-Pilot s historical $1.828 billion of held-to-maturity debt securities to available-for-sale based on LNC s investment policies, $29 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in held-to-maturity debt securities, and the elimination of $(30) million of intercompany debt (see adjustment 3(b)). The related amortization of the adjustment to fair value is included in adjustment 3(u).

b) Adjustment eliminates the fair value of $30 million in available-for-sale fixed maturity securities and related carrying value of the junior subordinated debentures issued to affiliated trusts, of which $24 million is held by LNC and issued by Jefferson-Pilot, and $6 million of which is held by Jefferson-Pilot and issued by LNC. The related eliminations of the interest income and interest expense to both LNC and Jefferson-Pilot are not material.

c) Adjustment of $(3) million to eliminate the fair value of LNC common stock held in Jefferson-Pilot s available-for-sale equity securities.

d) Adjustment of $114 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in mortgage loans. The related amortization for this adjustment is included in adjustment 3(u).

e) Adjustment of $144 million consists of $59 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in real estate, including foreclosed properties, and $85 million fair value adjustment for equity method investments. The related depreciation and amortization adjustments were not material.

f) Adjustment of $(90) million represents the cash position of $1.8 billion resulting from the assumed issuance of senior debt and capital securities as described in Note 2, reduced by estimated discounts and issuance costs of $(27) million. The net cash generated from financing has been reduced by the payment of $(1.8) billion of cash to Jefferson-Pilot shareholders and estimated transaction costs of $(63) million. Actual transaction and issuance costs may vary from these estimates.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

g) Adjustment of $(496) million for the purchase accounting adjustment related to the elimination of the historical DAC and the historical VOBA of $(2.987) billion and the establishment of VOBA of $2.491 billion.

The VOBA reflects the estimated fair value of in force contracts and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the life insurance and annuity contracts in force at the acquisition date. VOBA is based on actuarially determined projections, by each line of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. Actual experience of the purchased business may vary from these projections. Also included in the determination of VOBA is the elimination of Jefferson-Pilot s historical deferred revenue liability of $505 million (see adjustment 3(m)).

VOBA is amortized in relation to estimated gross profits or premiums, depending on product type. For interest-sensitive products, if estimated gross profits differ from expectations, the amortization of VOBA will be adjusted to reflect actual experience. The net adjustment to amortization as a result of eliminating the historical DAC and VOBA is included in adjustment 3(w).

h) Adjustment of $(143) million eliminates the amounts recoverable from reinsurers with corresponding eliminations to policy liabilities of $(44) million and contractholder funds of $(99) million resulting from reinsurance arrangements between Jefferson-Pilot and LNC. The reinsurance arrangement between Jefferson-Pilot and LNC was included in LNC s indemnity reinsurance arrangement with Swiss Re as part of LNC s 2001 sale of its reinsurance business.

i) Adjustment of $3.108 billion represents the elimination of Jefferson-Pilot s historical goodwill of $(312) million and the recording of $3.420 billion of goodwill arising from the transaction. See computation of estimated goodwill in Note 2.

j) Adjustment of $583 million consists of the establishment of $782 million for identifiable other intangible assets, including $682 million for identifiable other intangible assets related to Jefferson-Pilot s communications business and $100 million for the estimated value of the sales force acquired, offset by the elimination of $(199) million related to Jefferson-Pilot s historical other intangible assets, including $85 million for deferred sales inducements, which are referred to as DSI. The identifiable assets will be amortized in relation to the expected economic benefits of the agreement. The related amortization for the adjustment to identified intangibles is included in adjustment 3(w). The reversal of historical amortization expense related to the DSI is included in adjustment 3(v).

k) Adjustment of $137 million consists of $27 million of financing costs (see adjustment 3(f)) and the fair value adjustment of $113 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s other assets consisting of a $138 million increase in the value of owner occupied real estate, offset by a $(25) million fair value adjustment to the pension asset. The adjustment includes $(3) million to expense prepaid merger costs. The adjustments to amortize financing costs and for depreciation expense on owner occupied real estate were not material.

l) Adjustment of $107 million includes a $151 million increase to the carrying value of Jefferson-Pilot s liability for future policy benefits based on current assumptions and the elimination of $(44) million related to policy and claim liabilities reinsured by LNC. See adjustment 3(h) for additional information on the reinsurance between Jefferson-Pilot and LNC.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

m) Adjustment of $(604) million includes the elimination of $(505) million for Jefferson-Pilot s historical deferred revenue liability and the elimination of $(99) million related to liabilities reinsured by LNC. See adjustment 3(h) for additional information on the reinsurance arrangements between Jefferson-Pilot and LNC.

n) Adjustment of $1.778 billion includes $1.8 billion for the issuance of $1.0 billion of senior debt and $800 million of capital securities as described in Note 2, offset by an adjustment of $(16) million to record the difference between the historical amount and estimated fair value (present value of amounts to be paid determined at appropriate current interest rates) of Jefferson-Pilot s notes payable and the elimination of $(6) million of LNC senior notes held by Jefferson-Pilot. Related interest expense is also described in Note 2. Related debt issuance costs are described in adjustment 3(k).

o) Adjustment of $(12) million includes $(24) million for the elimination of debt securities as described in adjustment 3(b), offset by an adjustment of $12 million to record the difference between the historical amount and estimated fair value (present value of amounts to be paid determined at appropriate current interest rates) of Jefferson-Pilot s junior subordinated debentures payable to affiliated trusts. Related interest expense is also described in adjustment 3(x).

p) Adjustment of $322 million consists of a $312 million adjustment to Jefferson-Pilot s federal and state income tax liabilities and a $10 million liability for Jefferson-Pilot s employment contractual buyouts and severance.

q) Adjustment of $5.397 billion includes $5.501 billion for the issuance of LNC common stock to Jefferson-Pilot shareholders, $131 million for the fair value of outstanding stock options granted to Jefferson-Pilot employees and directors (see Note 2), $(232) million to eliminate Jefferson-Pilot s historical common stock and paid-in-capital, and $(3) million to eliminate the fair value of LNC common stock held in Jefferson-Pilot s available-for-sale equity securities (see adjustment 3(c)).

r) Adjustment of $(3.431) billion to eliminate Jefferson-Pilot s historical retained earnings.

s) Adjustment of $(204) million to eliminate Jefferson-Pilot s historical accumulated other comprehensive income.

t) Adjustment of $(12) million to eliminate the amortization of deferred policy fees resulting from the elimination of such deferred revenue in purchase accounting, included in adjustment 3(m).

u) Adjustment of $(1) million includes amortization of discounts of $3 million on fixed maturity securities of Jefferson-Pilot resulting from the fair value adjustment of these assets as of March 31, 2006 (see adjustment 3(a)). Realized gains and losses have not been adjusted, and therefore, are based on their historical cost basis. Also included in the adjustment is $(4) million in amortization of the adjustment in fair value of mortgage loans and other investments (see adjustment 3(d)).

v) Adjustment of $(10) million includes $(7) million for the amortization of the adjustment to the liability for future policy benefits and for interest credited to policyholders related to the increase in the carrying value of Jefferson-Pilot s contractholder funds (see adjustment 3(l)), and $(3) million for the reversal of Jefferson-Pilot s historical amortization of DSI (see adjustment 3(j)).

w) Adjustment of $(13) million includes $(15) million for the reduction in amortization expense related to the fair value adjustment of DAC and VOBA (see adjustment 3(g)), $3 million for the amortization of other identified intangibles (see adjustment 3(j)), and a $(1) million decrease to pension expense (see adjustment 3(k)).

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

x) Adjustment of $25 million includes $27 million for interest expense related to financing of the merger, and $(2) million related to the amortization of the fair value of Jefferson-Pilot s debt securities (see adjustment 3(o)). The elimination of interest expense for intercompany debt (see adjustments 3(b) and 3(o)) was not material.

y) Adjustment represents the income tax effect of all pro forma consolidated statement of income adjustments using the U.S. federal tax rate of 35%.

Note 4 Merger Related Charges

In connection with the merger, LNC s preliminary integration plan includes merger related costs of approximately $180 million to integrate LNC s and Jefferson-Pilot s operations. Depending on the nature of such costs, they will either be included in the purchase price allocation, or be treated as period costs and charged to the Statement of Income as incurred. The specific details of these plans will continue to be refined.

Note 5 Earnings per Share

The pro forma earnings per share reflect the weighted average number of LNC shares that would have been outstanding had the transaction occurred as at January 1, 2006. Jefferson-Pilot options, which factor into the dilution calculation, were converted at an assumed 1.0906 exchange ratio, as provided in the merger agreement, see Note 2.

The effect of certain potentially dilutive securities was excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

Note 6 Accelerated Stock Repurchase Program

On April 3, 2006, LNC entered into an agreement with a third party broker-dealer to purchase shares of our common stock, under an accelerated stock repurchase program, for an aggregate purchase price of $500 million. The number of shares to be repurchased under this arrangement will be approximately 8 million but not more than approximately 9 million shares, based on the volume weighted average share price of our common stock over the program s duration. On April 10, 2006, we funded the arrangement by borrowing $500 million under the bridge facility and received approximately 8 million shares of our common stock, which were retired. We expect the program to be completed in the third quarter of 2006. As discussed in Note 2, the pro forma financial statements do not include any effects from this transaction.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

AS OF AND FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

On April 3, 2006, LNC and Jefferson-Pilot consummated the merger. The Jefferson-Pilot historical consolidated financial statements for the year ended December 31, 2005 contained in Jefferson-Pilot s Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated herein by reference.

The following unaudited pro forma condensed combined financial statements of LNC give effect to the merger as if it had been completed as of January 1, 2005 with respect to the pro forma results of operations data, and as of December 31, 2005 with respect to the pro forma balance sheet data. The unaudited pro forma condensed combined financial information also gives effect to the initial funding of the cash portion of the merger consideration through a bridge financing facility and the issuance of the portion of the capital securities and senior notes that we expect to issue to repay all of the outstanding debt under the bridge financing facility as if they occurred on or as of the dates indicated. We have adjusted the historical consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information below should be read in conjunction with the notes thereto, our unaudited historical consolidated financial statements for the quarter ended March 31, 2006 included in our Quarterly Report on Form 10-Q and our audited historical consolidated financial statements for the year ended December 31, 2005 included in our Annual Report on Form 10-K and the audited historical consolidated financial statements for the year ended December 31, 2005 of Jefferson-Pilot included in its Annual Report on Form 10-K.

The merger will be accounted for under the purchase method of accounting, with LNC treated as the accounting acquirer. Under this method of accounting, the purchase price will be allocated to Jefferson-Pilot s net assets based upon the estimated fair values of Jefferson-Pilot s assets and liabilities at the date of completion of the merger. The actual purchase price to be so allocated will depend upon, among other things, the number of shares of Jefferson-Pilot common stock issued and outstanding or subject to outstanding options immediately prior to the merger. The unaudited pro forma condensed combined financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to Jefferson-Pilot s net assets as of December 31, 2005. The purchase price allocation reflected herein is preliminary and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Jefferson-Pilot as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected herein.

The following unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of what our actual financial position or results of operations would have been had the merger been completed on the date indicated above. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the resulting company. These statements do not give effect to (1) our or Jefferson-Pilot s results of operations or other transactions or developments since December 31, 2005, (2) the impact of possible revenue enhancements, expense efficiencies or synergies expected to result from the merger or contemplated share repurchases of our common stock, (3) the merger related costs of approximately $180 million to integrate our and Jefferson-Pilot s operations or (4) the effects of transactions or developments that may occur subsequent to the merger. The foregoing matters could cause both LNC s pro forma historical financial position and results of operations, and LNC s actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma condensed combined financial statements.

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Unaudited Pro Forma Condensed Combined Balance Sheet

(in millions)

December 31, 2005

	Lincoln National Corporation	Jefferson-Pilot Corporation	Pro Forma Adjustments	Note	Pro Forma
ASSETS					
Investments:					
Securities available-for-sale, at fair value:					
Fixed maturity	$ 33,443	$ 20,206	$ 2,034	3(a)3(b)	$ 55,683
Equity	145	620	(3)	3(c)	762
Fixed maturity held-to-maturity		1,974	(1,974)	3(a)	
Trading securities	3,246				3,246
Mortgage loans on real estate	3,663	3,982	212	3(d)	7,857
Policy loans	1,862	833			2,695
Other investments	809	376	208	3(e)	1,393
Total Investments	43,168	27,991	477		71,636
Cash and invested cash	2,312	150	(92)	3(f)	2,370
Deferred acquisition costs and value of business acquired	5,105	2,822	(554)	3(g)	7,373
Amounts recoverable from reinsurers	6,926	1,318	(148)	3(h)	8,096
Goodwill	1,194	312	2,991	3(i)	4,497
Other intangible assets		198	979	3(j)	1,177
Other assets	2,336	820	76	3(k)	3,232
Assets held in separate accounts	63,747	2,467			66,214
Total Assets	$ 124,788	$ 36,078	$ 3,729		$ 164,595
LIABILITIES AND SHAREHOLDERS EQUITY					
Liabilities:					
Insurance and Investment Contract Liabilities:					
Insurance policy and claim reserves	$ 24,652	$ 4,636	$ 96	3(l)	$ 29,384
Contractholder funds	22,571	22,456	(227)	3(m)	44,800
Total Insurance and Investment Contract Liabilities	47,223	27,092	(131)		74,184
Short-term debt	120	260			380
Long-term debt	999	600	1,783	3(n)	3,382
Junior subordinated debentures issued to affiliated trusts	334	309	(13)	3(o)	630
Funds withheld reinsurance liabilities	2,012				2,012
Deferred gain on indemnity reinsurance	836				836
Other liabilities	3,132	1,433	408	3(p)	4,973
Liabilities related to separate accounts	63,747	2,467			66,214
Total Liabilities	$ 118,403	$ 32,161	$ 2,047		$ 152,611
Shareholders Equity:					
Series A preferred stock	1				1
Common stock and additional paid-in capital	1,775	186	5,413	3(q)	7,374
Retained earnings	4,081	3,293	(3,293)	3(r)	4,081
Accumulated other comprehensive income	528	438	(438)	3(s)	528

Total Shareholders Equity	6,385	3,917	1,682	11,984
Total Liabilities and Shareholders Equity	$ 124,788	$ 36,078	$ 3,729	$ 164,595

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

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Unaudited Pro Forma Condensed Combined Statement of Income

(in millions, except share amounts)

Year Ended December 31, 2005

	Lincoln National Corporation	Jefferson-Pilot Corporation	Pro Forma Adjustments	Note	Pro Forma
Revenue:					
Insurance premiums and fees	$ 2,071	$ 2,139	$ (52)	3(t)	$ 4,158
Net investment income	2,702	1,691	(97)	3(u)	4,296
Other revenue and fees	715	390			1,105
Total Revenue	5,488	4,220	(149)		9,559
Benefits and Expenses:					
Benefits	$ 2,365	$ 2,317	$ (82)	3(v)	4,600
Underwriting, acquisition, insurance and other expenses	1,959	976	(83)	3(w)	2,852
Interest and debt expense	89	60	106	3(x)	255
Total Benefits and Expenses	4,413	3,353	(59)		7,707
Income before federal income taxes	1,075	867	(90)		1,852
Federal income taxes (benefit)	244	288	(32)	3(y)	500
Net Income	$ 831	$ 579	$ (58)		$ 1,352
Common shares basic	173,069,552				285,294,096
Common shares diluted	176,144,243				289,457,220
Net Income per Common Share					
Basic	$ 4.80				$ 4.74
Diluted	$ 4.72				$ 4.67

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION

Note 1 Reporting Reclassifications

Certain amounts in the historical consolidated financial statements of Jefferson-Pilot have been reclassified to conform to LNC s historical financial statement presentation. While LNC and Jefferson-Pilot have completed a preliminary review of their respective accounting and financial reporting policies as compared to those used by the other company, this review is ongoing and will continue throughout the merger process. As such, additional reclassifications or pro forma adjustments may be identified.

Note 2 Purchase Price and Financing Considerations

LNC funded the $1.8 billion cash portion of the merger consideration through the issuance of debt under a bridge financing facility. LNC expects to repay all of the outstanding debt under the bridge financing facility through the issuance of long-term debt, including this offering, the recent offering of senior notes and the recent offering of 6.75% capital securities. The unaudited pro forma condensed combined financial information reflects the issuance of 111,472,871 shares of LNC common stock with an aggregate value of $5.5 billion (see note 1 to the table below), the conversion of all outstanding Jefferson-Pilot stock options at the date of the merger with an estimated value of approximately $142 million at December 31, 2005, and the cash payment of $1.8 billion and estimated transaction costs of $63 million.

Goodwill of $3.3 billion is a result of the excess of purchase price over the estimated fair value of Jefferson-Pilot s net assets at December 31, 2005. The purchase price is assumed to be $7.5 billion, including certain estimated purchase price adjustments related to the merger as shown in the table below. The estimated fair value of Jefferson-Pilot s net assets is assumed to be $4.2 billion based on the carrying value of net assets at December 31, 2005 plus estimated fair value pro forma adjustments as shown in the table below. Preliminary values and lives have been assigned to the acquired assets and liabilities assumed for the purposes of these unaudited pro forma combined financial statements. The unaudited pro forma combined financial statements reflect LNC s estimates of the fair value of the net assets of Jefferson-Pilot as of December 31, 2005, and the allocation of the purchase price to the fair value of Jefferson-Pilot s net assets, including identified intangible assets. The estimated fair values and lives will be refined during the completion of the merger process and may vary materially from the amounts included herein.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

The allocation of the purchase price follows:

	December 31, 2005 (in millions except share data)	
Jefferson-Pilot common shares outstanding	134,378,258	
Estimated common shares converted into cash ($1.8 billion divided by cash consideration of $55.96 per share)	(32,165,833)	
Estimated Jefferson-Pilot common shares to be converted into LNC common shares	102,212,425	
Exchange ratio	1.0906	
Estimated LNC common shares to be issued	111,472,871	
Purchase price per LNC common share[1]	$ 48.98	
Fair value of the shares to be issued		**$ 5,460**
Cash to be paid to Jefferson-Pilot shareholders		1,800
Fair value of Jefferson-Pilot stock options		142
Estimated transaction costs		63
Total estimated purchase price		**7,465**
Net assets acquired at December 31, 2005		
Carrying value of net assets prior to merger	$ 3,917	
Estimated fair value of net assets acquired	245	4,162
Total goodwill		**$ 3,303**

(1) Fair value was based on the average closing price of LNC common stock for the five trading days ranging from two days before to two days after October 10, 2005, the date the merger was announced, which was $48.98 per share.

The pro forma financial information presented herein assumes that LNC initially funded the cash portion of the merger consideration through the issuance of debt under a bridge financing facility and then repaid the bridge financing facility debt through the issuance of $400 million of 5.05% senior notes due 2009, $500 million 5.85% senior notes due 2036, $450 million of 6.50% Series A capital securities due 2066 callable in 5 years and, $450 million of 6.50% Series B capital securities due 2066 callable in 10 years. The unaudited pro forma condensed combined financial information reflects the impact of these financing arrangements using the anticipated borrowing rates for such types of securities. As discussed below in Note 6, management intends to repurchase $500 million in LNC stock and finance it with subordinated debt securities. No pro forma adjustments have been made to reflect the financing of the $500 million subordinated debt or the repurchase of LNC shares.

The interest rates used to calculate the impact of the financing on the pro forma financial information were estimated based on LNC s borrowing rates at March 24, 2006. LNC s borrowing rates are sensitive to changes in risk-free rates and credit spreads. The actual interest rates may differ materially from those estimated by LNC.

Options outstanding to acquire Jefferson-Pilot common stock immediately prior to the effective time of the merger remain subject to the same terms and conditions as were in effect with respect to the options immediately prior to the effective time of the merger, except that each of these stock options is now exercisable for LNC common stock equal to the number of shares of Jefferson-Pilot common stock subject to such option multiplied by 1.0906 (rounded down to the nearest whole share), with the exercise price determined by dividing the exercise

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

price of the Jefferson-Pilot options by 1.0906 (rounded up to the sixth decimal place). Each unvested Jefferson-Pilot stock option held by an employee, officer or director and granted prior to October 9, 2005 (which was the date we signed the merger agreement) and outstanding under any Jefferson-Pilot stock option plan became fully vested and exercisable in connection with the merger. Jefferson-Pilot stock options held by its agents did not become fully vested and exercisable in connection with the merger, but will vest in accordance with the applicable option agreement.

The fair value of Jefferson-Pilot options was estimated using a Black-Scholes option pricing model at December 31, 2005. The actual variables used to calculate the fair value of the Jefferson-Pilot options at the date of the merger may differ from those estimated within the accompanying unaudited pro forma condensed combined financial statements.

Note 3 Pro Forma Adjustments

These pro forma adjustments are based on certain estimates and assumptions as of the date of the unaudited pro forma condensed combined financial information. The actual adjustments upon the consummation of the merger will depend on a number of factors, including changes in the estimated fair value of net assets and the effective date of the acquisition. Therefore, the actual adjustments may be different from the adjustments made to prepare the unaudited pro forma condensed combined financial information and such differences may be material.

a) Adjustment of $2.034 billion includes the redesignation of Jefferson-Pilot s historical $1.974 billion of held-to-maturity debt securities to available-for-sale based on LNC s investment policies, $90 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in held-to-maturity debt securities, and the elimination of $(30) million of intercompany debt (see adjustment 3(b)). The related amortization of the adjustment to fair value is included in adjustment 3(u).

b) Adjustment of $(30) million to eliminate the fair value of available-for-sale fixed maturity securities and related carrying value of $24 million of the junior subordinated debentures issued to affiliated trusts held by LNC and issued by Jefferson-Pilot and $6 million of senior notes held by Jefferson-Pilot and issued by LNC. The related eliminations of the interest income and interest expense to both LNC and Jefferson-Pilot are included in adjustments 3(u) and 3(x).

c) Adjustment of $(3) million to eliminate the fair value of LNC common stock held in Jefferson-Pilot s available-for-sale equity securities.

d) Adjustment of $212 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in mortgage loans. The related amortization for this adjustment is included in adjustment 3(u).

e) Adjustment of $208 million consists of $122 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in real estate, including foreclosed properties, and $86 million fair value adjustment for equity method investments. The related depreciation and amortization adjustments were not material.

f) Adjustment of $(92) million represents the cash position of $1.8 billion resulting from the assumed issuance of senior debt and capital securities as described in Note 2, reduced by estimated issuance costs of $(29) million. The net cash generated from financing has been reduced by the payment of $(1.8) billion of cash to Jefferson-Pilot shareholders and estimated transaction costs of $(63) million. Actual transaction and issuance costs may vary from these estimates.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

g) Adjustment of $(554) million for the purchase accounting adjustment related to the elimination of the historical DAC and the historical VOBA of $(2.822) billion and the establishment of VOBA of $2.268 billion.

The VOBA reflects the estimated fair value of in force contracts and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the life insurance and annuity contracts in force at the acquisition date. VOBA is based on actuarially determined projections, by each line of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. Actual experience of the purchased business may vary from these projections. Also included in the determination of VOBA is the elimination of Jefferson-Pilot s historical deferred revenue liability of $478 million (see adjustment 3(m)).

VOBA is amortized in relation to estimated gross profits or premiums, depending on product type. For interest-sensitive products, if estimated gross profits differ from expectations, the amortization of VOBA will be adjusted to reflect actual experience. The net adjustment to amortization as a result of eliminating the historical DAC and VOBA is included in adjustment 3(w).

h) Adjustment of $(148) million eliminates the amounts recoverable from reinsurers with corresponding eliminations to policy liabilities of $(51) million and contractholder funds of $(97) million resulting from reinsurance arrangements between Jefferson-Pilot and LNC. The reinsurance arrangement between Jefferson-Pilot and LNC was included in LNC s indemnity reinsurance arrangement with Swiss Re as part of LNC s 2001 sale of its reinsurance business.

i) Adjustment of $2.991 billion represents the elimination of Jefferson-Pilot s historical goodwill of $(312) million and the recording of $3.303 billion of goodwill arising from the transaction. See computation of estimated goodwill in Note 2.

j) Adjustment of $979 million consists of the establishment of $1.177 billion for identifiable other intangible assets, including $1.077 billion primarily related to Jefferson-Pilot s communications business and $100 million for the estimated value of the sales force acquired, offset by the elimination of $(198) million related to Jefferson-Pilot s historical other intangible assets, including $83 million for deferred sales inducements, which are referred to as DSI. The identifiable assets will be amortized in relation to the expected economic benefits of the agreement. The related amortization for the adjustment to identified intangibles is included in adjustment 3(w). The reversal of historical amortization expense related to the DSI is included in adjustment 3(v).

k) Adjustment of $76 million consists of $29 million of estimated financing costs (see adjustment 3(f)) and the fair value adjustment of $47 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s other assets consisting of a $72 million increase in the value of owner occupied real estate, offset by a $(25) million fair value adjustment to the pension asset. The related adjustment to depreciation expense on owner occupied real estate was not material. The adjustment related to amortization of the estimated financing costs is included in adjustment 3(x).

l) Adjustment of $96 million includes a $147 million increase to the carrying value of Jefferson-Pilot s liability for future policy benefits based on current assumptions and the elimination of $(51) million related to policy and claim liabilities reinsured by LNC. See adjustment 3(h) for additional information on the reinsurance between Jefferson-Pilot and LNC.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

m) Adjustment of $(227) million includes the elimination of $(478) million for Jefferson-Pilot s historical deferred revenue liability and the elimination of $(97) million related to liabilities reinsured by LNC offset by an increase of $348 million to Jefferson-Pilot s carrying value of contractholder funds based upon the expected liability cash flows discounted at current crediting rates. See adjustment 3(h) for additional information on the reinsurance arrangements between Jefferson-Pilot and LNC. The related adjustments to benefits for amortization of the adjustment to the liability for future policy benefits and for interest credited related to the increase in the carrying value of Jefferson-Pilot s contractholder funds is included in adjustment 3(t) and 3(v).

n) Adjustment of $1.783 billion includes $1.8 billion for the issuance of $900 million of senior debt and $900 million of capital securities being offered as described in Note 2, offset by adjustments of $(11) million to record the difference between the historical amount and estimated fair value (present value of amounts to be paid determined at appropriate current interest rates) of Jefferson-Pilot s notes payable and $(6) million to eliminate LNC senior notes held by Jefferson-Pilot as described in note 3(b). Related interest expense is also described in Note 2. Related debt issuance costs are described in adjustment 3(k).

o) Adjustment of $(13) million includes $(24) million for the elimination of Jefferson-Pilot junior subordinated debentures issued to affiliated trusts held by LNC as described in adjustment 3(b), offset by an adjustment of $11 million to record the difference between the historical amount and estimated fair value (present value of amounts to be paid determined at appropriate current interest rates) of Jefferson-Pilot s junior subordinated debentures payable to affiliated trusts. Related interest expense is also described in adjustment 3(x).

p) Adjustment of $408 million consists of a $368 million adjustment to Jefferson-Pilot s federal and state income tax liabilities, a $7 million liability for Jefferson-Pilot s employment contractual buyouts and severance, and a $33 million adjustment for Jefferson-Pilot s pension liability. The related adjustment to decrease pension expense is included in adjustment 3(w).

q) Adjustment of $5.413 billion includes $5.460 billion for the issuance of LNC common stock to Jefferson-Pilot shareholders, $142 million for the fair value of outstanding stock options granted to Jefferson-Pilot employees and directors (see Note 2), $(186) million to eliminate Jefferson-Pilot s historical common stock and paid-in-capital, and $(3) million to eliminate the fair value of LNC common stock held in Jefferson-Pilot s available-for-sale equity securities (see adjustment 3(c)).

r) Adjustment of $(3.293) billion to eliminate Jefferson-Pilot s historical retained earnings.

s) Adjustment of $(438) million to eliminate Jefferson-Pilot s historical accumulated other comprehensive income.

t) Adjustment of $(52) million to eliminate the amortization of deferred policy fees resulting from the elimination of such deferred revenue in purchase accounting, included in adjustment 3(m).

u) Adjustment of $(97) million includes amortization of premiums and discounts of $(65) million on fixed maturity securities of Jefferson-Pilot resulting from the fair value adjustment of these assets (see adjustment 3(a)). Realized gains and losses have not been adjusted, and therefore, are based on their historical cost basis. Also included in the adjustment is $(30) million in amortization of the adjustment in fair value of mortgage loans and other investments (see adjustment 3(d)), and $(2) million related to interest income on LNC and Jefferson-Pilot securities held by the other company (see adjustment 3(b)).

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

v) Adjustment of $(82) million includes $(71) million for the amortization of the adjustment to the liability for future policy benefits and for interest credited to policyholders related to the increase in the carrying value of Jefferson-Pilot s contractholder funds (see adjustment 3(m)) and $(11) million for the reversal of Jefferson-Pilot s historical amortization of DSI (see adjustment 3(j)).

w) Adjustment of $(83) million includes $(105) million for the reduction in amortization expense related to the fair value adjustment of DAC and VOBA (see adjustment 3(g)), $13 million for the historical expense associated with the estimated fair value of stock-based compensation of stock options granted to Jefferson-Pilot employees and directors that were previously accounted for under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), $12 million for the amortization of other identified intangibles (see adjustment 3(j)), and a $(3) million decrease to pension expense (see adjustment 3(p)). Under APB 25, Jefferson-Pilot recognized no compensation expense when the option price is not less than the market value of the stock at the date of award. For pro forma purposes the income statements are adjusted to reflect the fair value method in accordance with Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation to align Jefferson-Pilot s accounting policy with that of LNC.

x) Adjustment of $106 million includes $108 million for interest expense related to financing of the merger, $1 million related to the amortization of debt issuance costs (see adjustment 3(k)), $(1) million related to the amortization of the fair value adjustment to Jefferson-Pilot s debt obligations (see adjustment 3(o)) and $(2) million for the elimination of intercompany debt (see adjustments 3(o) and 3(u)).

y) Adjustment represents the income tax effect of all pro forma consolidated statement of income adjustments using the U.S. federal tax rate of 35%.

Note 4 Merger Related Charges

In connection with the merger, LNC s preliminary integration plan includes merger related costs of approximately $180 million to integrate LNC s and Jefferson-Pilot s operations. Depending on the nature of such costs, they will either be included in the purchase price allocation, or be treated as period costs and charged to the Statement of Income as incurred. The specific details of these plans will continue to be refined.

Note 5 Earnings per Share

The pro forma earnings per share reflect the weighted average number of LNC shares that would have been outstanding had the transaction occurred as at January 1, 2005. Jefferson-Pilot options, which factor into the dilution calculation, were converted at an assumed 1.0906 exchange ratio, as provided in the merger agreement, see Note 2.

The effect of certain potentially dilutive securities was excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED FINANCIAL INFORMATION (Continued)

Note 6 Accelerated Stock Repurchase Program

On April 3, 2006, LNC entered into an agreement with a third party broker-dealer to purchase shares of our common stock, under an accelerated stock repurchase program, for an aggregate purchase price of $500 million. As discussed in Note 2, the pro forma financial statements do not include any effects from this transaction.

The number of shares to be repurchased under this program will be based on the volume weighted average share price (VWAP) of our common stock during the term of the program, subject to collar provisions that will establish minimum and maximum number of shares based on the VWAP price over an initial hedge period. The third party broker-dealer will deliver the minimum number of shares to us at the beginning of the repurchase program, with additional shares delivered throughout the program until the completion date. The minimum and maximum number of shares we may repurchase under the program will not be known until the conclusion of the hedge period, which is expected to be completed during the second quarter of 2006. At the end of the hedge period LNC will pay to the third party broker-dealer the aggregate purchase price and the shares will be retired and recorded as a reduction in shareholders equity on our Consolidated Balance Sheet. The completion date of the repurchase program is variable, but is expected to be completed during the third quarter of 2006.

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CAPITAL REPLACEMENT

We intend that, to the extent that the capital securities provide us with equity credit at the time of repayment at maturity or earlier redemption, we will repay the principal amount of the capital securities at maturity or upon such redemption with amounts that include net proceeds received by us from the sale or issuance, during the 180-day period prior to the date of maturity or redemption, as the case may be, by us or our subsidiaries to third-party purchasers, other than a subsidiary, of securities, for which we will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the capital securities at the time of such repayment or redemption.

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DESCRIPTION OF THE CAPITAL SECURITIES

LNC will issue the % Capital Securities due 2066 (the capital securities) under the Junior Subordinated Indenture dated as of May 1, 1996, as supplemented by a Third Supplemental Junior Subordinated Indenture to be dated as of the date of completion of this offering between us and J.P. Morgan Trust Company, National Association (as successor in interest of Bank One Trust Company, National Association and the First National Bank of Chicago), as subordinated indenture trustee (which we refer to collectively as the subordinated indenture). The capital securities are junior subordinated debentures issued by LNC under the subordinated indenture. The following description of certain terms of the capital securities and certain provisions of the subordinated indenture in this prospectus supplement supplements the description under Description of Securities We May Sell Debt Securities Junior Subordinated Debt Securities in the accompanying base prospectus and, to the extent it is inconsistent with that description, replaces the description in the accompanying base prospectus. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the subordinated indenture in its entirety because it, and not this description, will define your rights as a beneficial holder of the capital securities. We will file the subordinated indenture and the capital securities as exhibits to a Current Report on Form 8-K, which will be incorporated by reference in the attached base prospectus. You may also request copies of these documents from us at our address set forth under Documents Incorporated by Reference in the accompanying base prospectus. Unless otherwise specified, when we refer to LNC in the following description, we mean only LNC and not its subsidiaries.

General

We will initially issue $ million aggregate principal amount of the capital securities. We may from time to time, without the consent of the existing holders of the capital securities, create and issue further capital securities having the same terms and conditions as the capital securities being offered hereby in all respects, except for issue date, issue price and, if applicable, the first payment of interest thereon. Additional capital securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding capital securities, unless such additional capital securities will not be treated as fungible with the previously issued and outstanding capital securities for U.S. federal income tax purposes.

The capital securities will be issued in denominations of $2,000 principal amount and integral multiples of $1,000.

The capital securities will not be subject to a sinking fund provision. The entire principal amount of the capital securities will mature and become due and payable, together with any accrued and unpaid interest thereon, including compounded interest (as defined under Optional Deferral of Interest), if any, on May , 2066.

Interest

Fixed Rate Period

Subject to certain requirements during any optional deferral period or following a trigger event, as described below, interest on the capital securities will accrue from the date of initial issuance up to but not including May , 2016 at an annual rate equal to %, and will be payable semi-annually in arrears on May and November of each year, commencing on November , 2006.

Interest payments during the fixed rate period will include accrued interest from and including the last date in respect of which interest has been paid or duly provided for to, but not including, the next succeeding interest payment date or the redemption date, as the case may be. The amount of interest payable for any full interest payment period during the fixed rate period will be computed on the basis of a 360-day year of twelve 30-day months. The term interest payment period refers to the semi-annual or quarterly period, as applicable, from and including an interest payment date to but not including the next succeeding interest payment date. The amount of interest payable for any period shorter than a full interest payment period for which interest is computed will be computed on the basis of 30-day months and, for periods of less than a 30-day month, the actual number of days elapsed per 30-day month. In the event that any date on which interest for a fixed rate period is payable on the capital securities is not a business day, payment of the interest payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay). Interest not paid on any payment date during the fixed rate period will accrue and compound semi-annually at a rate per year equal to the rate of interest on the capital securities until paid.

Floating Rate Period

Subject to certain requirements during any optional deferral period or following a trigger event, as described below, from May , 2016 up to but not including the maturity date or earlier redemption, interest on the capital securities will accrue at an annual rate of 3-month LIBOR plus a margin equal to %, payable quarterly in arrears on February , May , August and November of each year.

Interest payments during the floating rate period will include accrued interest from and including the last date in respect of which interest has been paid or duly provided for to, but not including, the next succeeding interest payment date or the maturity date, as the case may be. If a scheduled interest payment date is not a business day, then such interest payment date will be postponed to the next succeeding day that is a business day, except that if such business day is in the next succeeding calendar month, then such interest payment date will be the immediately preceding business day. Interest will accrue to the date that interest is actually paid.

Interest not paid on any payment date during the floating rate period will accrue and compound quarterly at a rate per year equal to the then applicable rate of interest on the capital securities until paid on the basis of a 360-day year and the actual number of days elapsed in each quarterly interest payment period. All percentages resulting from any interest rate calculation will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point.

The calculation agent will calculate the floating rate and the amount of interest payable on each quarterly interest payment date relating to the floating rate period. Promptly upon such determination, the calculation agent will notify us and, if the trustee is not then serving as the calculation agent, the trustee, of the floating rate for the new quarterly interest payment period. The floating rate determined by the calculation agent, absent manifest error, will be binding and conclusive on us and the holders of the capital securities and the trustee. J.P. Morgan Trust Company, National Association will initially act as the calculation agent.

3-month LIBOR, with respect to an interest payment during the floating rate period, means the rate (expressed as a percentage per year) for deposits in U.S. dollars for a three-month period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London banking day immediately preceding the first day of such interest payment period (the LIBOR determination date). The term Telerate Page 3750 means the display on Moneyline Telerate, Inc. on page 3750 or any successor service or page for the purpose of displaying the London interbank offered rates of major banks.

If 3-month LIBOR cannot be determined as described above, we will select four major banks in the London interbank market. We will request that the principal London offices of those four selected banks provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the LIBOR determination date for such distribution period. These quotations will be for deposits in U.S. dollars for a three-month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, 3-month LIBOR for the interest payment period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, we will select three offered rates quoted by three major banks in New York City on the LIBOR determination date for that interest payment period. The rates quoted will be for loans in U.S. dollars for a three-month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by us are quoting rates, 3-month LIBOR for the applicable interest payment period will be the same as for the immediately preceding interest payment period or, if the immediately preceding interest payment period is a fixed rate interest payment period, the same as for the most recent quarter for which 3-month LIBOR can be determined.

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Business day means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions or trust companies located in New York City are authorized or obligated by law to close.

London banking day means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Record Dates

Interest is payable on each interest payment date to the person in whose name the capital security is registered at the close of business on the day next preceding the interest payment date. In the event the capital securities will not continue to remain in book-entry only form or are not in the form of a global certificate, LNC will have the right to select record dates, which will be at least one business day before an interest payment date.

Optional Deferral of Interest

So long as no event of default with respect to the capital securities or trigger event, as described below, has occurred and is continuing, LNC may elect to defer one or more interest payments on the capital securities at any time and from time to time for up to five years. During that five-year period, LNC may pay deferred interest out of any source of funds. Deferred interest will continue to accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the rate of interest applicable to the capital securities. If interest remains unpaid after five years of optional deferral, the alternative coupon satisfaction mechanism described below under Alternative Coupon Satisfaction Mechanism will apply, with the consequence, among others, that LNC must (except upon an event of default with respect to the capital securities) make commercially reasonable efforts to sell certain qualifying securities, as described below. If such efforts are successful, we must pay optionally deferred interest out of the net proceeds from the sale of such qualifying securities on the next succeeding interest payment date following such five year period, but we cannot pay such optionally deferred interest from sources other than the net proceeds from the sale of such qualifying securities. LNC s use of other sources to fund interest payments after the fifth year of an optional deferral period would be a breach of its obligations under the capital securities but would not be an event of default under the subordinated indenture. Additionally, during any optional deferral period the restrictions on payment by LNC of dividends and other distributions on capital stock described below under Certain Restrictions during Optional Deferral Periods or Following a Trigger Event will apply. An event of default will occur if non-payment of interest, due to an optional deferral or otherwise, continues for 10 consecutive years or extends beyond the stated maturity date of, or the redemption date for, the capital securities, without all accrued and unpaid interest (including compounded interest) having been paid in full.

If a trigger event occurs after commencement of optional deferral, the optional deferral will be deemed suspended for so long as the trigger event is continuing. Once the trigger event is no longer continuing, our right to optionally defer payment of interest will continue, subject to the limitations and consequences described herein. For example, if we have elected to defer interest payments on interest payment dates for three years, and then a trigger event occurs and continues for another three years, the next interest payment date after the trigger event is no longer continuing will be an interest payment date that is three years into an optional deferral period.

LNC must provide a notice of its election to defer interest no more than 60 and no fewer than 15 days prior to the relevant interest payment date. A notice of optional deferral, once given, will be irrevocable and the deferral of payments on the related interest payment date will be considered an optional deferral, unless a trigger event has occurred as of the thirtieth day prior to such interest payment date, in which case the provisions under the heading Consequences of a Trigger Event will be applicable for all purposes. Unpaid interest on the capital securities will continue to accrue and compound during the pendency of any optional deferral period at the then applicable interest rate. When an optional deferral period ends and LNC has paid all accrued and unpaid interest on the capital securities, together with interest thereon, to the extent permitted by applicable law, compounded semi-annually or quarterly, as applicable, at the then applicable rate of interest on the capital securities, which we refer to as compounded interest, LNC may begin a new optional deferral period, subject to the terms described above. There is no limit on the number of optional deferral periods that LNC may begin. Any

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deferral of interest on the capital securities by election of LNC under this provision is referred to as an optional deferral, and the period during which such interest is deferred is referred to as an optional deferral period.

LNC has no current intention to exercise its right of optional deferral.

Trigger Event

If and to the extent that a trigger event has occurred and is continuing, and regardless of any notice of optional deferral that has been previously delivered, LNC may pay interest on the capital securities (other than any interest that had accrued during an optional deferral period of less than five years and prior to the occurrence of a trigger event, which may remain unpaid or be paid out of any source of funds) only to the extent that such interest is paid through the alternative coupon satisfaction mechanism, as described below under Alternative Coupon Satisfaction Mechanism.

A trigger event will have occurred if LNC makes a determination that one of the following conditions exists as of the thirtieth day prior to an interest payment date:

(i) the risk-based capital ratio for our covered life insurance subsidiaries, calculated on a combined basis, is less than 175%, based on the most recent annual financial statements filed with applicable state insurance commissioners (annual statements for a year are generally required to be filed on or before March 1st of the following year); or

(ii) (x) the trailing four quarters consolidated net income amount, for the period ending on the quarter that is two quarters prior to the most recently completed quarter prior to such determination date, is zero or a negative amount, and (y) the adjusted shareholders equity amount, as of the most recently completed quarter and as of the end of the quarter that is two quarters before the most recently completed quarter, has declined by 10% or more as compared to the adjusted shareholders equity amount at the end of the benchmark quarter, which is the quarter that is 10 quarters prior to the most recently completed quarter.

The NAIC s model risk-based capital, or RBC, law sets forth the RBC levels, ranging from the company action level to the mandatory control level, at which certain corrective actions are required and at which a state insurance regulator is authorized and expected to take regulatory action. The highest RBC level is known as the company action level. If an insurance company s total adjusted capital is higher than the company action level, no corrective action is required to be taken. At progressively lower levels of total adjusted capital, an insurance company faces increasingly rigorous levels of corrective action, including the submission of a comprehensive financial plan to the insurance regulator in its state of domicile, a mandatory examination or analysis of the insurer s business and operations by the regulator and the issuance of appropriate corrective orders to address the insurance company s financial problems, and, at the lowest levels, either voluntary or mandatory action by the regulator to place the insurer under regulatory control. The company action level is twice the level (known as the authorized control level) below which the regulator is authorized (but not yet required) to place the insurance company under regulatory control.

If, because of a change in GAAP that results in a cumulative effect of a change in an accounting principle or a restatement, our consolidated net income is higher or lower than it would have been absent such change, then for purposes of making the calculations described in clause (ii) above, commencing with the fiscal quarter for which such change in GAAP becomes effective, such consolidated net income will be calculated on a pro forma basis as if such change had not occurred.

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If, because of a change in GAAP that results in a cumulative effect of a change in an accounting principle or a restatement, the adjusted shareholders equity amount as of a quarter end is higher or lower than it would have been absent such change, then for purposes of making the calculations described in clause (ii) above, commencing with the fiscal quarter for which such change in GAAP becomes effective, the adjusted shareholders equity amount will be calculated on a pro forma basis as if such change had not occurred.

If, because of a change in the Model Act that results in (1) a change in the mathematical relationship between the company action level RBC and the authorized control level RBC (each as defined in subsection J of Section 1 (or the relevant successor section, if any) of the Model Act), or (2) any similar recalibration or re-scaling of the levels of total adjusted capital that a life insurance company must possess in order to avoid triggering particular company action or regulatory action (whether mandatory or authorized) under the Model Act, then for purposes of making the calculations described in clause (i) of the definition of trigger event, commencing with the first year for which such change becomes effective, the conditions for the occurrence of a trigger event will be changed to maintain consistency with the 175% risk-based capital ratio set forth in such clause (i), as determined and verified by a nationally recognized independent actuarial consulting firm that is designated by a nationally recognized accounting firm that is not the independent registered public accounting firm that is LNC s auditors at the time of such designation.

As used in this section:

Adjusted shareholders equity amount means, as of any quarter end, the shareholders equity of LNC as reflected on LNC s consolidated GAAP balance sheet as of such quarter end, minus (i) accumulated other comprehensive income as reflected on such consolidated balance sheet and (ii) any increase in shareholders equity resulting from the issuance of preferred stock during such quarter.

Covered life insurance subsidiaries means, as of any year end, life insurance subsidiaries that account for 80% or more of the combined general account admitted assets of our life insurance subsidiaries as of such year end. Our covered life insurance subsidiaries as of a year end will be identified by first ranking the life insurance subsidiaries from largest to smallest based upon the amount of each life insurance subsidiary s general account admitted assets and then, beginning with the life insurance subsidiary that has the largest amount of general account admitted assets as of such year end, identifying such life insurance subsidiaries as covered life insurance subsidiaries until the ratio of the combined general account admitted assets of the life insurance subsidiaries so identified to the combined general account admitted assets of all of the life insurance subsidiaries as of such year end equals or exceeds 80%.

GAAP means, at any date or for any period, U.S. generally accepted accounting principles as in effect on such date or for such period.

General account admitted assets means, as to a life insurance subsidiary as of any year end, the total admitted assets of such life insurance subsidiary as reflected on the balance sheet included in its statutory financial statements as of such year end minus the separate account assets reflected on such balance sheet.

Life insurance subsidiary means any of our subsidiaries that is organized under the laws of any state in the United States and is licensed as a life insurance company in any state in the United States but does not include any subsidiary of a life insurance subsidiary.

Model Act means the National Association of Insurance Commissioners Risk-Based Capital (RBC) for Insurers Model Act as included in the NAIC s Model Laws, Regulations and Guidelines as of , 2006 and as hereinafter amended, modified or supplemented.

Risk-based capital ratio means a ratio that insurance companies are required to calculate and report to their regulators as of the end of each year in accordance with prescribed procedures. The ratio measures the relationship of the insurance company s total adjusted capital, calculated in accordance with those prescribed procedures, relative to the company s company action level RBC as defined in subsection J of Section 1 (or the relevant successor section, if any) of the Model Act.

Trailing four quarters consolidated net income amount means, for any fiscal quarter, the sum of our consolidated GAAP net income for the four fiscal quarters ending as of the last day of such fiscal quarter.

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Consequences of a Trigger Event

If, as of the thirtieth day prior to an interest payment date, regardless of whether a notice of optional deferral has been previously delivered, a trigger event has occurred, LNC will be required to make commercially reasonable efforts to satisfy a payment on the capital securities on such payment date using the alternative coupon satisfaction mechanism, except upon an event of default with respect to the capital securities. If a market disruption event prevents LNC from making such payment in accordance with the alternative coupon satisfaction mechanism, LNC shall be deemed to have made commercially reasonable efforts to satisfy its obligation to pay interest. See Alternative Coupon Satisfaction Mechanism. LNC s use of other sources to fund interest payments during a trigger period would be a breach of its obligations under the capital securities but would not be an event of default under the subordinated indenture. Any interest that is accrued and unpaid during a trigger period will be deferred and will continue to accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the then applicable rate of interest on the capital securities. Non-payment of interest may not continue for more than 10 consecutive years or extend beyond the stated maturity date of, or the redemption date for, the capital securities.

In the event that a trigger period is no longer continuing and at the termination of the trigger period there is no unpaid interest from an optional deferral period that had continued for more than five years, LNC may pay subsequent interest in cash from any source of funds. Notwithstanding the foregoing, any unpaid interest, together with any compounded interest, that accrued during the continuance of a trigger period may only be satisfied using the alternative coupon satisfaction mechanism except upon an event of default with respect to the capital securities; provided, however, that any accrued and unpaid interest will in all events be due and payable upon maturity or redemption of the capital securities, except for foregone interest if certain events of bankruptcy, insolvency or receivership, whether voluntary or not, occur with respect to LNC prior to the maturity or redemption of the capital securities. See Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership.

By not later than the fifteenth day prior to each interest payment date during a trigger period, LNC will give notice of the continuance of such trigger period to the holders of the capital securities. Such notice will, depending on which condition is relied upon in determining that a trigger event has occurred, set forth either (x) the covered life insurance subsidiaries risk-based capital ratio or (y) the trailing four quarters consolidated net income amount and the adjusted shareholders equity amount, as applicable, and the extent to which these amounts must increase in order for payments of interest from sources other than the alternative coupon satisfaction mechanism to resume.

During such trigger period, the restrictions on interest payments will continue, other than under the alternative coupon satisfaction mechanism, until LNC no longer triggers the conditions for a trigger event in clauses (i) and (ii) of the definition of trigger event for an interest payment date. In addition, in the case of a restriction arising under clause (ii) of the definition of the term trigger event described above, the restrictions on interest payments will continue until LNC no longer triggers the conditions for a trigger event in clauses (i) and (ii) of the definition for an interest payment date and LNC s adjusted shareholders equity amount has increased or has declined by less than 10%, in either case as compared to the adjusted shareholders equity amount at the end of the benchmark quarter for each interest payment date as to which interest payment restrictions were imposed under clause (ii) of the definition. For example, if LNC triggers a restriction based on clause (ii) of the definition for three consecutive interest payment dates, LNC would be able to pay interest on the capital securities on the fourth interest payment date other than through the alternative coupon satisfaction mechanism only if, as of the related interest payment date:

- LNC no longer triggered such restrictions as a result of the conditions of clauses (i) and (ii) of the definition for that fourth interest payment date, and

- LNC s adjusted shareholders equity amount as of the last completed quarter prior to that interest payment date had increased from, or was less than 10% below, its level at the end of the benchmark quarter for each of the prior three interest payment dates for which interest payments were restricted under clause (ii) of the definition. In effect, LNC s adjusted shareholders equity amount as of the most recently completed quarter prior to that interest payment date would have to be greater than, or less than

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10% below, its level as of the end of not only the tenth quarter, but also each of the eleventh, twelfth and thirteenth quarters, preceding the most recently completed quarter.

For purposes of these tests as determined as of March 15, 2006:

For the quarter ended on June 30, 2005, our trailing four quarters consolidated net income amount was $766.3 million, and

the adjusted shareholders equity amount as of December 31, 2005 and as of June 30, 2005, as compared to such amount as of June 30, 2003, had increased by 24.6% and by 15.9%, respectively.

As of December 31, 2005, the risk-based capital ratio for our covered life insurance subsidiaries was 419%.

Certain Restrictions during Optional Deferral Periods or Following a Trigger Event

On any date on which accrued interest through the most recent interest payment date has not been paid in full, whether because of an optional deferral, the consequences of a trigger event or otherwise, LNC will not, and will not permit any subsidiary to:

declare or pay any dividends on, make distributions regarding, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of capital stock of LNC, other than:

(1) purchases of the capital stock of LNC in connection with employee or agent benefit plans or the satisfaction of its obligations under any contract or security then outstanding requiring LNC to purchase capital stock or under any dividend reinvestment plan;

(2) in connection with the reclassifications of any class or series of LNC s capital stock, or the exchange or conversion of one class or series of LNC s capital stock for or into another class or series of our capital stock;

(3) the purchase of fractional interests in shares of LNC s capital stock in connection with the conversion or exchange provisions of that capital stock or the security being converted or exchanged;

(4) dividends or distributions of LNC s capital stock, or rights to acquire common stock, or repurchases or redemptions of common stock, in each case solely from the issuance or exchange of common stock;

(5) any declaration of a dividend in connection with the implementation of a shareholders rights plan, or issuances of capital stock under any such plan in the future, or redemptions or repurchases of any rights outstanding under a shareholder rights plan; or

(6) acquisitions of LNC s common stock in connection with acquisitions of businesses made by LNC (which acquisitions are made by LNC in connection with the satisfaction of indemnification obligations of the sellers of such businesses).

make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by LNC that rank equally with or junior to the capital securities, other than any payment, repurchase or redemption in respect of debt securities that rank equally with the capital securities (parity debt securities) made ratably and in proportion to the respective amount of (1) accrued and unpaid amounts on such parity debt securities, on the one hand, and (2) accrued and unpaid amounts on the capital securities, on the other hand; and

make any guarantee payments with respect to any guarantee by LNC of the debt securities of any subsidiary, if such guarantee ranks equally with or junior to the capital securities, other than any payment in respect of guarantees that rank equally with the capital securities (parity guarantees) made ratably and in proportion to the respective amount of (1) accrued and unpaid amounts on such parity guarantees, on the one hand, and (2) accrued and unpaid amounts on the capital securities, on the other hand.

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Alternative Coupon Satisfaction Mechanism

If:

- we have optionally deferred interest payments otherwise due on the capital securities for a period of more than five consecutive years, or

- a trigger event has occurred and is continuing as of the thirtieth day prior to an interest payment date (regardless of whether a notice of an optional deferral has been delivered),

we must make commercially reasonable efforts to satisfy our obligation to pay interest in full on the capital securities (subject to the limitations described below) by selling qualifying securities, the sale of which will provide a cash amount to be paid to the holders of the capital securities in satisfaction of accrued and unpaid interest, together with any compounded interest. Such obligation will continue until all unpaid interest has been paid in full (subject to the limitations described below). Our obligation to make commercially reasonable efforts to sell qualifying securities to satisfy our obligation to pay interest is subject to market disruption events, does not apply to interest that has accrued during an optional deferral period of less than five years, and does not apply if an event of default with respect to the capital securities has occurred and is continuing. The net proceeds received by LNC from the issuance of qualifying securities (i) during the 180 days prior to any interest payment date on which we are required to use the alternative coupon satisfaction mechanism and (ii) designated by LNC at or before the time of such issuance as available to pay interest on the capital securities will, at the time such proceeds are delivered to the subordinated indenture trustee to satisfy the relevant interest payment, be deemed to satisfy LNC s obligations to pay interest on the capital securities pursuant to the alternative coupon satisfaction mechanism.

As used in this section:

Commercially reasonable efforts to sell our qualifying securities means commercially reasonable efforts to complete the offer and sale of our qualifying securities to third parties that are not subsidiaries of ours in public offerings or private placements, provided that we will be deemed to have made such commercially reasonable efforts during a market disruption event, as defined below, regardless of whether we make any offers or sales during such market disruption event. For the avoidance of doubt, we will not be considered to have made commercially reasonable efforts to effect a sale of qualifying securities if we determine to not pursue or complete such sale solely due to pricing considerations.

Qualifying securities means our common stock, including treasury shares and shares of common stock sold pursuant to our dividend reinvestment plan and employee benefit plan.

A market disruption event means the occurrence or existence of any of the following events or sets of circumstances:

- Trading in securities generally on the principal exchange on which LNC securities are then listed and traded (as of today, the New York Stock Exchange) shall have been suspended or the settlement of such trading generally shall have been materially disrupted or minimum prices shall have been established on any such exchange or such market by the SEC, by such exchange or by any other regulatory body or governmental authority having jurisdiction;

- a material disruption or banking moratorium occurs or has been declared in commercial banking or securities settlement or clearance services in the United States;

- there is such a material adverse change in general domestic or international economic, political or financial conditions, including without limitation as a result of terrorist activities, or the effect of international conditions on the financial markets in the United States is such, as to make it, in our judgment, impracticable to proceed with the offer and sale of our common stock; or an event occurs and is continuing as a result of which the offering document for such offer and sale of securities would, in our judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and either (1) the disclosure of that event at such time, in our judgment, would have a material

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adverse effect on our business or (2) the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede our ability to consummate such transaction, provided that no single suspension period contemplated by this bullet may exceed 90 consecutive days and multiple suspension periods contemplated by this bullet may not exceed an aggregate of 180 days in any 360-day period.

Any interest payment made pursuant to the alternative coupon satisfaction mechanism will first be allocated to payment of the interest due on that payment date. Any payment of interest in excess of the amount of the interest due on that payment date will be applied first against any then existing accrued and unpaid interest, in chronological order beginning with the earliest unpaid interest payment date, and then against any accrued and unpaid compounded interest. In the event that LNC defers the interest payment on the capital securities and on other securities that rank equally with the capital securities and contain similar requirements to pay interest pursuant to the alternative coupon satisfaction mechanism (including LNC s recently issued 6.75% Capital Securities due 2066), LNC will apply any net proceeds so raised on a pro rata basis towards its obligations to pay interest on the capital securities and such equally ranking securities. Notwithstanding the foregoing, a partial payment will be applied (i) only to optionally deferred interest payments, to the extent that the source of such partial payment is other than the sale of qualifying securities, and (ii) first to interest that is unpaid during a trigger period and second to optionally deferred interest payments, to the extent that the source of such partial payment is the sale of qualifying securities.

Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership

The subordinated indenture provides that a holder of capital securities, by such holder s acceptance of the capital securities, agrees that in certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any capital securities, whether voluntary or not, such holder of capital securities will have no claim for, and thus no right to receive, interest that is unpaid as a result of certain consequences of a trigger event (including compounded interest thereon) and has not been settled through the application of the alternative coupon satisfaction mechanism to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder s capital securities.

Consolidation, Merger, Conveyance, Sale of Assets and Other Transfers

The provisions of the subordinated indenture relating to LNC s possible consolidation, merger, conveyance, sale of assets and other transfers will apply to the capital securities. You should refer to the description of these provisions under Description of Securities We May Sell Debt Securities Junior Subordinated Debt Securities Consolidation, Merger, Sale of Assets and Other Transactions in the accompanying base prospectus.

Subordination

The payment of principal of and interest on the capital securities, to the extent provided in the subordinated indenture, will be subordinated to the prior payment in full of all present and future senior indebtedness, as defined below.

Subject to the qualifications described below, the term senior indebtedness includes principal of, and interest and premium, if any, on the following:

- all indebtedness of LNC, whether outstanding on the date of the issuance of the capital securities or thereafter created, incurred or assumed, which is for money borrowed (including, without limitation, trust preferred securities of statutory trusts and related subordinated debentures and guarantees of LNC issued under the subordinated indenture), or which is evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets, including securities;

- all obligations of LNC under leases required or permitted to be capitalized under generally accepted accounting principles;

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- any indebtedness of others of the kinds described in the first bullet point above for the payment of which LNC is responsible or liable as guarantor or otherwise; and

- amendments, modifications, renewals, extensions, deferrals and refundings of any of the above types of indebtedness.

The senior indebtedness will continue to be senior indebtedness and entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of the senior indebtedness or extension or renewal of the senior indebtedness. Notwithstanding anything to the contrary in the foregoing, senior indebtedness will not include (1) indebtedness incurred for the purchase of goods or materials or for services obtained in the ordinary course of business, (2) any indebtedness which by its terms is expressly made equal in rank and payment with or subordinated to the capital securities and (3) obligations owed by LNC to its subsidiaries.

No direct or indirect payment, in cash, property or securities, by set-off or otherwise, may be made or agreed to be made on account of the capital securities or interest thereon, or in respect of any repayment, redemption, retirement, purchase or other acquisition of the capital securities, if:

- LNC defaults in the payment of any principal, or premium, if any, or interest on any senior indebtedness, whether at maturity or at a date fixed for prepayment or declaration or otherwise; or

- an event of default occurs with respect to any senior indebtedness permitting the holders of senior indebtedness to accelerate the maturity and written notice of such event of default, requesting that payments on the capital securities cease, is given to LNC by any holder of senior indebtedness, unless and until such default in payment or event of default has been cured or waived or ceases to exist.

All present and future senior indebtedness, which will include, without limitation, interest accruing after the commencement of any proceeding, assignment or marshaling of assets described below, will first be paid in full before any payment, whether in cash, securities or other property, will be made by LNC on account of the capital securities in the event of:

- any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to LNC, its creditors or its property;

- any proceeding for the liquidation, dissolution or other winding-up of LNC, voluntary or involuntary, whether or not involving insolvency or bankruptcy proceedings;

- any assignment by LNC for the benefit of creditors; or

- any other marshaling of the assets of LNC.

In any such event, payments which would otherwise be made on the capital securities will generally be paid to the holders of senior indebtedness, or their representatives, in accordance with the priorities existing among these creditors at that time until the senior indebtedness is paid in full. If the payments on the capital securities are in the form of LNC s securities or those of any other corporation under a plan of reorganization or readjustment and are subordinated to outstanding senior indebtedness and to any securities issued with respect to such senior indebtedness under a plan of reorganization or readjustment, they will be made to the holders of senior indebtedness and then, if any amounts remain, to the holders of the capital securities. No present or future holder of any senior indebtedness will be prejudiced in the right to enforce the subordination of the capital securities by any act or failure to act on the part of LNC.

In the event that, notwithstanding any of the foregoing prohibitions, the subordinated indenture trustee or the holders of the capital securities receive any payment on account of or in respect of the capital securities at a time when a responsible officer of the subordinated indenture trustee or such holder has actual knowledge that such payment should not have been made to it, the trustee or such holder will hold such payment in trust for the benefit of, and, upon written request, will pay it over to, the holders of the senior indebtedness or their agents or representatives, for application to the payment of all principal, premium, if any, and interest then payable with respect to any senior indebtedness.

Senior indebtedness will only be deemed to have been paid in full if the holders of such indebtedness have received cash, securities or other property which is equal to the amount of the outstanding senior indebtedness.

After payment in full of all present and future senior indebtedness, holders of the capital securities will be subrogated to the rights of any holders of senior indebtedness to receive any further payments that are applicable to the senior indebtedness until all the capital securities are paid in full. In matters between holders of the capital securities and any other type of LNC s creditors, any payments that would otherwise be paid to holders of senior indebtedness and that are made to holders of the capital securities because of this subrogation will be deemed a payment by LNC on account of senior indebtedness and not on account of the capital securities.

Moreover, the subordinated indenture provides that a holder of capital securities, by such holder s acceptance of the capital securities, agrees that in certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any capital securities, whether voluntary or not, such holder of capital securities will have no claim for, and thus no right to receive, interest that is unpaid due to certain consequences of a trigger event (including compounded interest thereon) and has not been settled through the application of the alternative coupon satisfaction mechanism to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder s capital securities. We refer to the unpaid interest for which the holder has no claim pursuant to the limitations described in this paragraph as foregone interest.

The subordinated indenture places no limitation on the amount of additional senior indebtedness that may be incurred by LNC. LNC expects from time to time to incur additional indebtedness constituting senior indebtedness.

In addition to the contractual subordination provisions described above, the rights of the holders of the capital securities will be structurally subordinated to all existing and future obligations of LNC s subsidiaries. LNC is a holding company. As a result, we rely primarily on dividends or other payments from our direct and indirect operating subsidiaries, which generally are regulated insurance companies, to pay principal and interest on our outstanding debt obligations, and to make dividend distributions on our capital stock. See Risk Factors Because we are a holding company with no direct operations, the inability of our subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations and Upon the occurrence of a bankruptcy, insolvency or receivership with respect to us, claims for payment may be limited in this prospectus supplement. Regulatory rules, and certain covenants contained in various debt agreements, may restrict our ability to withdraw capital from our subsidiaries by dividends, loans or other payments. We can also utilize investment securities maintained in our portfolio for these payments. The principal source of funds for our operating subsidiaries is from current operations.

Due to the subordination provisions described above, in the event of our insolvency, funds which we would otherwise use to pay the holders of the capital securities will be used to pay the holders of senior indebtedness to the extent necessary to pay the senio