LINCOLN NATIONAL CORP
Form 424B4
April 04, 2006

PROSPECTUS SUPPLEMENT
(To prospectus dated March 14, 2006)

Filed Pursuant to Rule 424B(4)
Registration No. 333-132416

$1,000,000,000

Lincoln National Corporation

$500,000,000 Floating Rate Senior Notes due 2009

$500,000,000 6.15% Senior Notes due 2036

This is an offering by Lincoln National Corporation of $500,000,000 aggregate principal amount of its Floating Rate Senior Notes due 2009 (the floating rate notes) and $500,000,000 aggregate principal amount of its 6.15% Senior Notes due 2036 (the fixed rate notes, and collectively with the floating rate notes, the notes).

The floating rate notes will bear interest at a rate per year equal to the three-month LIBOR (as defined herein) plus a margin equal to 11 basis points. The fixed rate notes will bear interest at a rate of 6.15% per year. The floating rate notes will mature on April 6, 2009. The fixed rate notes will mature on April 7, 2036.

Interest on the floating rate notes will be paid quarterly on each January 6, April 6, July 6, and October 6 commencing on July 6, 2006. We will pay interest on the fixed rate notes on each April 7 and October 7, commencing October 7, 2006.

The notes will be issued in denominations of $2,000, and integral multiples of $1,000, will be our unsecured obligations and will rank equally in right of payment with all existing and future unsecured unsubordinated indebtedness.

We may redeem the fixed rate notes in whole or in part prior to their maturity at any time at the redemption price described in Description of the Notes Optional Redemption. We may not redeem the floating rate notes prior to their maturity.

The notes will not be subject to redemption at the option of the holder or to any sinking fund payments.

Investing in the notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

	Price to the Public	Underwriting Discounts and Commissions	Proceeds to LNC (before expenses)
Per floating rate note	100%	0.25%	99.750%
Per fixed rate note	99.336%	0.875%	98.461%
Total	$ 996,680,000	$ 5,625,000	$ 991,055,000

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 notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes 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 April 6, 2006 against payment therefor in immediately available funds.

Joint Bookrunning Managers (Floating Rate Notes)

MORGAN STANLEY
(Global Coordinator)

CITIGROUP
(Global Coordinator)

MERRILL LYNCH & CO.
(Global Coordinator)

BANC OF AMERICA SECURITIES LLC

UBS INVESTMENT BANK

WACHOVIA SECURITIES

Joint Bookrunning Managers (Fixed Rate Notes)

MORGAN STANLEY

CITIGROUP

MERRILL LYNCH & CO.

GOLDMAN, SACHS & CO.

JPMORGAN CHASE

LEHMAN BROTHERS

April 3, 2006

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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 notes 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.

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;

- 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-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.

SUMMARY

This summary contains basic information about LNC, LNC s merger with Jefferson-Pilot Corporation (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 notes. 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 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 December 31, 2005, LNC had consolidated assets of $124.8 billion and consolidated shareholders equity of $6.4 billion. Giving effect to the merger as if it had occurred at December 31, 2005, LNC would have had pro forma consolidated assets of $164.6 billion and pro forma consolidated shareholders equity of $12.0 billion at December 31, 2005.

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.

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 December 31, 2005, Jefferson-Pilot had consolidated assets of $36.1 billion and consolidated shareholders equity of $3.9 billion. For a detailed description of Jefferson-Pilot s business, the latest 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 expects to issue 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 after the Merger

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

As a result of our merger with Jefferson-Pilot, we will provide products and services in five businesses: (1) life insurance, (2) annuities, (3) investment management, (4) group life, disability and dental insurance and (5) media. In addition, beginning in the second quarter of 2006, we will be reporting results through five business segments: (1) Individual Markets, (2) Employer Markets, (3) Investment Management, (4) Lincoln UK and (5) Lincoln Financial Media. The following is a brief description of these segments.

Individual Markets. The Individual Markets segment will provide tax-deferred investment growth and lifetime income opportunities for its clients by offering individual fixed, variable, and equity-indexed annuities. The segment will also offer 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 will provide products and services to the employer-sponsored marketplace. The Employer Markets segment will offer 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, will provide 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 will primarily focus 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 will consist of 18 radio and 3 television broadcasting stations located in selected markets in the Southeastern and Western United States and will also produce syndicated collegiate basketball and football sports programming.

LNC also has an Other Operations category that includes the financial data for the operations of LFA and LFD, and for operations that are not directly related 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.

The Offering

Issuer	Lincoln National Corporation
Securities	$500,000,000 aggregate principal amount of Floating Rate Senior Notes due 2009, which we refer to as the floating rate notes.
	$500,000,000 aggregate principal amount of 6.15% Senior Notes due 2036, which we refer to as the fixed rate notes.
	We collectively refer to the floating rate notes and the fixed rate notes as the notes. The notes will be issued in denominations of $2,000 principal amount and integral multiples of $1,000.
Aggregate Principal Amount	$1,000,000,000
Maturity Date	The floating rate notes will mature on April 6, 2009 and the fixed rate notes will mature on April 7, 2036.
Interest	Interest on the floating rate notes will accrue from the issue date until maturity at a rate per year equal to three-month LIBOR, plus 0.11% calculated on the basis of a 360-day year using the actual number of days elapsed from and including an interest payment date to but not including the next succeeding interest payment date. Interest on the floating rate notes will be reset quarterly.
	Interest on the fixed rate notes will accrue from the issue date until maturity at 6.15% per year calculated using a 360-day year comprised of twelve 30-day months.
	Interest on the floating rate notes will be paid quarterly on each January 6, April 6, July 6 and October 6 commencing on July 6, 2006. We will pay interest on the fixed rate notes on each April 7 and October 7, commencing October 7, 2006.
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.
Indenture	We will issue the notes under an indenture between us and The Bank of New York, as indenture trustee.
Ranking	The notes will be our senior unsecured debt obligations and will rank equally among themselves and with all of our other present and future senior unsecured indebtedness.
	As of December 31, 2005, our consolidated indebtedness aggregated approximately $1.45 billion. After giving pro forma effect to the merger, the expected offering of capital securities and this offering, our outstanding indebtedness would have been approximately $4.89 billion.

	The indenture places no limitation on the amount of additional senior indebtedness that may be incurred by us, which will rank equally to the notes. We expect from time to time to incur additional indebtedness constituting senior indebtedness.
Optional Redemption	We may not redeem the floating rate notes prior to their maturity. We may redeem the fixed rate notes in whole or in part prior to their maturity at any time at the redemption price described in Description of the Notes Optional Redemption.
Form	The notes 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 notes will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in DTC.
Trustee and Principal Paying Agent	The Bank of New York
Delivery and Clearance	We will deposit the global securities representing the notes with DTC in New York. You may hold an interest in the notes through DTC, Clearstream, Luxembourg or Euroclear Bank, as operator of the Euroclear System, directly as a participant of any such system or indirectly through organizations that are participants in such systems.
Governing Law	New York
Expected Offering	We expect in the near future to offer $1.3 billion aggregate principal amount of our junior subordinated debentures (the capital securities).

RISK FACTORS

You should carefully consider the risks described below before investing in our notes. 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 notes 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).

Risk Factors in Connection With the Ownership of the Notes

We operate through our subsidiaries and, as a result, the notes will effectively be subordinated to the liabilities of our subsidiaries.

Because we operate primarily through our insurance subsidiaries and our primary assets are our equity interests in those subsidiaries, our obligations, including the notes, are effectively subordinated to all existing and future indebtedness and other liabilities, including insurance policy-related liabilities, of our subsidiaries. As of December 31, 2005, our subsidiaries had approximately $117 billion of outstanding liabilities that effectively ranks and would rank senior to our current and future senior debt securities, unless the senior debt securities are guaranteed on a senior basis by these subsidiaries. Our subsidiaries may incur further indebtedness in the future. The notes are exclusively obligations of Lincoln National Corporation. Our subsidiaries have no obligation to pay any amounts due on the notes. Our subsidiaries are not required to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries earnings and business considerations. The notes are unsecured.

We and our subsidiaries may incur additional indebtedness that may adversely affect our ability to meet our financial obligations under the notes.

The terms of the indenture and the notes do not limit the incurrence by us or our subsidiaries of indebtedness. We and our subsidiaries may incur additional indebtedness in the future, which could have important consequences to holders of the notes. For example, we may have insufficient cash to meet our financial obligations, including our obligations under the notes. Furthermore, our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes could be impaired. Additional debt could make us more vulnerable to changes in general economic conditions and also could affect the financial strength ratings of our insurance subsidiaries and the ratings of our notes.

We may be unable to repay the notes if our subsidiaries are unable to pay dividends or make advances to us.

At maturity, the entire outstanding principal amount of the notes will become due and payable by us. We may not have sufficient funds to pay the principal amount due. If we do not have sufficient funds on hand or available through existing borrowing facilities or through the declaration and payment of dividends by our subsidiaries, we will need to seek additional financing. Additional financing may not be available to us in the amounts necessary. We, as a holding company, are dependent upon dividends from our subsidiaries to enable us to service our outstanding debt, including the notes. See Risk Factors in Connection With Our Business 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.

A downgrade, suspension or withdrawal of the rating assigned by a rating agency to the notes, if any, could cause the liquidity or market value of the notes to decline significantly.

The notes will be rated by Standard & Poor s, Moody s Investors Service and A.M. Best. There can be no assurance that these ratings will remain for any given period of time or that these ratings will not be lowered or withdrawn entirely by a rating agency if in that rating agency s judgment future circumstances relating to the basis of the rating, such as adverse changes in our company, so warrant. For more information about our ratings, see Risk Factors in Connection With Our Business 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.

We have made only limited covenants in the indenture, which may not protect your investment if we experience significant adverse changes in our financial condition or results of operations.

The indenture governing the notes does not:

- require us to maintain any financial ratios or specified levels of net worth, revenues, income, cash flow or liquidity, and therefore, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition, results of operations or liquidity;

- limit our ability or the ability of any of our subsidiaries to incur additional indebtedness, including indebtedness that is equal in right of payment to the notes or, subject to certain exceptions, indebtedness that is secured by liens on our assets or assets of our subsidiaries; or

- limit the aggregate principal amount of senior debt securities that may be issued.

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

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

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

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

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

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

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

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

Further, we may be unable to maintain all required licenses and approvals and our business may not fully comply with the wide variety of applicable laws and regulations or the relevant authority s interpretation of the laws and regulations, which may change from time to time. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or impose substantial fines. Further, insurance regulatory authorities have relatively broad discretion to issue orders of supervision, which permit such authorities to supervise the business and operations of an insurance company. As of December 31, 2005, 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.

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 December 31, 2005, 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 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 December 31,

2005. In addition, should Swiss Re s financial strength ratings drop below either S&P AA- or AM Best A or their NAIC risk-based capital ratio fall below 250%, assets equal to the reserves supporting business reinsured must be placed into a trust according to pre-established asset quality guidelines. Furthermore, approximately $2.0 billion of the Swiss Re treaties are funds-withheld structures where we have a right of offset on assets backing the reinsurance receivables. The balance of the reinsurance is due from a diverse group of reinsurers. The collectibility of reinsurance is largely a function of the solvency of the individual reinsurers. We perform annual credit reviews on our reinsurers, focusing on, among other things, financial capacity, stability, trends and commitment to the reinsurance business. We also require assets in trust, letters of credit or other acceptable collateral to support balances due from reinsurers not authorized to transact business in the applicable jurisdictions. Despite these measures, a reinsurer s insolvency, inability or unwillingness to make payments under the terms of a reinsurance contract, especially Swiss Re, could have a material adverse effect on our results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Factors in Connection with the Jefferson-Pilot Merger

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

The merger may cause disruptions in our business. Specifically:

- current employees and agents may experience uncertainty about their future roles with the new company, which might adversely affect our ability to retain key managers and other employees and agents; and
- the attention of our management may be directed toward the recently completed merger and not their ongoing business.

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.

USE OF PROCEEDS

We estimate that, after deducting expenses and underwriting discounts and commissions, our net proceeds from this offering will be approximately $989,955,000. We anticipate that we will use all of the net proceeds from this offering to repay a portion of the outstanding loan balance of $1.8 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. The interest rate on our outstanding indebtedness under the bridge facility is LIBOR plus 0.23%, and we are required to pay certain fees, including a facility fee of 0.02% of the aggregate commitment. The bridge facility expires on December 22, 2006.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 2005 and includes adjustments resulting from the merger, this offering and expected offering of capital securities. The Actual column reflects our capitalization as of December 31, 2005 on a historical basis, without any adjustments to reflect subsequent or anticipated events. The Adjusted for Securities Being Offered column reflects the issuance of the senior notes in this offering and the application of the net proceeds therefrom as described in Use of Proceeds. The Adjusted for the Merger and Related Financing column reflects pro forma adjustments to reflect consummation of the merger as of December 31, 2005 and related financings. 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.

	December 31, 2005 (In millions)		
	Actual	**Adjusted for Securities Being Offered(1)**	**Adjusted for the Merger and Related Financing(2)**
Short-term debt:			
Commercial paper	$ 120	$ 120	$ 120
Jefferson-Pilot			260
Total short-term debt	120	120	380
Long-term debt less current portion:			
5.25% notes, due 2007	250	250	250
6.5% notes, due 2008	100	100	100
6.20% notes, due 2011	250	250	250
4.75% notes, due 2014	199	199	199
7% notes, due 2018	200	200	200
Jefferson-Pilot securities			
4.75% notes, due 2014			300
Floating rate, Extendible Liquidity Securities			300
Notes offered		1,000	1,000
Total long-term debt	999	1,999	2,599
Junior subordinated debentures issued to affiliated trusts:			
7.65% due 2050	179	179	179
6.75% due 2052	155	155	155
Jefferson-Pilot securities			
8.14% due 2046			206
8.285% due 2046			103
Total	334	334	643
Capital securities to be offered			1,300
Elimination of debt securities held by one company and issued by the other company			(30)
Total Debt	$ 1,453	$ 2,453	$ 4,892
Shareholders Equity:			
Series A preferred stock	$ 1	$ 1	$ 1
Common stock and additional paid-in capital	1,775	1,775	6,874
Retained earnings	4,081	4,081	4,081
Accumulated other comprehensive income	528	528	528
Total Shareholders Equity	$ 6,385	$ 6,385	$ 11,484
Total Capitalization	$ 7,838	$ 8,838	$ 16,376

(1) Adjusted to include the senior notes being offered hereby.

(2) 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 senior notes being offered hereby and the anticipated further offering of $1.3 billion of capital securities.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LNC

The following table presents our selected historical consolidated financial data 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.

	Year Ended December 31, (In Millions, Except Per Share Information)				
	2005	2004	2003	2002	2001(1)
Consolidated Summaries of Income					
Total revenue	$ 5,487.9	$ 5,371.3	$ 5,283.9	$ 4,635.5	$ 6,378.0
Income before cumulative effect of accounting changes	$ 831.1	$ 731.5	$ 767.1	$ 48.8	$ 561.2
Cumulative Effect of Accounting Changes		(24.5)	(255.2)		(15.6)
Net income	$ 831.1	$ 707.0	$ 511.9	$ 48.8	$ 545.6
Per Common Share Data(2)					
Net Income-Basic	$ 4.80	$ 4.01	$ 2.89	$ 0.27	$ 2.89
Net Income-Diluted	4.72	3.95	2.85	0.26	2.85
Common stock dividends	1.475	1.415	1.355	1.295	1.235

	At December 31,				
	2005	2004	2003	2002	2001
Consolidated Period-End Balance Sheet Items					
Assets	$ 124,787.6	$ 116,219.3	$ 106,744.9	$ 93,184.6	$ 98,041.6
Long-term debt	999.0	1,048.6	1,117.5	1,119.2	861.8
Junior subordinated debentures issued to affiliated trusts	334.0	339.8	341.3	392.7	474.7
Shareholders equity	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)	$ 36.69	$ 35.53	$ 32.56	$ 30.10	$ 28.32
Shareholders equity (excluding accumulated other comprehensive income)	33.66	30.17	27.69	25.97	27.39
Market value of common stock	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 2,331,000, 7,611,910, 12,088,100 and 11,278,022 shares of common stock in 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.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF JEFFERSON-PILOT

The following table presents Jefferson-Pilot s selected consolidated historical financial data 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.

	Years ended December 31, (In Millions, Except Per Share Information)				
	2005	**2004**	**2003**	**2002**	**2001**
Consolidated Summaries of Income					
Total revenue	$ 4,219.7	$ 4,102.1	$ 3,572.9	$ 3,406.0	$ 3,322.0
Income before cumulative effect of accounting changes	578.6	562.7	491.6	450.2	511.3
Cumulative effect of accounting changes		(16.6)			1.5
Net Income	$ 578.6	$ 546.1	$ 491.6	$ 450.2	$ 512.8
Per Common Share Data					
Net Income-Basic	$ 4.28	$ 3.96	$ 3.47	$ 3.07	$ 3.38
Net Income-Diluted	4.25	3.92	3.44	3.04	3.34
Common stock dividends	1.64	1.47	1.29	1.18	1.09
Consolidated Period-End Balance Sheet Items					
Assets	$ 36,078.3	$ 35,104.8	$ 32,696.3	$ 30,618.9	$ 29,005.0
Long-term debt	599.7	599.6			
Junior subordinated debentures issued to affiliated trusts	309.3	309.3	309.3	309.3	
Shareholders equity	3,916.9	3,933.9	3,805.9	3,540.0	3,390.9
Period-End Per Common Share Data					
Shareholders equity (including accumulated other comprehensive income)	$ 29.15	$ 28.75	$ 27.07	$ 24.79	$ 22.61
Shareholders equity (excluding accumulated other comprehensive income)	25.89	23.76	22.21	20.52	19.84
Market value of common stock	56.93	51.96	50.65	38.11	46.27

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

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

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

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

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

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

Unaudited Pro Forma Condensed Combined Balance Sheet
(in millions)
December 31, 2005

	Lincoln National Corporation	Jefferson-Pilot Corporation	Pro Forma Adjustments	Note	Pro Forma
ASSETS					
Investments:					
Securities available-for-sale, at fair value:					
Fixed maturity	$ 33,443	$ 20,206	$ 2,034	3(a) 3(b)	$ 55,683
Equity	145	620	(3)	3(c)	762
Fixed maturity held-to-maturity		1,974	(1,974)	3(a)	
Trading securities	3,246				3,246
Mortgage loans on real estate	3,663	3,982	212	3(d)	7,857
Policy loans	1,862	833			2,695
Other investments	809	376	208	3(e)	1,393
Total Investments	43,168	27,991	477		71,636
Cash and invested cash	2,312	150	(92)	3(f)	2,370
Deferred acquisition costs and value of business acquired	5,105	2,822	(554)	3(g)	7,373
Amounts recoverable from reinsurers	6,926	1,318	(148)	3(h)	8,096
Goodwill	1,194	312	2,991	3(i)	4,497
Other intangible assets		198	979	3(j)	1,177
Other assets	2,336	820	76	3(k)	3,232
Assets held in separate accounts	63,747	2,467			66,214
Total Assets	$ 124,788	$ 36,078	$ 3,729		$ 164,595
LIABILITIES AND SHAREHOLDERS EQUITY					
Liabilities:					
Insurance and Investment Contract Liabilities:					
Insurance policy and claim reserves	$ 24,652	$ 4,636	$ 96	3(l)	$ 29,384
Contractholder funds	22,571	22,456	(227)	3(m)	44,800
Total Insurance and Investment Contract Liabilities	47,223	27,092	(131)		74,184
Short-term debt	120	260			380
Long-term debt	999	600	1,783	3(n)	3,382
Junior subordinated debentures issued to affiliated trusts	334	309	(13)	3(o)	630
Funds withheld reinsurance liabilities	2,012				2,012
Deferred gain on indemnity reinsurance	836				836
Other liabilities	3,132	1,433	408	3(p)	4,973
Liabilities related to separate accounts	63,747	2,467			66,214
Total Liabilities	118,403	32,161	2,047		152,611
Shareholders Equity:					
Series A preferred stock	1				1
Common stock and additional paid-in capital	1,775	186	5,413	3(q)	7,374
Retained earnings	4,081	3,293	(3,293)	3(r)	4,081
Accumulated other comprehensive income	528	438	(438)	3(s)	528
Total Shareholders Equity	6,385	3,917	1,682		11,984
Total Liabilities and Shareholders Equity	$ 124,788	$ 36,078	$ 3,729		$ 164,595

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Statement of Income
(in millions, except share amounts)
Year Ended December 31, 2005

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

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 Reporting Reclassifications

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

Note 2 Purchase Price and Financing Considerations

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

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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

The allocation of the purchase price follows:

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

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

The pro forma financial information presented herein assumes that LNC initially funded the cash portion of the merger consideration through the issuance of debt under a bridge financing facility and then repaid the bridge financing facility debt through the issuance of $400 million of 5.05% senior notes due 2009, $500 million 5.85% senior notes due 2036, $450 million of 6.50% capital securities due 2066,

Series A, callable in 5 years and, $450 million of 6.50% capital securities due 2066, Series B, callable in 10 years. The unaudited pro forma condensed combined financial information reflects the impact of these financing arrangements using the anticipated borrowing rates for such types of securities. As discussed below in Note 6, management intends to repurchase $500 million in LNC stock and finance it with subordinated debt securities. No pro forma adjustments have been made to reflect the financing of the $500 million subordinated debt or the repurchase of LNC shares.

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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

Note 2 Purchase Price and Financing Considerations (Continued)

Options outstanding to acquire Jefferson-Pilot common stock immediately prior to the effective time of the merger remain subject to the same terms and conditions as were in effect with respect to the options immediately prior to the effective time of the merger, except that each of these stock options is now exercisable for LNC common stock equal to the number of shares of Jefferson-Pilot common stock subject to such option multiplied by 1.0906 (rounded down to the nearest whole share), with the exercise price determined by dividing the exercise price of the Jefferson-Pilot options by 1.0906 (rounded up to the sixth decimal place). Each unvested Jefferson-Pilot stock option held by an employee, officer or director and granted prior to October 9, 2005 (which was the date we signed the merger agreement) and outstanding under any Jefferson-Pilot stock option plan became fully vested and exercisable in connection with the merger. Jefferson-Pilot stock options held by its agents did not become fully vested and exercisable in connection with the merger, but will vest in accordance with the applicable option agreement.

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

Note 3 Pro Forma Adjustments

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

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

b) Adjustment of $(30) million to eliminate the fair value of available-for-sale fixed maturity securities and related carrying value of $24 million of the junior subordinated debentures issued to affiliated trusts held by LNC and issued by Jefferson-Pilot and $6 million of senior notes held

by Jefferson-Pilot and issued by LNC. The related eliminations of the interest income and interest expense to both LNC and Jefferson-Pilot are included in adjustments 3(u) and 3(x).

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

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

e) Adjustment of $208 million consists of $122 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s investment in real estate, including foreclosed

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

Note 3 Pro Forma Adjustments (Continued)

properties, and $86 million fair value adjustment for equity method investments. The related depreciation and amortization adjustments were not material.

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

k) Adjustment of $76 million consists of $29 million of estimated financing costs (see adjustment 3(f)) and the fair value adjustment of $47 million for the difference between the estimated fair value and carrying value of Jefferson-Pilot s other assets consisting of a $72 million increase in

the value of owner occupied real estate, offset by a $(25) million fair value adjustment to the pension asset. The related adjustment to depreciation expense on owner occupied real estate was

not material. The adjustment related to amortization of the estimated financing costs is included in adjustment 3(x).

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

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

to the liability for future policy benefits and for interest credited related to the increase in the carrying value of Jefferson-Pilot s contractholder funds is included in adjustment 3(t) and 3(v).

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

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

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

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

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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

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

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

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

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

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

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

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

Note 4 Merger Related Charges

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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

Note 5 Earnings per Share

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

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

Note 6 Accelerated Stock Repurchase Program

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

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

DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions described under the captions Description of Securities We May Sell Debt Securities Senior Debt Securities in the accompanying base prospectus.

General

The Floating Rate Senior Notes due 2009 (the floating rate notes) and the 6.15% Senior Notes due 2036 (the fixed rate notes) will be issued as separate series under an indenture dated as of September 15, 1994 between us and The Bank of New York, as trustee. The floating rate notes will mature on April 6, 2009, and the fixed rate notes will mature on April 7, 2036.

The notes will initially be limited to $1,000,000,000 in aggregate principal amount. We may, however, without the consent of any then-existing holders of notes, reopen the notes and issue an unlimited principal amount of additional notes of this series in the future. These additional notes will be deemed part of the same series as the notes offered hereby.

Unless previously redeemed or purchased and cancelled, we will repay the notes in cash at 100% of their principal amount together with accrued and unpaid interest thereon at maturity. We will pay principal of and interest on the notes in U.S. dollars.

The notes will be our senior unsecured debt obligations and will rank equally among themselves and with all of our other present and future senior unsecured indebtedness. The indenture does not limit the aggregate principal amount of senior debt securities that may be issued.

The fixed rate notes will be redeemable by us at any time prior to maturity as described below under Optional Redemption. The floating rate notes will not be redeemable. The notes will not be subject to a sinking fund.

The notes will be issued in fully registered book-entry form only in minimum denominations of $2,000 and integral multiples of $1,000. The notes will be issued in the form of global securities. The global securities will be deposited with, or on behalf of, The Depository Trust Company (DTC), and registered in the name of DTC or a nominee, as further described below.

The provisions of the indenture relating to defeasance, which are described under the caption Description of the Securities We May Sell Debt Securities Senior Debt Securities Defeasance in the accompanying base prospectus, will apply to the notes.

If the scheduled maturity date or redemption date for the notes of any series falls on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, and no interest on such payment shall accrue for the period from and after the scheduled maturity date or redemption date, as the case may be.

Interest

Floating Rate Notes

The floating rate notes will bear interest for each interest period at a rate determined by the calculation agent. The calculation agent is The Bank of New York until such time as we appoint a successor calculation agent. The interest rate on the floating rate notes for a particular interest period will be a per annum rate equal to three-month LIBOR as determined on the interest determination date plus 0.11%. The interest determination date for an interest period will be the second London business day preceding such interest period. Promptly upon determination, the calculation agent will inform the trustee

and us of the interest rate for the next interest period. Absent manifest error, the determination of the interest rate by the calculation agent shall be binding and conclusive on the holders of the floating rate notes, the trustee and us.

A London business day is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

The rate of interest on the floating rate notes will be reset quarterly (the floating interest reset period, and the first day of each floating interest reset period will be a floating interest reset date). The floating interest reset dates for the notes will be January 6, April 6, July 6 and October 6 of each year, commencing July 6, 2006. If any floating interest reset date falls on a day that is not a business day, the floating interest reset date will be postponed to the next succeeding business day, except that if such business day is in the next succeeding calendar month, the floating interest reset date will be the immediately preceding business day.

On any interest determination date, LIBOR will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least $1,000,000, as such rate appears on page 3750, or any successor page, on Moneyline Telerate Inc., or any successor service (Telerate Page 3750) at approximately 11:00 a.m., London time, or if the Telerate Page 3750 is not available on such date, the calculation agent will obtain such rate from Bloomberg L.P. s page (BBAM).

If no offered rate appears on Telerate Page 3750 or BBAM on an interest determination date at approximately 11:00 a.m., London time, then the calculation agent (after consultation with us) will select four major banks in the London interbank market and shall request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offering by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, LIBOR will be the arithmetic average of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and shall request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the interest determination date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least $1,000,000 that is representative of single transactions at that time. If three quotations are provided, LIBOR will be set equal to the rate of LIBOR for the then current interest period.

Accrued interest on the floating rate notes will be calculated by multiplying the principal amount of the floating rate notes by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which interest is being paid. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360. The interest rate in effect on any floating interest reset date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding floating interest reset date, or if none, the initial floating interest rate. All percentages used in or resulting from any calculation of the rate of interest on a note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with .000005% rounded up to .00001%), and all U.S. dollar amounts used in or resulting from these calculations will be rounded to the nearest cent (with one-half cent rounded upward).

Upon request from any holder of floating rate notes, the calculation agent will provide the interest rate in effect for the floating rate notes for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

Dollar amounts resulting from such calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Interest on the floating rate notes will accrue from April 6, 2006, or from the most recent interest payment date to which interest has been paid or provided for; provided that if an interest payment date for the floating rate notes falls on a day that is not a business day, the interest payment date shall be postponed to the next succeeding business day unless such next succeeding business day would be in the following month, in which case, the interest payment date shall be the immediately preceding business day. Interest on the floating rate notes will be paid to but excluding the relevant interest payment date. We will make interest payments on the floating rate notes quarterly in arrears on January 6, April 6, July 6 and October 6 of each year, beginning on July 6, 2006, to the person in whose name those notes are registered at the close of business on the business day preceding the interest payment date. Interest on the floating rate notes will be computed on the basis of the actual number of days in an interest period and a 360-day year.

Fixed Rate Notes

The fixed rate notes will bear interest at a rate of 6.15%. Interest on the fixed rate notes will accrue from April 7, 2006 or from the most recent interest payment date to which interest has been paid or provided for, to but excluding the relevant interest payment date. We will make interest payments on the fixed rate notes semi-annually in arrears on April 7 and October 7 of each year, beginning on October 7, 2006, to the person in whose name such fixed rate notes are registered at the close of business on the immediately preceding March 23 or September 22, as applicable. Interest on the fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months.

If an interest payment date for the fixed rate notes falls on a day that is not a business day, the interest payment shall be postponed to the next succeeding business day, and no interest on such payment shall accrue for the period from and after such interest payment date.

Optional Redemption

The floating rate notes are not redeemable by us. The fixed rate notes are redeemable, in whole or in part, at our option, at any time or from time to time, upon mailed notice to the registered address of each holder of notes at least 30 days but not more than 60 days prior to the redemption. The redemption price will be the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the make-whole amount, plus in each case accrued and unpaid interest to the date of redemption. Make-whole amount means the sum of the present values of the remaining scheduled payments (as defined below) on the fixed rate notes, discounted to the date of redemption on a semi-annual basis (assuming a 360-day years consisting of twelve 30-day months), at a rate equal to the sum of the applicable treasury rate (as defined below) plus 20 basis points.

Comparable treasury issue means the U.S. Treasury security selected by a reference treasury dealer as having an actual or interpolated maturity comparable to the remaining term of the notes called for redemption, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a term comparable to such period.

Comparable treasury price means, with respect to a redemption date (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the quotation agent obtains fewer than five such reference treasury dealer quotations, the average of all such quotations.

Reference treasury dealer means (1) Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc. and Merrill Lynch, Pierce Fenner & Smith Incorporated and (2) any additional primary U.S. government securities dealers in New York City (each, a primary treasury dealer) selected by us and their successors, provided, however, that if any of them ceases to be a primary treasury dealer we will substitute another primary treasury dealer.

Reference treasury dealer quotations means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the calculation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the calculation agent at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Remaining scheduled payments means the remaining scheduled payments of principal and interest on the notes called for redemption that would be due after the related redemption date but for that redemption. If that redemption date is not an interest payment date with respect to the notes called for redemption, the amount of the next succeeding scheduled interest payment on such notes will be reduced by the amount of interest accrued to such redemption date.

Treasury rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for that redemption date.

We will prepare and mail a notice of redemption to each holder of notes to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. On and after a redemption date, interest will cease to accrue on the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before a redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee pro rata or by lot or by a method the trustee deems to be fair and appropriate.

Regarding the Trustee

We and our affiliates maintain various commercial and service relationships with the trustee and its affiliates in the ordinary course of business.

Book-Entry System

Upon issuance, each series of notes will be represented by one or more fully registered global certificates, each of which we refer to as a global security. Each such global security will be deposited with, or on behalf of, DTC, and registered in the name of DTC or a nominee thereof. Unless and until it is exchanged in whole or in part for notes in definitive form, no global security may be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of such successor.

Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interest in the notes held by DTC through Clearstream Bank, *société anonyme*, (Clearstream, Luxembourg) or Euroclear Bank S.A./N.V. as operator of the Euroclear System, the (Euroclear operator) if they are participants in such systems, or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and the Euroclear operator will hold interests on behalf of their participants through customers securities accounts in Clearstream, Luxembourg s and the Euroclear operator s names on the books of their respective depositaries, which in turn will hold such interests in customers securities accounts in the depositaries names on the books of DTC.

So long as DTC, or its nominee, is a registered owner of a note, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such note for all purposes

under the indenture or other governing documents. Except as provided below, the actual owners of the notes represented by a note (the beneficial owner) will not be entitled to have the notes represented by such note registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders thereof under the indenture.

Accordingly, each person owning a beneficial interest in a note must rely on the procedures of DTC and, if such person is not a participant of DTC (a participant), on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture. We understand that under existing industry practices, in the event that LNC requests any action of holders or that an owner of a beneficial interest that a holder is entitled to give or take under the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take such action, and such participants would authorize beneficial owners owning through such participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by DTC to participants, by participants to indirect participants, as defined below, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The following is based on information furnished by DTC:

DTC will act as securities depositary for the notes. Offered securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC s partnership nominee). One or more fully registered global securities will be issued for the notes in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants of DTC (direct participants) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the NASD. Access to DTC s system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its participants are on file with the SEC.

Purchases of the notes under DTC s system must be made by or through direct participants, which will receive a credit for the notes on DTC s records. The ownership interest of each beneficial owner is in turn to be recorded on the records of direct participants and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participants or indirect participants through which such beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. beneficial owners will not receive certificates representing their ownership interests in the notes, except in the limited circumstances that may be provided in the indenture.

To facilitate subsequent transfers, all notes deposited with DTC are registered in the name of DTC s partnership nominee, Cede & Co. The deposit of the notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial

owners of the notes. DTC s records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the notes. Under its usual procedures, DTC mails an Omnibus Proxy to LNC as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co. s consenting or voting rights to those direct participants to whose accounts securities are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Payments on the notes will be made in immediately available funds to DTC. DTC s practice is to credit direct participants accounts on the applicable payment date in accordance with their respective holdings shown on DTC s records unless DTC has reason to believe that it will not receive payment on such date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, the trustee or the LNC, subject to any statutory or regulatory requirements as may be in effect from time to time. Any payment due to DTC on behalf of beneficial owners is the responsibility of LNC or the applicable agent, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct participants and indirect participants.

DTC may discontinue providing its services as securities depositary with respect to the notes at any time by giving reasonable notice to LNC or the applicable agent. Under such circumstances, in the event that a successor securities depositary is not obtained, offered security certificates are required to be printed and delivered. LNC may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In that event, offered security certificates will be printed and delivered.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations (Clearstream participants) and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute.

Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, trust companies, clearing corporations and certain other organizations and may include the Underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to the notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

Euroclear advises that it was created in 1968 to hold securities for its participants (Euroclear participants) and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is owned by Euroclear Clearance System Public Limited Company and operated through a license agreement the Euroclear operator.

Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters or agents for the notes. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for Euroclear.

Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC s rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System. If and to the extent this prospectus supplement with respect to any the notes indicates that investors may elect to hold interests in the notes through Clearstream, Luxembourg or Euroclear, secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving the notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to DTC.

Because of time-zone differences, credits of the notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and will be credited the business day following DTC settlement date. Such credits or any transactions in the notes settled during such processing will be reported to the relevant Euroclear or Clearstream participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of the notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes by beneficial owners of the notes. This summary is based on the Internal Revenue Code of 1986, as amended (the Code), and Treasury regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. The discussion applies only to beneficial owners that acquire the notes pursuant to the offering at the initial offering price and who will hold the notes as capital assets within the meaning of Section 1221 of the Code. This summary is for general information only and does not address all aspects of U.S. federal income taxation that may be relevant to holders of the notes in light of their particular circumstances or to holders subject to special rules (such as broker-dealers, banks or other financial institutions, insurance companies, partnerships or other pass-through entities, tax-exempt organizations, persons that have a functional currency other than the U.S. dollar, and persons who hold the notes as part of a hedge, straddle or other integrated transaction). This summary does not address the effects of any state, local or non-U.S. tax laws or any U.S. federal estate, gift or alternative minimum tax considerations.

For purposes of the following discussion, a U.S. holder means a beneficial owner of a note that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary supervision over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

For purposes of the following discussion, a non-U.S. holder means a beneficial owner of a note that is a nonresident alien individual or a corporation, estate or trust that is not a U.S. person for U.S. federal income tax purposes.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes owns any of the notes, the tax treatment of a partner or an equity interest owner of such other entity will generally depend upon the status of the person and the activities of the partnership or other entity treated as a partnership. If you are a partner of a partnership or an equity interest owner of another entity treated as a partnership holding any of the notes, you should consult your tax advisors.

Persons considering the purchase of the notes should consult their own tax advisors regarding the U.S. federal income tax considerations relating to the purchase, ownership and disposition of the notes in light of their particular circumstances, as well as the effect of any state, local, foreign or other tax laws.

U.S. Holders

Payments of Interest. Interest with respect to the notes will generally be taxable to a U.S. holder as ordinary income at the time accrued or received, in accordance with such U.S. holder s method of accounting for U.S. federal income tax purposes.

Disposition of Notes. Upon the sale, exchange, redemption, retirement or other disposition of a note, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other disposition (except to the extent of accrued but unpaid interest, which will be taxable as ordinary income) and such holder s adjusted tax basis in the notes. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if a U.S. holder has held the note for more than one year. Long-term capital gains of noncorporate U.S. holders that are recognized before January 1, 2009 are generally taxed at a maximum rate of 15%. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Payments of Interest. Subject to the discussion of backup withholding below, U.S. federal withholding tax will not apply to any payment of interest on a note to a non-U.S. holder if the interest qualifies for the portfolio interest exemption. This will be the case provided that the non-U.S. holder:

- does not actually or constructively own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote;
- is not a controlled foreign corporation that is related directly or constructively to us through stock ownership;
- is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- either (a) provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person, which certification may be made on an IRS Form W-8BEN or successor form, or (b) holds its notes through various foreign intermediaries and satisfies the certification requirements of applicable Treasury regulations.

Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals, particularly entities treated as partnerships for U.S. federal income tax purposes and certain other flow through entities, and to non-U.S. holders acting as (or holding notes through) intermediaries.

If the portfolio interest exemption does not apply, payments of interest will be subject to U.S. federal withholding tax at a 30% tax rate, unless the non-U.S. holder provides us with a properly executed (1) IRS Form W-8BEN, or successor form, claiming an exemption from or reduction in withholding under the benefit of a tax treaty or (2) IRS Form W-8ECI, or successor form, stating that interest paid on the note is not subject to withholding tax because it is effectively connected with its conduct of a trade or business in the United States.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business (and, if an income tax treaty applies, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder), such holder (although exempt from U.S. federal withholding tax at the 30% tax rate) will be subject to U.S. federal income tax on that interest on a net income basis in the same manner as if the holder were a U.S. person as defined under the Code. In addition, if the holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. However, any branch profits tax that would otherwise apply may not apply, or may apply at a reduced rate, under an applicable income tax treaty.

Disposition of Notes. Subject to the discussion of backup withholding below, any gain realized on the disposition of a note by a non-U.S. holder generally will not be subject to U.S. federal income tax unless (i) that gain is effectively connected with the conduct of a trade or business in the United States by the

holder (and, if an income tax treaty applies, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder), or (ii) the holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition and other conditions are met. If (i) applies and the non-U.S. holder is a corporation, such holder may be subject to the branch profits tax referred to above, unless the holder qualifies for a lower rate or an exemption from such branch profits tax under an applicable income tax treaty.

Information Reporting and Backup Withholding

U.S. Holders. In general, information reporting requirements will apply to payments of principal and interest made on the notes to, and to the proceeds of the sale of the notes by, certain non-corporate U.S. holders of notes, and backup withholding at the applicable rate will apply to these payments if the U.S. holder (i) fails to provide an accurate taxpayer identification number in the manner required or (ii) is notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns.

Any amount withheld under the backup withholding rules is allowable as a credit against a holder s U.S. federal income tax liability, if any, and a refund may be obtained if the amount withheld exceeds the holder s actual U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

Non-U.S. Holders. In general, a non-U.S. holder will not be subject to backup withholding with respect to interest payments made on the notes, and will not be subject to backup withholding or information reporting with respect to the proceeds of the sale or other disposition of a note, provided, in each case, that the holder certifies under penalties of perjury that it is a non-U.S. holder and neither we nor the paying agent has actual knowledge to the contrary.

Any amount withheld under the backup withholding rules is allowable as a credit against a holder s U.S. federal income tax liability, if any, and a refund may be obtained if the amount withheld exceeds the holder s actual U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated April 3, 2006, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the respective principal amount of the notes set forth opposite their names below:

Name	Principal amount of floating rate notes
Morgan Stanley & Co. Incorporated	$ 77,500,000
Citigroup Global Markets Inc.	77,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	60,000,000
Banc of America Securities LLC	60,000,000
UBS Investment Bank	60,000,000
Wachovia Capital Markets, LLC	60,000,000
ABN Amro Incorporated	27,500,000
BNP Paribas Securities Corp.	27,500,000
Greenwich Capital Markets	27,500,000
Société Générale Securities Corporation	22,500,000
Total	$ 500,000,000

Name