LINCOLN NATIONAL CORP
Form 424B4
May 15, 2006
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee[(1)]
Debt Securities	$800,000,000	$85,600

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. The filing fee of $85,600 is being paid in connection with the registration of these debt securities. Lincoln National Corporation paid a registration fee with respect to its offering of $316,250,000 of 6.75% Capital Securities due 2066, pursuant to a prospectus supplement, dated April 12, 2006, to its Registration Statement on Form S-3 (Registration No. 333-132416). This offering is complete and $275,000,000 of such securities were sold. Accordingly, pursuant to Rule 457(p), $4413.75 of the fee paid in connection with the registration of such securities is being used to offset the registration fee due herewith.

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Filed Pursuant to Rule 424(B)(4)
File Number: 333-132416

PROSPECTUS SUPPLEMENT

(To prospectus dated March 14, 2006)

$800,000,000

Lincoln National Corporation

7% CAPITAL SECURITIES DUE 2066

This is an offering by Lincoln National Corporation of $800,000,000 of its 7% 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 17, 2016 at a fixed rate equal to 7% per year. Such fixed interest rate on the capital securities will be payable in arrears semi-annually on May 17 and November 17 of each year, commencing on November 17, 2006, subject to our right to defer interest payments as described in this prospectus supplement under Description of the Capital Securities. From May 17, 2016 until maturity, interest on the capital securities will be payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, at an annual rate of 3-month LIBOR plus a margin equal to 2.3575%, 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 17, 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 17, 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 <u>Risk Factors</u> 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	99.596%	1.00%	98.596%
Total	$ 796,768,000	$ 8,000,000	$ 788,768,000

(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 17, 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 12, 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

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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	7% 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	$800,000,000.
Maturity Date	The capital securities will mature on May 17, 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 17, 2016 at a fixed rate equal to 7% per year, payable semi-annually in arrears on May 17 and November 17 of each year, commencing on November 17 , 2006; and
	from May 17, 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 2.3575%, payable quarterly in arrears on February 17, May 17, August 17 and November 17 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 17, 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 17, 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

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. The capital securities will rank senior in right of payment to our present and future preferred stock.
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. Such holder will have a claim for such unpaid interest that does not exceed 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

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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 17, 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 17, 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 17, 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

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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 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

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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

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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 $787,668,000. 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		800
Elimination of debt securities held by one company and issued by the other company		(30)
Total Debt	$ 1,342	$ 4,296
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	$ 16,263

(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 $2.075 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