

LINCOLN NATIONAL CORP
Form DEF 14A
April 26, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Lincoln National Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, If other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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PHILADELPHIA, PENNSYLVANIA

April 27, 2006

Dear Fellow Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders scheduled for Friday, June 9, 2006, at 10:00 a.m., local time, at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania. Our Board of Directors and management look forward to greeting you.

The enclosed Notice of Meeting and Proxy Statement describe the matters to be acted upon at the Annual Meeting of Shareholders. Please review these documents carefully.

It is important that you vote your shares of our stock, either in person or by proxy. To assist you in voting your shares, we offer, in addition to voting through the use of a proxy card, voting via telephone and over the Internet. If you are unable to attend, please sign, date and mail the enclosed proxy card in the postage-paid envelope provided, or vote your shares in any other manner described in the enclosed proxy statement.

On behalf of the Board of Directors, thank you for your continued support.

Sincerely,

Jon A. Boscia
Chairman and Chief Executive Officer

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LINCOLN NATIONAL CORPORATION

PHILADELPHIA, PENNSYLVANIA

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

April 27, 2006

The Annual Meeting of Shareholders of Lincoln National Corporation will be held on Friday, June 9, 2006, at 10:00 a.m., local time, at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania.

The items of business are:

1. to elect five directors for three-year terms expiring in 2009;
2. to ratify the appointment of Ernst & Young LLP, as independent registered public accounting firm for 2006; and
3. to consider and act upon such other matters as may properly come before the meeting.

You have the right to receive this notice and vote at the Annual Meeting of Shareholders if you were a shareholder of record at the close of business on April 18, 2006. Please remember that your shares cannot be voted unless you cast your votes by one of the following methods: (1) sign and return a proxy card; (2) call the 800 toll-free number listed on the proxy card; (3) vote via the Internet as indicated on the proxy card; (4) vote in person at the Annual Meeting; or (5) make other arrangements to vote your shares.

For the Board of Directors,

C. Suzanne Womack
Secretary

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LINCOLN NATIONAL CORPORATION

1500 MARKET STREET, SUITE 3900

CENTRE SQUARE WEST

PHILADELPHIA, PENNSYLVANIA 19102

PROXY STATEMENT

Annual Meeting of Shareholders

June 9, 2006

Our Board of Directors is soliciting proxies in connection with the proposals to be voted on at the Annual Meeting of Shareholders scheduled for June 9, 2006 (the "Annual Meeting"). The Annual Meeting will be held at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania, beginning at 10 a.m. local time. We are first mailing this Proxy Statement and enclosed proxy to our shareholders on or about April 27, 2006. Whenever we refer in this Proxy Statement to the "Annual Meeting," we are also referring to any meeting that results from an adjournment of the Annual Meeting.

What proposals are being voted on at the Annual Meeting?

At the Annual Meeting, shareholders are being asked to vote upon the following items of business:

1. to elect five directors for three-year terms expiring in 2009;
2. to ratify the appointment of Ernst & Young LLP, as independent registered public accounting firm for 2006; and
3. to consider and act upon such other matters as may properly come before the meeting.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record at the close of business on April 18, 2006, the record date for the meeting, are entitled to vote at the Annual Meeting. As of the record date, we had 280,949,868 shares of Common Stock and 14,965 shares of \$3.00 Cumulative Convertible Preferred Stock, Series A issued, outstanding, and entitled to vote at the Annual Meeting. You are entitled to one vote for each share of Common Stock and each share of Preferred Stock you own. The number of shares you own (and may vote) is listed on the proxy card.

What constitutes a quorum?

A majority of all outstanding shares entitled to vote at the Annual Meeting constitutes a quorum, which is the minimum number of shares that must be present or represented by proxy at the Annual Meeting in order to transact business. Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present. Generally, broker non-votes occur when brokerage firms return proxies for which no voting instructions have been received from beneficial owners and the broker does not have discretionary authority to vote on the proposal. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment of the Annual Meeting, unless a new record date is set).

How do I vote?

1. *In person.* Attend the Annual Meeting and vote your shares, or send a personal representative with an appropriate proxy.

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If you own your shares in street name (i.e., through a broker-dealer or other financial institution) and you want to vote at the Annual Meeting, you will need to obtain a proxy card from the institution that holds your shares.

If you own share equivalents through the Lincoln National Corporation Common Stock fund of the Lincoln National Corporation Employees Savings and Profit-Sharing Plan, The Lincoln National Life Insurance Company

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Agents Savings and Profit-Sharing Plan or the Jefferson-Pilot Teamshare Plan, all of which are 401(k) plans, you cannot vote at the Annual Meeting. Instructions on voting these share equivalents are described in more detail below.

2. *By Mail.* Mark, date, sign and mail the proxy card in the prepaid envelope. If you return the proxy card but do not mark your voting preference, the individuals named as proxies will, to the extent permissible, vote your shares in accordance with the description of each item in this proxy statement. With respect to any other matter that properly comes before the Annual Meeting, the individuals named as proxies will, to the extent permissible, vote all proxies in the manner they perceive to be in our best interests.

3. *By Telephone or Internet.* You may submit your proxy with voting instructions by telephone if you are calling within the United States, Canada or Puerto Rico. You may submit your proxy through the Internet by visiting the website listed on the enclosed proxy card.

If you hold your shares in street name, please check your proxy card or contact your broker, nominee, fiduciary or other custodian to determine if you will be able to vote by telephone or Internet.

If you choose to submit your proxy with voting instructions by telephone or through the Internet, you will be required to provide your assigned control number noted on the enclosed proxy card before your proxy will be accepted. In addition to the instructions that appear on the enclosed proxy card and information sheet, step-by-step instructions will be provided by recorded telephone message or at the designated website on the Internet.

Can I revoke my proxy and change my vote after I return my proxy card?

Yes. You may revoke your proxy at any time prior to the Annual Meeting by sending our Corporate Secretary a written revocation or by submitting a new proxy by mail, telephone or Internet, or by attending the Annual Meeting and voting your shares in person.

How do I vote my 401(k) and/or dividend reinvestment plan shares?

If you have invested in the Lincoln National Corporation Common Stock fund of the Lincoln National Corporation Employees Savings and Profit-Sharing Plan, The Lincoln National Life Insurance Company Agents Savings and Profit-Sharing Plan, the Jefferson-Pilot Teamshare Plan or the Jefferson-Pilot Agents Retirement Plan, the enclosed proxy/voting instruction card, when executed and returned by you, will instruct the trustees of your plan how to vote the shares of Common Stock allocated to your account. If our stock books contain identical account information regarding Common Stock that you own directly and Common Stock that you own through one or more of those plans, you will receive a single proxy/voting instruction card representing all shares owned by you. If you participate in one of these plans and do not return a proxy/voting instruction card by 11:59 p.m. (E.D.T.) on June 6, 2006, the trustees of your plan will vote the shares in your account in proportion to shares held by your plan for which voting instructions have been received.

If you participate in our dividend reinvestment plan or participated in Jefferson-Pilot's dividend reinvestment plan, your proxy/voting instruction card(s) will also include your shares of Common Stock allocated to your accounts in that plan. To vote your shares in those plans, you must return your proxy/voting instruction card(s) or submit your voting instructions by telephone or over the Internet as instructed on your proxy/voting instruction card(s).

If you own our shares through an employee benefit plan other than those plans mentioned above, you should contact the administrator of your plan if you have questions regarding how to vote your shares.

What vote is required to approve each item?

A plurality of the votes cast is required for the election of directors (Item 1), which means that the director nominees receiving the highest number of votes will fill the open director seats. We do not have cumulative voting for directors. With respect to the ratification of the independent registered public accounting firm (Item 2) or other matters that may be properly presented at the Annual Meeting, the proposals will be approved if more shares are cast in favor of the proposal than against it. For this purpose, abstentions and, if applicable, broker non-votes, are not counted as votes cast.

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If any other matters are properly presented at the meeting, a particular proposal will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

Who may solicit proxies?

Our directors, officers and employees may solicit proxies on behalf of the Board via mail, telephone, fax, and personal contact.

Who pays for the costs of soliciting proxies?

We will pay the cost of soliciting proxies. Our directors, officers and employees will receive no additional compensation for soliciting proxies. We will reimburse certain brokerage firms, banks, custodians and other fiduciaries for the reasonable mailing and other expenses they incur in forwarding proxy materials to the beneficial owners of stock that those brokerage firms, banks, custodians and fiduciaries hold of record.

SECURITY OWNERSHIP**Security Ownership Of More Than 5% Beneficial Owners**

We have two classes of equity securities: Common Stock and Preferred Stock. The following table shows the names of persons known by us to beneficially own more than 5% of our Common Stock at December 31, 2005. We know of no one who beneficially owns more than 5% of our Preferred Stock.

SECURITY OWNERSHIP**OF CERTAIN BENEFICIAL OWNERS****AS OF DECEMBER 31, 2005**

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common Stock	Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	17,548,126 shares	9.98%
Common Stock	Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	10,359,400 shares	5.89%

The information set forth in this Table is based solely on our review of Schedules 13G filed with the SEC and as of the date set forth above. As a result of our merger with Jefferson-Pilot as well as any dispositions or acquisitions of our Common Stock since the Schedule 13G filings, the share number shown above may have materially changed. The percent of class is based on the outstanding Common Stock on March 31, 2006 (before giving effect to our merger with Jefferson-Pilot). We do not have information regarding the foregoing share positions after the merger. Information regarding the amount and nature of beneficial ownership is to the best of our knowledge.

Table of Contents**Security Ownership of Directors, Nominees and Executive Officers**

The following table shows the number of shares of Common Stock and stock units (*i.e.*, non-transferable, non-voting phantom units, the value of which is the same as the value of the corresponding number of shares of Common Stock) beneficially owned by each director, nominee for director, and Named Executive Officer, individually, and by all directors and executive officers as a group (in each case as of April 3, 2006). As of that date, none of the persons listed in that table owned any Preferred Stock.

Whenever we refer in this Proxy Statement to the Named Executive Officers, we are referring to those Executive Officers that we are required to identify in the Summary Compensation Table on page 36.

SECURITY OWNERSHIP OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS**AS OF APRIL 3, 2006**

NAME	AMOUNT OF LNC COMMON STOCK AND NATURE OF BENEFICIAL OWNERSHIP ¹	PERCENT OF CLASS	LNC STOCK UNITS ²	TOTAL OF LNC COMMON STOCK AND STOCK UNITS
William J. Avery	7,919	*	9815	17,734
J. Patrick Barrett	29,111	*	36,319	65,430
Jon A. Boscia	1,271,864	*	47,993	1,319,857
William H. Cunningham	75,042	*	10,784	85,826
Robert W. Dineen	48,501	*	898	49,399
Jude T. Driscoll	75,200	*	4,503	79,703
Dennis R. Glass	1,274,037	*		1,274,037
John H. Gotta	246,819	*	6,041	252,860
George W. Henderson, III	66,139	*	17,474	83,613
Eric G. Johnson	15,344	*	17,672	33,016
M. Leanne Lachman	18,114	*	29,823	47,937
Michael F. Mee	9,595	*	11,600	21,195
William P. Payne	84,796	*	9,040	93,836
Patrick S. Pittard	78,612	*	10,777	89,389
Jill S. Ruckelshaus	22,114	*	11,293	33,407
David A. Stonecipher	3,328,487	1.13%		3,328,487
Westley V. Thompson	173,319	*	27,098	200,417
Isaiah Tidwell	3,896	*	968	4,864
Glenn F. Tilton	10,272	*	10,421	20,693
<i>All Directors and Executive Officers as a group 28 persons</i>	8,260,020	2.79%	311,807	8,571,827

* Each of these amounts represents less than 1% of the outstanding shares of our Common Stock as of April 3, 2006.

¹ The number of shares that each person named in this table has a right to acquire within 60 days of April 3, 2006 is as follows: Mr. Avery, 3,750 shares; Mr. Barrett, 9,750 shares; Mr. Boscia, 971,152 shares; Mr. Cunningham, 73,813 shares; Mr. Driscoll, 36,000 shares; Mr. Glass, 1,190,797; Mr. Gotta, 154,000 shares; Mr. Henderson, 65,533, shares; Mr. Johnson, 9,750 shares; Ms. Lachman, 9,750 shares; Mr. Mee, 6,750 shares; Mr. Payne, 73,813 shares; Mr. Pittard, 75,656 shares; Ms. Ruckelshaus, 9,750

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shares; Mr. Stonecipher, 3,110,936 shares; Mr. Thompson, 134,275 shares; Mr. Tidwell, 3,806 shares; and Mr. Tilton, 6,750 shares. In addition, the shares listed above include restricted stock of which the following persons have sole voting power (and no investment power): Mr. Avery, 2,169 shares; Mr. Barrett, 8,361 shares; Mr. Johnson, 5,594 shares; Ms. Lachman, 8,364 shares; Mr. Mee, 2,845 shares; Ms. Ruckelshaus, 8,364 shares; and Mr. Tilton, 2,306 shares. The following individuals share voting and investment power with their spouse to the specified number of shares: Mr. Boscia, 3,458 shares and Mr. Gotta, 26,871. In addition, the shares listed above include certain shares owned by the individual's spouse: Mr. Boscia, 47,804 shares and Mr. Stonecipher, 13,247 shares. Mr. Stonecipher's shares include 86,100 shares held in a trust. Finally, the shares listed above include shares that are held in charitable foundations: Mr. Boscia, 50,696 shares are held by the Boscia Family Foundation of which Mr. Boscia is a trustee, and with respect to which, he does not have a pecuniary interest and Mr. Stonecipher, 21,974 shares are held by the Stonepeak Foundation of which Mr. Stonecipher is a trustee, and with respect to which, he does not have a pecuniary interest.

² Our merger with Jefferson-Pilot was a cash/stock election in which Jefferson-Pilot shareholders could elect 1.0906 shares of our Common Stock or \$55.96 for each share of Jefferson-Pilot Common Stock owned at the effective time of the merger (April 3, 2006), subject to \$1.8 billion in cash consideration being distributed in the merger and related proration rules. Because of the time of the merger, final individual share numbers were not available at the time of the printing of the proxy statement. Accordingly, the security ownership of the former Jefferson-Pilot directors and executive officers included in the table above are, in some cases, estimates based on a final proration factor.

³ LNC Stock Units are non-voting, non-transferable phantom stock units that track the economic performance of our Common Stock.

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GOVERNANCE OF THE COMPANY

As a result of the completion of our merger on April 3, 2006 with Jefferson-Pilot Corporation, we have amended our bylaws to effectuate various corporate governance changes as required by the agreement and plan of merger. The amended bylaws expanded our Board of Directors from 12 to 15 members and set forth the following additional provisions relating to the composition of our Board of Directors immediately following the merger:

our initial Board of Directors was required to consist of eight directors who were members of our Board of Directors prior to the effective time of the merger (referred to as former LNC directors), and seven directors who were members of Jefferson-Pilot's Board of Directors prior to the effective time of the merger (referred to as former Jefferson-Pilot directors);

our initial Board of Directors was required to have two former Jefferson-Pilot directors and three former LNC directors as members of the class having terms expiring at the 2006 Annual Meeting; three former Jefferson-Pilot directors and two former LNC directors as members of the class having terms expiring at the 2007 Annual Meeting; and two former Jefferson-Pilot directors and three former LNC directors as members of the class having terms expiring at the 2008 Annual Meeting;

the lead director of our initial Board of Directors was chosen by the former Jefferson-Pilot directors;

our bylaws require each of our initial Board Committees to consist of an equal number of former LNC and former Jefferson-Pilot directors, with former LNC directors having the exclusive authority to recommend replacements of former LNC directors and former JP directors having the exclusive authority to recommend replacements of former JP directors;

with respect to any election of directors occurring prior to the 2007 annual shareholders' meeting, our bylaws require that former LNC directors on our Corporate Governance Committee have the authority to recommend individuals to our Board of Directors to fill vacant former LNC directorships and to recommend nominees to shareholders at an annual meeting to fill former LNC directorships;

with respect to any election of directors occurring prior to the 2007 annual shareholders' meeting, our bylaws require that former Jefferson-Pilot directors on our Corporate Governance Committee have the authority to recommend individuals to our Board of Directors to fill vacant former Jefferson-Pilot directorships and to recommend nominees to shareholders at an annual meeting to fill former Jefferson-Pilot directorships;

for a period of 30 months from completion of the merger, our bylaws require the approval of 70% of the directors to:

1. remove Jon Boscia as our Chairman and CEO or modify his duties and responsibilities;
2. remove any director;
3. with respect to any election of directors occurring at or after the 2007 annual shareholders' meeting (a) elect any director to fill a vacancy or newly created directorship or the nomination of any individual for election as a director by shareholders, unless such person has been recommended to the Board of Directors by the affirmative vote of a majority of the entire membership of the Corporate Governance Committee, or (b) change the composition or chairmanship of any committee of the Board of Directors, unless such change has been recommended by a majority of the entire membership of the Corporate Governance Committee;

4. remove the lead director or appoint any person as lead director who is not a former Jefferson-Pilot Director;

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5. change the size of the Board of Directors or any committee, or the responsibilities of, or the authority delegated to, any committee of the Board of Directors;
6. engage in any extraordinary business transactions involving LNC or any of its significant subsidiaries (as defined in the Bylaws);
7. alter, amend or repeal LNC's Corporate Governance Guidelines, except to the extent necessary to make such guidelines consistent with the bylaws; and
8. alter, amend or repeal the foregoing bylaw provisions.

Our Corporate Governance Guidelines

Subject to the bylaw amendment discussed above, listed below is what we believe are some, but not all, of the more significant aspects of our Corporate Governance Guidelines. A full text of our Corporate Governance Guidelines is attached as Exhibit 6 and is available on our website (www.lfg.com) and in print to any shareholder who requests them by contacting our Corporate Secretary.

A majority of our Board, including the nominees for director, must at all times be independent under the applicable NYSE listing standards as determined under the guidelines for determining the independence of directors. Director independence is discussed further below.

The independent directors must meet in executive session at least once a year and at such other times as they may desire. Director J. Patrick Barrett will preside over the meeting(s) of independent directors. The outside directors, including any who are not independent, meet (presided over by the lead director) in connection with each regularly scheduled Board meeting and at such other times as they may desire.

The Board has, among other Committees, an Audit Committee, Compensation Committee and Corporate Governance Committee and only independent directors may serve on Audit, Compensation and Corporate Governance Committees.

The current lead director is David A. Stonecipher. Mr. Stonecipher was the former chairman and chief executive officer of Jefferson-Pilot Corporation.

Outside directors are not permitted to serve on more than five boards of public companies in addition to our Board and independent directors who are chief executive officers of publicly held companies may not serve on more than two boards of public companies in addition to our Board. Inside directors are not permitted to serve on more than two boards of public companies in addition to our Board.

The written charters of the standing Committees of the Board are reviewed not less than annually. The charters of the Audit, Compensation and Corporate Governance Committees comply with the NYSE's listing standards. These charters are attached as Exhibits 3, 4 and 5 to this proxy statement. The charters are also available on our website (www.lfg.com) and in print to any shareholder who requests them by contacting our Corporate Secretary.

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We have Corporate Governance Guidelines that likewise comply with the NYSE's listing standards, and such Guidelines are attached as Exhibit 6. The Corporate Governance Guidelines are also available on our website (www.lfg.com) and are also available in print to any shareholder who requests them by contacting our Corporate Secretary.

We have a Code of Conduct that is available on our website (www.lfg.com) and is also available in print to any shareholder who requests it by contacting our Corporate Secretary. The Code of Conduct comprises our code of ethics for purposes of Item 406 of Regulation S-K under the Securities Exchange Act of 1934, as amended, and our code of business conduct and ethics for purposes of the NYSE listing standards. We intend to disclose amendments to or waivers from a required provision of the code by including such information on our website at www.lfg.com.

Committee chairs serve a minimum of three years and a maximum of six years, unless those limitations are shortened or extended by the Board.

We have a mandatory retirement age of 70 for outside directors.

The Board conducts a review of the performance of the Board and its Committees each year.

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The Corporate Governance Committee is responsible for individual director assessments and obtains input for such assessments from all Board members other than the director being assessed. These assessments, including confidential feedback to the director, will be completed at least one year prior to a director's anticipated nomination for a new term.

The Board conducts an annual CEO performance evaluation. The lead director chairs a meeting of the outside directors to discuss the evaluation and communicates the results to the CEO.

The Board reviews the annual succession planning report from the CEO, including the position of CEO as well as other executive officers.

The Board, Audit Committee, Compensation Committee and Corporate Governance Committee each have authority to retain legal counsel or any other consultants or experts without notification to, or prior approval of, management.

Directors are required to submit their resignation from the Board upon changing their occupational status, and the Corporate Governance Committee with input from the CEO makes a recommendation to the Board regarding acceptance of such resignation.

Directors are required to achieve share ownership of three times their annual cash portion of the retainer within five years of election to the Board, and all directors are in compliance with such requirements.

We will pay the reasonable expenses for each director to attend at least one continuing education program per year.

We have a director orientation program for new directors, and all directors are invited to attend orientation programs when they are offered.

The Corporate Governance Committee must re-evaluate the Corporate Governance Guidelines each year.

Director Independence

Our Common Stock is traded on the NYSE. NYSE listing standards and our Corporate Governance Guidelines require that a majority of our directors meet the criteria for independence as set forth in the NYSE listing standards. The NYSE listing standards provide that in order to be considered independent, the Board must determine that a director has no material relationship with us other than as a director. As permitted by the NYSE listing standards, the Board has adopted categorical standards to assist it in determining whether its members have such a material relationship with us. These standards, which are part of our Corporate Governance Guidelines, are discussed below and attached as Exhibit 6 to this proxy statement.

The Corporate Governance Committee and the Board have reviewed the independence of each Board member, including the nominees for director at the Annual Meeting, considering the standards set forth in our Corporate Governance Guidelines (which include the NYSE standards for independence). The Board considered, among other things, transactions and relationships between each director or any member of his or her immediate family and us or our subsidiaries and affiliates. In making these determinations, the Board considered that in the ordinary course of business, transactions may occur between us and companies at which some of our directors are or have been officers. In each case, the amount of transactions from these companies in each of the last three years did not approach the thresholds set forth in the categorical standards. The Board also considered charitable contributions to not-for-profit organizations of which our directors or immediate family members are executive officers, none of which approached the levels set forth in our categorical standards.

As a result of this review, the Board affirmatively determined that directors Avery, Barrett Cunningham, Henderson, Johnson, Lachman, Mee, Payne, Pittard, Ruckelshaus, Tidwell, and Tilton are independent because they have none of the following material relationships with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us):

is or was an employee, or whose immediate family member is or was an executive officer, of us or our subsidiaries during the three years prior to the independence determination;

has received, or whose immediate family member received, from us, during any 12 month period within the three years prior to the independence determination, more than \$100,000 in direct compensation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

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(i) is or an immediate family member is a current partner of our external or internal auditor; (ii) is a current employee of such a firm; (iii) has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (iv) was, or who has an immediate family member that was, within the three years prior to the independence determination (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time;

is or was employed, or whose immediate family member is or was employed, as an executive officer of another company where any of our present executives serves on that company's compensation committee within the three years prior to the independence determination;

is or was an executive officer or an employee, or whose immediate family member is or was an executive officer, of a company that makes payments to, or receives payments from, us for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues within the three years prior to the independence determination; and

has any other material relationship with us (either directly or as a partner, shareholder, or officer of an organization that has a relationship with us, including any contributions we made to a charitable organization of which the director serves as an executive officer).

In addition, a director who is also a member of our Audit Committee must meet the following additional requirements regarding independence as required by Rule 10A-3(b)(1)(ii) under the Securities Exchange Act of 1934:

1. A director is not independent if he or she accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from us or any of our subsidiaries, other than the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with us or any of our subsidiaries (provided that such compensation is not contingent in any way on continued service).
2. A director is not independent if he or she is an affiliated person (as defined in Section 10A-3 of the Exchange Act) of us or any of our subsidiaries.

Finally, the Board determined that those directors who are members of the Audit, Corporate Governance, and Compensation Committees are likewise independent of our management and us under our Corporate Governance Guidelines, SEC and NYSE rules.

Qualifications and Director Nomination Process

The Corporate Governance Committee of the Board, which is composed solely of independent directors, is responsible for (1) assisting the Board by identifying individuals qualified to become Board members, (2) recommending to the Board the director nominees for the next annual meeting of shareholders and (3) evaluating the competencies appropriate for the Board and identifying missing or under-represented competencies. Our Corporate Governance Guidelines provide that the Board itself should be responsible, in fact as well as procedure, for selecting its own members.

The Corporate Governance Committee does not have any specific minimum qualifications that must be met by a nominee. However, its charter provides that [I]n nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience, the extent to which the candidate's experience complements the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. The Committee may consider candidates proposed by management, but is not required to do so.

The Corporate Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue in service. The Corporate Governance Committee begins by reviewing the individual director assessments of existing directors who are being considered for re-nomination. Current members of the Board who have skills and experience that are relevant to our business, who are willing to continue to serve and

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whose director assessment indicates the director has performed well during the most recent term are considered for re-nomination. If any member of the Board being considered for re-nomination does not wish to serve or if the Corporate Governance Committee decides not to re-nominate a given member, the Corporate Governance Committee identifies the desired skills and experience that a potential new nominee should possess. The Corporate Governance Committee also considers whether it is necessary or desirable that the nominee be considered independent under the NYSE listing standards, and, if so, whether the individual meets the standards for independence. The Corporate Governance Committee may, but is not required to, retain an outside firm to assist in the identification and evaluation of potential nominees.

The Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment includes integrity, issues of diversity, age, professional accomplishments, skills such as understanding of marketing, finance, accounting, regulation and public policy, international background, commitment to our shared values, etc. all in the context of an assessment of the perceived needs of the Board at a given point in time.

The Board has delegated the process of screening potential nominees who are not current directors to the Corporate Governance Committee with input from the CEO. In connection with the evaluation of a new nominee, the Corporate Governance Committee determines whether it should interview the nominee, and if warranted, one or more members of the Corporate Governance Committee interview the nominee. Upon completing the evaluation and the interview, the Corporate Governance Committee makes a recommendation to the Board as to whether to nominate the director nominee.

However, as stated above, with respect to any election of directors occurring prior to the 2007 annual shareholders meeting, our bylaws require that former LNC directors on our Corporate Governance Committee have the authority to recommend individuals to our Board of Directors to fill vacant former LNC directorships and to recommend nominees to shareholders at an annual meeting to fill former LNC directorships. In addition, with respect to any election of directors occurring prior to the 2007 annual shareholders meeting, the bylaws require that former Jefferson-Pilot directors on our Corporate Governance Committee have the authority to recommend individuals to our Board of Directors to fill vacant former Jefferson-Pilot directorships and to recommend nominees to shareholders at an annual meeting to fill former Jefferson-Pilot directorships.

Although the Corporate Governance Committee does not solicit shareholder recommendations regarding director nominees to be proposed by the Board, it will consider such recommendations if they are made in accordance with the procedures set forth in Article I, Section 11 of our Bylaws, which is set forth in Exhibit 2 to this proxy statement and discussed on page 48 of this proxy statement under the heading Shareholder Proposals. If the Corporate Governance Committee determines that such a nominee should be considered as a director, it will recommend the nominee to the Board. The Board may accept or reject the proposed nominee. There are no differences in the manner in which the Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a shareholder.

Communications with Directors

The Board provides a process for shareholders to send communications to the Board or to the outside directors of the Board. Shareholders with information pertaining to any possible violation of our Code of Conduct, or concerns or complaints pertaining to our accounting, internal accounting controls or audit, or other concerns are invited to communicate this information to the outside members of the Board of Directors at:

The Outside Directors

Lincoln National Corporation

Centre Square, West Tower

1500 Market St, Suite 3900

Philadelphia, PA 19102-2112

Facsimile: 215-977-2881

Attention: Office of the Corporate Secretary

All complaints and concerns will be received and processed by the Corporate Secretary. Relevant and appropriate complaints and concerns will be referred to our Board's lead director. You may report your concerns anonymously and/or confidentially. If you choose to report your concerns

anonymously, we will be unable to contact you in the event we require further information in the course of our investigation. If you choose to report

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your concerns confidentially, we cannot guarantee absolute confidentiality. In certain circumstances, it would be impossible to conduct a thorough investigation without revealing your identity. No retaliatory action will be taken against employees who raise any concern in good faith.

Director Attendance at 2005 Annual Meeting

The Board does not have a formal policy regarding attendance by Board members at our annual meeting of shareholders, but directors are encouraged to attend the annual meeting of shareholders. All of our directors, except Glenn F. Tilton, attended the 2005 annual meeting of shareholders.

THE BOARD OF DIRECTORS AND COMMITTEES

Our Board is currently composed of 15 members. The members of the Board, including Board nominees, their relevant term of office, and certain biographical information are set forth below under Item 1 Election of Directors. Compensation of our directors is discussed below under Compensation of Directors.

During 2005, the Board met ten times. All directors attended 75% or more of the aggregate meetings of the Board and Board Committees that he or she was eligible to attend.

The Board currently has six standing Committees (*i.e.*, Committees composed entirely of Board members): the Audit Committee, the Compensation Committee, the Development Committee, the Corporate Governance Committee, the Securities Committee and the Committee on Corporate Action. The following table lists the Directors who currently serve on the Committees and the number of meetings held for each Committee during 2005. The Audit, Compensation and Corporate Governance Committees each conduct a self-evaluation of their respective committee's performance each year.

Current Committee Membership and Meetings Held During 2005

(C=Chair M=Member)

Name	Audit	Compensation	Development	Corporate Governance	Securities	Corporate Action ¹
William J. Avery	M					
J. Patrick Barrett		M			M	
Jon A. Boscia			M			C
William H. Cunningham		C	M			
Dennis R. Glass						M
George W. Henderson, III	M					
Eric G. Johnson			C		M	
M. Leanne Lachman	C					
Michael F. Mee				M		
William P. Payne				C		
Patrick S. Pittard		M			M	
Jill S. Ruckelshaus				M		
David A. Stonecipher			M		C	
Isaiah Tidwell	M			M		
Glenn F. Tilton		M				
Number of Meetings in 2005:	10	5	2	6	0	

¹ The Committee on Corporate Action normally takes action by the unanimous written consent of the members of that Committee, and three such actions were taken in 2005.

The functions and responsibilities of the key standing Committees of our Board are described below.

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Audit Committee

The primary function of the Audit Committee is oversight. The principal functions of the Audit Committee include:

assist the Board of Directors in its oversight of (a) the integrity of our financial statements; (b) our compliance with legal and regulatory requirements; (c) the independent auditor's qualifications and independence; and (d) the performance of our general auditor and independent auditor;

select, evaluate and replace the independent auditors, and approve all engagements of the independent auditors;

review significant financial reporting issues and practices;

discuss our annual consolidated financial statements and quarterly management discussion and analysis of financial condition and results of operations included in our SEC filings and annual report to shareholders, if applicable;

inquire about significant risks and exposures, if any, and review and assess the steps taken to monitor and manage such risks;

establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal auditing controls, or auditing matters, and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;

consult with management before the appointment or replacement of the internal auditor; and

prepare the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in our annual proxy statement.

The Board has determined that William J. Avery is an audit committee financial expert as defined under Item 401 of Regulation S-K under the Securities Exchange Act of 1934, as amended. In addition, the Board has determined that the Audit Committee has other members who qualify as audit committee financial experts. The Board has adopted a written charter for the Audit Committee, a copy of which is attached as Exhibit 3 hereto.

More information concerning the Audit Committee, including the Audit Committee Report, is set forth below under Ratification of the Appointment of the Independent Registered Public Accounting Firm beginning on page 23.

Compensation Committee

The principal functions of the Compensation Committee include:

establish, in consultation with senior management, our general compensation philosophy;

review and confer on the selection and development of officers and key personnel;

review and approve corporate goals and objectives relevant to the compensation of the chief executive officer, evaluate the chief executive officer's performance in light of these goals and set the chief executive officer's compensation level based on this evaluation;

review and recommend to the Board for approval candidates for chairman of the Board and chief executive officer;

review and approve all compensation strategies, policies and programs that encompass total remuneration of our executive officers and key personnel;

make recommendations to the Board regarding incentive compensation and equity-based plans and approve all grants and awards under such plans;

approve employment contracts and agreements for executive officers;

approve employee benefit and executive compensation plans and programs and changes to such plans and programs, if the present value cost of each plan or change to a plan will not exceed \$20 million for the next five calendar years after their effectiveness; and

prepare an annual report on executive compensation for inclusion in our proxy statement.

The Compensation Committee has the authority to retain and terminate compensation consultants and to approve any compensation consultant's fees and terms of retention. A copy of the Compensation Committee Charter is attached as Exhibit 4 hereto.

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Corporate Governance Committee

The principal functions of the Corporate Governance Committee include:

identify individuals qualified to become Board members;

subject to our bylaws, recommend to the Board nominees for director (including those recommended by shareholders in accordance with our Bylaws) and for Board Committees;

take a leadership position regarding corporate governance and to develop and recommend to the Board a set of corporate governance principles;

develop and recommend to the Board standards for determining the independence of directors;

recommend to the Board an overall compensation program for directors;

make recommendations to the Board regarding the size of the Board and the size, structure and function of Board Committees;

assist in the evaluation of the Board and be responsible for the evaluation of individual directors; and

recommend to the Board such additional actions related to corporate governance as the Committee deems advisable.

The Corporate Governance Committee has the authority to retain and terminate search firms and to approve any search firm's fees and terms of retention. A copy of the Corporate Governance Committee Charter is attached as Exhibit 5 hereto.

Development Committee

The Development Committee generally may authorize the following transactions and expenditures having a value greater than \$10 million but not more than \$20 million:

acquisitions or divestitures of assets, blocks of business (excluding indemnity and financial reinsurance), and equity interests in corporations, partnerships and other legal entities;

mergers, strategic investments and joint ventures;

capital commitments or expenditures for leases and asset purchases;

purchases of securities issued by us or any of our affiliates;

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issuance of securities by us or any of our affiliates, except for securities from our shelf registration, which are authorized by the Securities Committee;

acquisitions or dispositions of information systems development projects; and

other transactions referred to the Development Committee by the executive steering committee (a management committee) or chief executive officer.

The Development Committee also may authorize capital transactions (i.e. capital contributions, merger or other capital transaction) among us and our affiliates having a value greater than \$100 million but not more than \$200 million.

Securities Committee

The principal functions of the Securities Committee include:

exercise all the authority of the Board with respect to the issuance and sale of the securities that may from time to time be offered from our shelf registration statement on file with the SEC;

make determinations with respect to the terms, conditions and provisions of any securities sold pursuant to the shelf registration statement, provided that, any sales of Common Stock pursuant to the shelf registration statement are at a price of not less than \$20 per share nor more than \$125 per share (subject to adjustments as a result of stock splits, stock dividends, recapitalizations or similar transactions with respect to the Common Stock).

The functions of the Securities Committee and the Committee on Corporate Action overlap to a large extent. The Securities Committee must approve each offering of securities from the shelf registration statement and to the extent the Securities Committee exercises authority or makes determinations pursuant to its authority, the Committee on Corporate Action must act consistent with the Securities Committee's actions. The Securities Committee may establish limits or parameters within which the Committee on Corporate Action must act with

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respect to any offering. The Committee on Corporate Action will exercise authority and make determinations within limits or parameters, if any, set by the Securities Committee. Because the Committee on Corporate Action consists of only two members, it normally will be able to move quickly to take advantage of changing market conditions.

Committee on Corporate Action

Within limits now or hereafter specified by the Board and the Securities Committee, the principal functions of the Committee on Corporate Action include:

determine the pricing of the securities offered from the shelf registration statement (including the interest rate, dividend rate, distribution rate or contract adjustment payments, as applicable, the conversion ratio or settlement rate, as applicable, the price at which such securities will be sold to the underwriters, the underwriting discounts, commissions and reallowances relating thereto and the price at which such securities will be sold to the public);

approve the final form of underwriting agreement, security and other transaction documents relating to the offering and sale of the securities under the shelf registration statement; provided that, any sales of Common Stock pursuant to the shelf registration statement are at a price of not less than \$20 per share nor more than \$125 per share (subject to adjustments as a result of stock splits, stock dividends, recapitalizations or similar transactions with respect to the Common Stock); and

elect certain classes of our officers as the Board may determine by resolution.

COMPENSATION OF DIRECTORS

Compensation Philosophy

In general, the Board considers a variety of information compiled by compensation analysts when determining the levels and types of compensation to be paid to our outside directors. Although the Board's outside compensation consulting firm prepared an analysis of director compensation for the Board's Corporate Governance Committee to consider in mid-2005, a discussion of director compensation was deferred until after the completion of the merger with Jefferson-Pilot Corporation, when the new Board could consider the issue.

The Board endorses each of the six Best Practices recommended in the Report of the Blue Ribbon Commission on Director Compensation of the National Association of Corporate Directors. Consistent with those practices, the Board adheres to the following guidelines in establishing outside director compensation:

A substantial portion of each outside director's compensation is paid in shares of our Common Stock or stock units based on our Common Stock;

In order to avoid the appearance of employee-like tenure or compromised independence, our outside directors are generally not eligible for defined benefit pensions; and

Outside directors are expected to own shares of our Common Stock, or stock units based on our Common Stock, at least equal in value to 3 times the cash portion of their annual retainer (3 x \$80,000) within five years of first being elected.

Deferred stock units are a key element of the outside directors' compensation program, and we pay them under the Lincoln National Corporation Deferred Compensation Plan for Non-Employee Directors, which became effective July 1, 2004 (Directors' Deferred Compensation Plan). The Directors' Deferred Compensation Plan was approved by shareholders at the Annual Meeting on May 13, 2004.

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Our outside directors receive total annual compensation of \$160,000, excluding any fees received for holding the position of a committee chair or lead director. Current total compensation consists of an annual retainer of \$80,000 in cash and \$80,000 in deferred stock units, which are credited to each outside directors' account under the Directors' Deferred Compensation Plan. Directors may also elect to defer the cash component of their annual retainer into various phantom investment options, including the Lincoln National Corporation stock unit account option, available under the Directors' Deferred Compensation Plan. The investment options are the same as those

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offered under our 401(k) plan for employees. Amounts notionally invested into phantom investment options are credited with earnings or losses as if the deferred amounts had been actually invested in either our Common Stock (payable only in stock), or in any of the available investment options. All amounts deferred under the Directors' Deferred Compensation Plan are payable only upon the Non-Employee Director's retirement or resignation from the Board.

Committee chairs receive an annual retainer of \$5,000 and the lead director receives an annual retainer of \$25,000. No Board or Committee meeting fees are paid. Mr. Stonecipher has decided to forego the receipt of all non-employee director compensation. However, in his capacity as lead director, Mr. Stonecipher receives use of an office as well as secretary support, and access to the corporate aircraft for business purposes, plus up to 25 hours per year of flight time for personal use (with imputation of taxable income for any such use). The arrangement is subject to change or termination at any time by the corporate Governance Committee.

The Corporate Governance Committee has discretion to recommend to the Board additional compensation for meetings in addition to the Board's or a Committee's regularly scheduled meetings. Finally, Non-Employee Directors who are directors of Lincoln Life & Annuity Company of New York receive an annual retainer of \$15,000 and \$1,100 for each Board and Committee meeting that they attend.

We also reimburse outside directors for reasonable travel, lodging and related expenses that they incur to attend Board and Committee meetings and at least one continuing education program each year.

Bonus Awards and Service Awards under the DVSP

Prior to July 1, 2004, Non-Employee Directors participated in the Directors' Value Sharing Plan (the DVSP). The DVSP effectively aligned the criteria used for director's compensation with the criteria applicable to the compensation of our executive officers by paying outside directors Bonus Awards that mirrored the long-term incentive cycles, target and measures for long-term incentive awards under our Incentive Compensation Plan. In addition, Directors received Service Awards credited in the form of stock units. As part of the changes approved by the Board and our shareholders, the DVSP was terminated effective as of July 1, 2004. Outside directors who are eligible to receive benefits under the Directors' Deferred Compensation Plan described above are no longer eligible to receive award payments (Bonus Awards or Service Awards) under the DVSP. Dividend Equivalent Payments continue to be credited with respect to all outstanding awards. There are two Non-Employee Directors who retired prior to July 1, 2004, and who are therefore not eligible to receive awards under the Directors' Deferred Compensation Plan. Both retired Directors received pro-rated Service Awards based upon the Board's certification of the achievement of the performance goals established for the 2002-2004 performance cycle, in the amount of \$5,748 and \$1,690; and one Director received a pro-rated Service Award for the 2003-2005 performance cycle in the amount of \$5,870.

This was the last performance cycle payout under the DVSP.

Retirement Benefits

Before 1996, our Directors were allowed to participate in our retirement plan. All Non-Employee Directors who were directors on January 1, 1996, could choose either to (a) have their benefits under the retirement plan converted to deferred stock units, or (b) continue participating in the retirement plan (described below). For any Non-Employee Director who elected to have their benefits converted to deferred stock units, and who dies prior to retirement from the Board, the value of his or her deferred stock units will not be less than the lump sum death benefit that would have been payable under the retirement plan.

Only one of our Directors, Ms. Ruckleshaus, elected to continue participating in the retirement plan. The annual benefit payable to Ms. Ruckleshaus under the retirement plan will be calculated as 0.833% of her annual retainer during the last year she is a Director, multiplied by the number of months she has served on the Board up to a maximum of 120 months. Ms. Ruckleshaus will be credited with 120 months. Ms. Ruckleshaus may elect to receive her retirement benefit in either a single lump sum or in monthly payments beginning at the later of the date she retires from the Board or age 65. If Ms. Ruckleshaus dies prior to the date her retirement benefits begin, a death benefit will be paid to her beneficiary.

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The base amount of compensation on which we calculate the Retirement Plan benefit is increased by the same percentage as increases in the aggregate Non-Employee Director compensation. For 2005, the base amount of compensation was approximately \$58,000.

Other Benefits

We provide financial planning services to Non-Employee Directors with a value not to exceed \$20,000 for an initial financial plan, and \$10,000 for annual updates. A Lincoln Financial Advisors financial planner must provide the financial planning services to be eligible for reimbursement. We also allow non-employee directors to participate in certain of our health and welfare benefits including our self-insured medical and dental plans as well as life insurance and accidental death and dismemberment coverages. The participating non-employee director is responsible for all of the premiums for the coverage. Finally, directors are eligible to participate in the Lincoln Financial Group Foundation matching gift program, which matches up to a maximum annual contribution of \$2,000 to colleges and universities.

ITEM 1 ELECTION OF DIRECTORS

Our Board is currently composed of 15 members and is divided into three classes. Each director is elected for a three-year term.

Nominees For Director

If you sign the enclosed proxy card and return it to us, your proxy will be voted for the Board's nominees for terms expiring at the 2009 Annual Meeting, unless you specifically indicate on the proxy card that you are withholding authority to vote for one or more of those nominees. All of the nominees are current directors of LNC, and nominees Henderson and Tidwell are former Jefferson-Pilot directors. All nominees have agreed to serve on the Board if they are elected. If any nominee is unable (or for whatever reason declines) to serve as a director at the time of the Annual Meeting, proxies may be voted for the election of a qualified substitute nominee selected by the Board.

Nominees for a Term Expiring at the 2009 Annual Meeting

PRINCIPAL OCCUPATION:

Jon A. Boscia

Director since 1998

Chairman of Lincoln National Corporation (2001 - Present)

Age 54

Chief Executive Officer of Lincoln National Corporation (1998 - Present)

FIVE YEAR BUSINESS HISTORY:

President of Lincoln National Corporation (1998 - 2001)

President, The Lincoln National Life Insurance Company (1999 - 2004)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

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Hershey Foods Corporation (2001 - Present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York (1996 - Present)

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PRINCIPAL OCCUPATION:

Retired Executive

FIVE YEAR BUSINESS HISTORY:

Chairman and Chief Executive Officer of Burlington Industries, Inc., *a manufacturer of textile products* (1995 - 2003)

(Burlington filed for bankruptcy protection under Chapter 11 in late 2001 to transition and modify its business model in the highly competitive textile business).

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Bassett Furniture Industries, Inc. (2004 - Present)

Propex Fabrics, Inc. (2004 - Present)

George W. Henderson, III

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Director since 2006

Age 57

None

Eric G. Johnson

PRINCIPAL OCCUPATION :

Director since 1998

Age 55

President and Chief Executive Officer of Baldwin Richardson Foods Company, *a manufacturer of dessert products and liquid condiments for retail and the food service industry* (December 1997 - present)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

PRINCIPAL OCCUPATION:

President of Lachman Associates LLC, *an independent real estate consultant and investment advisor*
(2003 Present)

FIVE YEAR BUSINESS HISTORY:

Principal and Managing Director of Lend Lease Real Estate Investments, *a global investment manager*
(1999 2003)

Secretary of G.L. Realty Investors, Inc (1994 Present)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Liberty Property Trust (1994 Present)

M. Leanne Lachman

Director since 1985

Age 63

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York (1996 Present)

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PRINCIPAL OCCUPATION:

Retired Executive

FIVE YEAR BUSINESS HISTORY:

Executive Vice President and Wealth Management Director for Georgia, Wachovia Bank, N.A., a diversified commercial banking organization (2001 - 2005)

President, Georgia Banking Wachovia Bank, N.A. (1999 - 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Lance, Inc. (1995 - Present)

Ruddick Corporation (1999 - Present)

Isaiah Tidwell

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Director since 2006

Age 61

None

The Board of Directors recommends a vote FOR each of the nominees.

Directors Continuing In Office

The identity of, and certain biographical information relating to, the directors who will continue in office after the Annual Meeting are set forth below.

Continuing in Office for a Term Expiring at the 2007 Annual Meeting

PRINCIPAL OCCUPATION:

William J. Avery

Director since 2002

Age 65

Retired Executive

FIVE YEAR BUSINESS HISTORY:

Chairman of the Board and Chief Executive Officer of Crown Cork & Seal Company, Inc., a manufacturer of packaging products for consumer goods (1995 - 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Rohm & Haas (1997 - Present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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PRINCIPAL OCCUPATION & FIVE YEAR BUSINESS HISTORY:

Professor at The University of Texas at Austin (2000 Present)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Hayes Lemmerz International, Inc. (2003 Present)

Introgen Therapeutics, Inc. (2000 Present)

LIN Television (2002 Present)

Southwest Airlines Co. (2000 Present)

John Hancock Mutual Funds (1986 Present)

William H. Cunningham

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Director since 2006

Age 62

None

PRINCIPAL OCCUPATION & FIVE YEAR BUSINESS HISTORY:

William Porter Payne

Director since 2006

Age 58

Partner, Gleacher Partners LLC, an investment banking and asset management firm (2000 Present)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Anheuser Busch, Inc. (1997 Present)

Cousins Properties, Inc. (1996 Present)

Crown Crafts, Inc. (2001 Present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

PRINCIPAL OCCUPATION:

Distinguished Executive in Residence at the Terry Business School, University of Georgia (2002 Present)

FIVE YEAR BUSINESS HISTORY:

Chairman, President and Chief Executive Officer of Heidrick & Struggles International, Inc., a global provider of senior level executive search and leadership development services (1997 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Artisan Funds (2001 Present)

Patrick S. Pittard

Director since 2006

Age 60

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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PRINCIPAL OCCUPATION:

Retired Executive

Business History:

Prior to her retirement in 1997, Ms. Ruckelshaus was a consultant for William D. Ruckelshaus Associates, *environmental consultants* (1989 - 1997)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Costco, Inc (1996 - Present)

Jill S. Ruckelshaus

Director since 1975

Age 69

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York (2003 - Present)
Continuing in Office for a Term Expiring at the 2008 Annual Meeting

J. Patrick Barrett

Director since 1990

Age 69

PRINCIPAL OCCUPATION:

Chairman and Chief Executive Officer of CARPAT Investments, *a private investment company* (1987 Present)

FIVE YEAR BUSINESS HISTORY:

President of Telergy, Inc., *an applications infrastructure provider serving the telecommunications and energy industries* (1998 - 2001)

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(Telergy filed a voluntary bankruptcy petition under Chapter 11 of the federal bankruptcy laws in October 2001 and under Chapter 7 in December 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York (1996 - Present)

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PRINCIPAL OCCUPATION:

President and Chief Operating Officer of Lincoln National Corporation (April 2006 - Present)

FIVE YEAR BUSINESS HISTORY:

President and Chief Executive Officer of Jefferson-Pilot Corporation* (March 2004- April 2006)

President and Chief Operating Officer of Jefferson-Pilot Corporation* (November 2001 - March 2004)

* Jefferson-Pilot was merged into one of our wholly owned subsidiaries in April 2006.

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

Dennis R. Glass

Director since 2006

Age 56

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Jefferson-Pilot Life Insurance Company (1993-present)

Jefferson Pilot Financial Insurance Company (1997-present)

Jefferson Pilot LifeAmerica Insurance Company (1997-present)

Jefferson Standard Life Insurance Company (1994-present)

Jefferson-Pilot Investments, Inc. (1994-present)

PRINCIPAL OCCUPATION:

Michael F. Mee

Director since 2001

Age 63

Retired Executive

FIVE YEAR BUSINESS HISTORY:

Executive Vice President and Chief Financial Officer of Bristol-Myers Squibb Company, *a pharmaceutical and related health care products company* (1994 – 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Ferro Corporation (2001 – Present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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David A. Stonecipher

Director since 2006

Age 65

PRINCIPAL OCCUPATION:

Retired Executive

FIVE YEAR BUSINESS HISTORY:

Director, Chairman of the Board of Jefferson-Pilot Corporation*(2004 - 2006)

Director, Chairman of the Board, Chief Executive Officer of Jefferson-Pilot Corporation (2001 - 2004)

* Jefferson-Pilot was merged into one of our wholly owned subsidiaries in April 2006.

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Bassett Furniture Industries, Inc. (2001 - Present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

PRINCIPAL OCCUPATION:

Glenn F. Tilton

Director since 2002

Age 58

Chairman, President and Chief Executive Officer of UAL Corporation and United Airlines (UAL Corporation filed a voluntary bankruptcy petition under Chapter 11 of the federal bankruptcy laws in December 2002)

FIVE YEAR BUSINESS HISTORY:

Vice Chairman of the Board of ChevronTexaco Corporation, *a global energy corporation* (2001 - 2002)

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Non-Executive Chairman of Dynegy, Inc., *energy company* (2002)

Chairman and CEO of Texaco Inc., *an integrated international petroleum company* (2001)

President of Texaco's Global Business Unit (1997 - 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

UAL Corporation and United Airlines (2002 - Present)

TXU Corp (2005-present)

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

Table of Contents**ITEM 2 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

On March 8, 2006, our Audit Committee appointed Ernst & Young LLP, as our independent registered public accounting firm, for the year ending December 31, 2006. We have engaged this firm and its predecessors in this capacity continuously since 1968. Although not required, we request that you ratify this appointment. If you do not ratify this appointment, the Audit Committee may reconsider its appointment. Even if you do ratify this appointment, the Audit Committee is empowered to terminate Ernst & Young LLP and select and retain another independent registered public accounting firms at any time during the year.

Representatives of Ernst & Young LLP will be present at the Annual Meeting. They will be given the opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions relating to the audit of our audited consolidated financial statements for the year ended December 31, 2005.

The Board of Directors recommends a vote FOR the ratification of Ernst & Young LLP, as our independent registered public accounting firm for 2006.

Independent Registered Public Accounting Firm**Fees and Services**

Below are fees that were incurred by Ernst & Young LLP, our independent registered public accounting firm, for fiscal years 2005 and 2004 for professional services rendered as well as the related percentage of total fees that each category comprises.

	Fiscal Year Ended -December 31, 2005	% of total fees	Fiscal Year Ended -December 31, 2004	% of total fees
Audit Fees	\$ 7,830,649	82.9%	\$ 8,439,230	84.4%
Audit-Related Fees	\$ 1,553,626	16.5%	\$ 1,515,984	15.2%
Tax Fees	\$ 57,093	0.6%	\$ 44,770	0.4%
All Other Fees	\$ 0	N/A	\$ 0	N/A
TOTAL FEES:	\$ 9,441,368	100.0%	\$ 9,999,984	100.0%

Audit Fees

Fees for audit services include fees associated with the annual audit, the reviews of our interim financial statements included in quarterly reports on Form 10-Q, accounting consultations directly associated with the audit, and services normally provided in connection with statutory and regulatory filings.

Audit-Related Fees

Audit-related services principally include employee benefit plan audits, service auditor reports on internal controls, due diligence procedures in connection with acquisitions and dispositions, reviews of registration statements and prospectuses and accounting consultations not directly associated with the audit or quarterly reviews.

Tax Fees

Fees for tax services include tax compliance and advisory services.

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Audit Committee Pre-Approval Policy

In accordance with its charter, the Audit Committee's policy is to pre-approve services provided by Ernst & Young LLP. These pre-approval procedures are set forth in Exhibit 7 hereto. During the year ended December 31, 2005, all services provided by Ernst & Young LLP were pre-approved by the Audit Committee in accordance with this policy.

Audit Committee Report

Management has primary responsibility for preparing Lincoln National Corporation's financial statements and establishing financial reporting systems and internal controls. Management also is responsible for reporting on the effectiveness of the Corporation's internal control over financial reporting. The independent registered public accounting firm is responsible for performing an independent audit of the Corporation's consolidated financial statements and issuing a report on these financial statements. The independent registered public accounting firm is also responsible for issuing an attestation report on management's assessment of the effectiveness of the Corporation's internal control over financial reporting.

In this context, the Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended December 31, 2005. The Audit Committee has also discussed with the Corporation's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees. Additionally, the Audit Committee has received the written disclosures and representations from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

Based upon the review and discussions referred to in this report, the Audit Committee recommended to the Board that the audited financial statements for the fiscal year ended December 31, 2005 be included in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 for filing with the SEC.

William J. Avery*

Jenne K. Britell

M. Leanne Lachman, Chair

Michael F. Mee

Glenn F. Tilton

* This Report was prepared by the Audit Committee as constituted prior to the effective time of our merger with Jefferson-Pilot. Ms. Britell is no longer a director.

Pursuant to Item 306(c) of Regulation S-K and Item 7(e)(3)(v) of Schedule 14A promulgated by the SEC, the information included under "Audit Committee Matters," including the Audit Committee Report, shall not be deemed to be soliciting material or to be filed with the SEC, except to the extent the Corporation specifically requests that such information be treated as soliciting material or specifically incorporates such information by reference into a document filed with the SEC under the Exchange Act or under the Securities Act of 1933, as amended.

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SECTION 16(a) BENEFICIAL OWNERSHIP

REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, certain officers and beneficial owners of greater than 10% of our equity securities to file reports of holdings and transactions with the SEC and the NYSE. Based on written representation that we have received from our officers subject to Section 16 and directors, and a review of the reports filed with respect to transactions that occurred during 2006, we believe that each of our directors and officers subject to Section 16 met all applicable filing requirements.

OUR EXECUTIVE OFFICERS

Executive Officers of the Registrant as of April 3, 2006 are as follows:

Name	Age**	Position with LNC and Business Experience During the Past Five Years
Jon A. Boscia	54	Chairman, Chief Executive Officer and Director (since 2001). President and Director, The Lincoln National Life Insurance Company * (1998-2004).
Charles C. Cornelio	46	Senior Vice President, Shared