

LINCOLN NATIONAL CORP
Form S-3ASR
March 14, 2006

As filed with the Securities and Exchange Commission on March 14, 2006.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Lincoln National Corporation

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of
incorporation or organization)

35-1140070

(I.R.S. Employer
Identification Number)

Lincoln National Capital VII
Lincoln National Capital VIII
Lincoln National Capital IX

(Exact name of each registrant as
specified in its Trust Agreement)

Delaware

(State or other jurisdiction of
Incorporation or organization of each registrant)

Each to be Applied for

(I.R.S. Employer
Identification No.)

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**1500 Market Street, Suite 3900
Philadelphia, Pennsylvania 19102
(215) 448-1400**

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

**c/o LNC National Corporation
1500 Market Street, Suite 3900
Philadelphia, Pennsylvania 19102
(215) 448-1400**

(Address, including zip code, and
telephone number, including area code, of each
registrant's principal executive offices)

Dennis L. Schoff

Senior Vice President & General Counsel

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Lincoln National Corporation

Centre Square West Tower

1500 Market Street, Suite 3900

Philadelphia, PA 19102

(215) 448-1400

(Name, Address, Including Zip Code, and Telephone Number, Including
Area Code, of Agent for Service)

COPY TO:

Charles A. Brawley, III

Vice President and Associate General Counsel

Lincoln National Corporation

1500 Market Street, Suite 3900

Philadelphia, PA 19102

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

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If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/Proposed maximum offering price per unit/Proposed maximum offering price/Amount of registration fee
Securities of Lincoln National Corporation:	
Debt Securities(2)	
Common Stock, no par value(3)	
Preferred Stock	
Warrants(4)	
Stock Purchase Contracts(5)	
Depository Shares (6)	(1), (2)
Stock Purchase Units (7)	
Guarantees of Trust Preferred Securities of Lincoln National Capital VII, Lincoln National Capital VIII and Lincoln National Capital IX(8)	
Trust Preferred Securities	
Lincoln National Capital VII	
Lincoln National Capital VIII	
Lincoln National Capital IX	

(1) An indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be offered and sold at indeterminate prices. In accordance with Rules 456(b) and 457(r) of the Securities Act of 1933, Lincoln National Corporation (LNC) is deferring payment of the entire registration fee, except for \$55,200 that has already been paid with respect to the \$600,000,000 aggregate initial offering price of securities that were previously registered pursuant to Registration Statement No. 333-84728, and were not sold thereunder.

(2) In addition, this Registration Statement includes such presently indeterminate number of offered securities as may be issuable from time to time upon conversion or exchange of the offered securities being offered hereunder, including upon the exercise of warrants or delivery upon settlement of stock purchase contracts. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depository shares.

(3) Each share of common stock includes one common share purchase right, which is not exercisable or evidenced separately from the Common Stock prior to the occurrence of certain events.

(4) Including such indeterminate number of warrants as may, from time to time, be issued at indeterminate prices, representing rights to purchase debt securities, preferred stock, common stock or other securities registered hereunder. Warrants may be sold separately or with debt securities, preferred stock, common stock or other securities registered hereunder.

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(5) Each stock purchase contract obligates the registrant to sell, and the holder thereof to purchase, an indeterminate number of shares of common stock or preferred stock.

(6) Each depositary share will be issued under a deposit agreement, will represent an interest in a fractional share or multiple

shares of preferred stock and will be evidenced by a depositary receipt.

(7) Each stock purchase unit will be issued under a unit agreement or indenture and will represent an interest in two or more debt securities, warrants or purchase contracts, which may or may not be separable from one another.

(8) LNC is registering under this registration statement guarantees and all other obligations that it may have with respect to trust preferred securities issued by Lincoln National Capital VII, Lincoln National Capital VIII and Lincoln National Capital IX. No separate consideration will be received for any guarantee or any such other obligations.

Pursuant to Rule 429 of the Securities Act of 1933, the prospectus included in this registration statement also relates to \$600,000,000 of securities registered and remaining unissued under registration statement No. 333-84728 previously filed by LNC, with respect to which the filing fee has previously been paid to the SEC. In the event that any of such previously registered securities are offered prior to the effective date of this registration statement, the amount of such securities will not be included in any prospectus hereunder. The amount of securities being registered, together with the remaining securities registered under registration statement Nos. 333-84728, represents the maximum amount of securities which are expected to be offered for sale.

LINCOLN NATIONAL CORPORATION

Debt Securities

Common Stock

Preferred Stock

Warrants

Stock Purchase Contracts

Depositary Shares

Stock Purchase Units

Lincoln National Capital VII

Lincoln National Capital VIII

Lincoln National Capital IX

Trust Preferred Securities

fully and unconditionally guaranteed, as described herein,

by Lincoln National Corporation

We will provide you with more specific terms of these securities in supplements to this prospectus.

Lincoln National Capital VII, Lincoln National Capital VIII and Lincoln National Capital IX are Delaware statutory trusts which may offer from time to time trust preferred securities representing preferred undivided beneficial interests in the assets of the applicable trust.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis, at prices and on other terms to be determined at the time of offering.

Our common stock is listed on the New York, Chicago and Pacific Stock Exchanges, under the symbol LNC.

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Before you invest, you should carefully read this prospectus, any applicable prospectus supplement and information described under the headings "Where You Can Find More Information" and "Documents Incorporated by Reference."

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated March 14, 2006.

Table of Contents

	Page
<u>About this Prospectus</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>1</u>
<u>Documents Incorporated by Reference</u>	<u>1</u>
<u>Description of Securities We May Sell</u>	<u>3</u>
<u>Debt Securities</u>	<u>3</u>
<u>Common Stock and Preferred Stock</u>	<u>22</u>
<u>Depository Shares</u>	<u>27</u>
<u>Warrants</u>	<u>30</u>
<u>Stock Purchase Contracts and Stock Purchase Units</u>	<u>31</u>
<u>Trust Preferred Securities</u>	<u>31</u>
<u>Guarantees of Trust Preferred Securities</u>	<u>43</u>
<u>Relationship among the Trust Preferred Securities, the Corresponding Subordinated</u>	
<u>Debt Securities and the Guarantees</u>	<u>46</u>
<u>Use of Proceeds</u>	<u>47</u>
<u>Validity of Securities</u>	<u>47</u>
<u>Experts</u>	<u>47</u>

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover. Our business, financial condition, results of operations and prospects may have changed since that date.

For North Carolina Residents: The Commissioner of Insurance for the State of North Carolina has not approved or disapproved these securities nor has the Commissioner ruled upon the accuracy or adequacy of this prospectus.

ABOUT THIS PROSPECTUS

This prospectus is one part of a shelf registration statement that we have filed on Form S-3 with the SEC under the Securities Act. By using a shelf registration statement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus.

This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information concerning us and the securities, you should read the entire registration statement and the additional information described under Documents Incorporated By Reference below. Whenever a reference is made in this prospectus to a contract or other document of the Company, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information and documents with the Securities and Exchange Commission, or SEC. You may read and copy any document we file with the SEC at:

the public reference room maintained by the SEC in Washington, D.C. (100 F Street, N.E., Room 1580, Washington, D.C. 20549). Copies of such materials can be obtained from the SEC's public reference section at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at (800) SEC-0330, or

the SEC website located at www.sec.gov.

Information about us is also available on our website at <http://www.lfg.com>. This URL and the SEC's URL above are intended to be inactive textual references only. Such information on our or the SEC's website is not a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC's rules allow us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

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We incorporate by reference into this prospectus the following documents or information filed (File No. 1-6028) with the SEC (other than, in each case, information deemed to have been furnished or not filed in accordance with the SEC rules):

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2004;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2005;

Our Current Reports on Form 8-K filed with the SEC on January 20, February 16, March 4, May 12 (except Item 7.01 on such Form 8-K shall not be deemed incorporated by reference herein), October 11 and December 27, 2005 and January 13, January 20, January 31, February 13, February 14 (one report), and February 28, 2006;

The description of our Common Stock contained in Form 10 filed with the SEC on April 28, 1969, including any amendments or reports filed for the purpose of updating that description; and

The description of our Common Stock purchase rights contained in our Registration Statement on Form 8-A/A, Amendment No. 1, filed with the SEC on December 2, 1996, including any amendments or reports filed for the purpose of updating that description.

Each document filed subsequent to the date of this Registration Statement pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein (or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein) modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Registration Statement.

We will provide without charge to each person to whom this prospectus is delivered, upon the written or oral request of such person, a copy of the documents incorporated by reference as described above (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents), copies of all documents constituting part of the prospectus for the Plan and copies of the Plan. Please direct your oral or written request to:

C. Suzanne Womack

2nd Vice President & Secretary

1500 Market Street, Ste. 3900

Philadelphia, PA 19102

215-448-1475

DESCRIPTION OF SECURITIES WE MAY OFFER

Debt Securities

Senior Debt Securities

We may issue the senior debt securities in one or more series under an indenture dated as of September 15, 1994 between LNC and The Bank of New York, as trustee. For purposes of this section, we refer to the indenture, as supplemented from time to time, as the indenture and to The Bank of New York or any successor or additional trustee, in its capacity as trustee under the indenture, as the trustee. The indenture and the form of the senior debt securities are filed as exhibits to the registration statement that includes this prospectus. The indenture has been qualified under the Trust Indenture Act of 1939, as amended, which we refer to as the Trust Indenture Act.

This summary of the indenture and the senior debt securities relates to terms and conditions applicable to the senior debt securities generally. We will summarize the particular terms of any series of senior debt securities in the applicable prospectus supplement. If indicated in the prospectus supplement, the terms of any series may differ from the terms summarized below. Because the summary of the material provisions of the indenture and the senior debt securities set forth below and the summary of the material terms of a particular series of senior debt securities set forth in the applicable prospectus supplement are not complete, you should refer to the forms of the indenture and the senior debt securities for complete information regarding the terms and provisions of the indenture (including defined terms) and the senior debt securities. Wherever we refer to particular articles, sections or defined terms of the indenture in this prospectus or in a prospectus supplement, those articles, sections or defined terms are incorporated in this prospectus and the prospectus supplement by reference, and the statement with respect to which such reference is made is qualified in its entirety by such reference.

General

The senior debt securities will be unsecured and will rank on parity with all of our other unsecured and unsubordinated indebtedness. The indenture does not limit the amount of senior debt securities which we may issue under it, and it provides that senior debt securities may be issued up to the aggregate principal amount that we authorize from time to time.

Please refer to the applicable prospectus supplement for the following terms of a particular series of senior debt securities being offered:

the title, aggregate principal amount and authorized denominations of the senior debt securities;

the percentage of their principal amount at which the senior debt securities will be issued;

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the date or dates on which the senior debt securities will mature;

the rate or rates per annum (which may be fixed or variable), if any, at which the senior debt securities will bear interest or the method of determining or calculating such rate or rates;

the times at which any such interest will be payable;

the currency or units of two or more currencies in which the senior debt securities are denominated and in which principal and any premium, interest and additional amounts (described below) will or may be payable;

the dates, if any, on which and the price or prices at which we may redeem the senior debt securities pursuant to any optional or mandatory sinking fund provisions, and other terms and provisions of any sinking fund;

any redemption terms or any terms for repayment of principal amount at the option of the holder;

whether and under what circumstances we will pay additional amounts in respect of certain taxes imposed on certain holders or as otherwise provided;

the terms and conditions upon which such senior debt securities may be convertible into shares of our common stock or our other securities, including the conversion price, conversion period and other conversion provisions;

the defeasance provisions, if any, that are applicable to the senior debt securities (other than those described in this prospectus);

whether the senior debt securities are to be issuable in global form and, if so, the terms and conditions, if any, upon which interests in senior debt securities issued in global form may be exchanged, in whole or in part, for the individual senior debt securities represented by the global senior debt security and the initial depository for the global senior debt security;

the person to whom any interest on a registered security is payable, if other than the registered holder, or the manner in which any interest is payable on a bearer security if other than upon presentation of the related coupons; or

any other specific terms of the senior debt securities.

Principal, interest and premium and additional amounts, if any, will be payable in the manner, at the places and subject to the restrictions set forth in the indenture, the senior debt securities and the prospectus supplement relating thereto.

Unless we specify otherwise in the applicable prospectus supplement, we will issue the senior debt securities in fully registered form without coupons. When we issue senior debt securities of any series in bearer form, we will describe in the applicable prospectus supplement the special restrictions and considerations, including special offering restrictions and special federal income tax considerations, applicable to the senior debt securities and to payment on and transfer and exchange of the senior debt securities.

We may issue senior debt securities as discounted senior debt securities that bear no interest or that bear interest at a below market rate at the time of issuance to be sold at a substantial discount below their stated principal amount. We will describe the U.S. federal income tax consequences and other special considerations applicable to any discounted senior debt securities in the applicable prospectus supplement.

If the purchase price of any senior debt securities is payable in one or more foreign currencies or currency units or if any senior debt securities are denominated in one or more foreign currencies or currency units or if the principal of, or premium, or interest, if any, on, any senior debt securities is payable in one or more foreign currencies or currency units, we will describe the restrictions, elections, certain U.S. federal income tax considerations, specific terms and other information with respect to the senior debt securities and foreign currency or currency units in the applicable prospectus supplement.

Holders may present senior debt securities for exchange, and holders may present registered senior debt securities for transfer, in the manner, at the places and subject to the restrictions set forth in the indenture, the senior debt securities and the applicable prospectus supplement. Holders of senior debt securities in bearer form and the related coupons may transfer them by delivery. No service charge will be made for any transfer or exchange of senior debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange. (Section 2.06)

If the senior debt securities are convertible into shares of common stock, the conversion price payable and the number of shares purchasable upon conversion may be subject to adjustment in certain events as set forth in the applicable prospectus supplement.

Form, Registration, Transfer and Exchange

We may issue senior debt securities of a series solely as registered securities, solely as bearer securities (with or without coupons attached) or as both registered securities and bearer securities. We may issue senior debt securities of a series in whole or part in the form of one or more global senior debt securities, which we refer to in this prospectus as *global securities*, as described below under *Global Senior Debt Securities*.

Registered securities of any series will be exchangeable for other registered securities of the same series and of a like aggregate principal amount and tenor in different authorized denominations. In addition, if senior debt securities of any series are issuable as both registered securities and bearer securities, the holder may choose, subject to the terms of the indenture, to exchange bearer securities and the appropriate related coupons of that series for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. Unless otherwise indicated in the applicable prospectus supplement, any bearer security surrendered in exchange for a registered security between a record date or a special record date for defaulted interest and the relevant date for payment of interest will be surrendered without the coupon relating to the interest payment date. Interest will not be payable with respect to the registered security issued in exchange for the bearer security. Instead, that interest will be payable only to the holder of the coupon when due in accordance with the terms of the indenture. Bearer securities will not be issued in exchange for registered securities. (Sections 2.06, 2.12 and 4.01)

Holders may present senior debt securities for exchange as provided above, and unless otherwise indicated in the applicable prospectus supplement, holders may present registered securities for registration of transfer (duly endorsed, or accompanied by a duly executed written instrument of transfer), at the office of any transfer agent that we designate for that purpose with respect to any series of senior debt securities and referred to in the applicable prospectus supplement. This may be done without service charge upon payment of any taxes and other governmental charges as described in the indenture. The transfer agent will effect the transfer or exchange upon being satisfied with the documents of title and identity of the person making the request. We may at any time rescind the designation of any transfer agent. However, no such designation or rescission will in any manner relieve us of our obligation to maintain an office or agency in each place of payment for senior debt securities of a series. We may at any time designate additional transfer agents with respect to any series of senior debt securities. (Sections 2.06 and 4.02)

If senior debt securities of any series are redeemed, we will not be required to:

register the transfer or exchange of senior debt securities of that series during a 15-day period before the selection of the securities of that series to be redeemed;

register the transfer of or exchange any registered security, or portion thereof, selected for redemption, except the unredeemed portion of any registered security being redeemed in part; or

exchange any bearer security called for redemption except, to the extent provided with respect to any series of senior debt securities and referred to in the applicable prospectus supplement, to exchange such bearer security for a registered security of that series of like tenor and principal amount that is immediately surrendered for redemption. (Section 2.06)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, payment of principal and premium, interest and additional amounts, if any, on registered securities will be made at the office of the paying agent or paying agents that we may designate from time to time. However, at our option, we may make payment of interest and any additional amounts by check or draft mailed to the address, as it appears in the senior debt security register, of the person or entity entitled to the payment. Unless otherwise indicated in an applicable prospectus supplement, we will make payment of any installment of interest on registered securities to the person or entity in whose name the registered security is registered at the close of business on the record date for such interest. (Section 4.01)

Unless otherwise indicated in the applicable prospectus supplement, payment of principal and premium, interest and additional amounts, if any, on bearer securities will be payable in accordance with applicable laws and regulations at the offices of those paying agents outside the U.S. as we may designate from time to time, or by check

or by transfer to an account maintained by the payee outside the U.S. Unless otherwise indicated in the applicable prospectus supplement, we will make interest payments on bearer securities only against surrender of the coupon relating to that interest installment. (Sections 2.06, 4.01, and 4.02)

We will initially designate paying agents in or outside the U.S. for the senior debt securities in the applicable prospectus supplement. If the senior debt securities of a series are listed on a stock exchange located outside the U.S. and if the stock exchange requires it, we will maintain a paying agent for that series in London, Luxembourg or any other required city located outside the U.S. so long as the senior debt securities of that series are listed on that exchange. We may at any time designate additional paying agents or rescind the designation of any paying agent. However, no such designation or rescission shall in any manner relieve us of our obligation to maintain an office or agency in each place of payment. (Section 4.02)

All monies that we pay to a paying agent for the payment of principal of or interest or additional amounts, if any, on any senior debt security which remain unclaimed at the end of one year after becoming due and payable will be repaid to us. After that time, the holder of the senior debt security or coupon will look only to us for payment of those amounts. (Section 4.03)

Global Senior Debt Securities

We may issue the senior debt securities of a series in the form of one or more global securities that we will deposit with a depository or its nominee identified in the applicable prospectus supplement. In such a case, we will issue one or more global securities in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding senior debt securities of the series to be represented by such global security or global securities. Unless and until it is exchanged in whole or in part for senior debt securities in registered form, a global security may not, subject to certain exceptions, be registered for transfer or exchange except to the depository for the global security or a nominee of the depository. (Sections 2.01 and 2.06)

Unless otherwise specified in the applicable prospectus supplement, a global security representing a series of senior debt securities will be exchangeable for individual senior debt securities of that series in the following circumstances:

if a depository is at an time unwilling, unable or ineligible to continue as depository and we do not appoint a successor depository within 90 days;

at any time in our sole discretion if we determine not to have any senior debt securities of that series represented by a global security;

if we so specify with respect to a series of senior debt securities, at any time upon the request of an owner of a beneficial interest in a global security representing senior debt securities of that series if the exchange is made on terms acceptable to us, the trustee and the depository;
or

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a senior debt security event of default has occurred and is continuing with respect to that series of senior debt securities.
(Section 2.01)

To the extent not described under the heading *Book-Entry Issuance*, we will describe the terms of the depository arrangement for any portion of a series of senior debt securities to be represented by a global security in the applicable prospectus supplement.

Limitation on Liens on Stock of Restricted Subsidiaries

We will not, nor will we permit any Restricted Subsidiary to, issue, assume or guarantee any indebtedness for borrowed money (which we refer to in this prospectus as *Debt*) secured by a mortgage, security interest, pledge, lien or other encumbrance upon any shares of stock of any Restricted Subsidiary without effectively providing that the senior debt securities (together with, if we shall so determine, any other indebtedness of or guarantee by us ranking equally with the senior debt securities and then existing or thereafter created) will be secured equally and ratably with that Debt. (Section 4.06).

For purposes of the indenture, **Restricted Subsidiary** means The Lincoln National Life Insurance Company so long as it remains a subsidiary, as well as any successor to all or a principal part of the business of that subsidiary and any other subsidiary which our board of directors designates as a Restricted Subsidiary. (Section 1.01)

Limitation on Issuance or Disposition of Stock of Restricted Subsidiaries

We will not, nor will we permit any Restricted Subsidiary to, issue, sell, assign, transfer or otherwise dispose of, directly or indirectly, any capital stock, other than nonvoting preferred stock, of any Restricted Subsidiary, except for:

the purpose of qualifying directors;

sales or other dispositions to us or one or more Restricted Subsidiaries;

the disposition of all or any part of the capital stock of any Restricted Subsidiary for consideration which is at least equal to the fair value of that capital stock as determined by our board of directors acting in good faith; or

an issuance, sale, assignment, transfer or other disposition required to comply with an order of a court or regulatory authority of competent jurisdiction, other than an order issued at our request or the request of any Restricted Subsidiary. (Section 4.07)

For the purposes of the indenture, **capital stock** means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in corporate stock. (Section 1.01)

Defaults and Remedies

A **senior debt security event of default** with respect to senior debt securities of any series is defined in the indenture as being any one of the following events:

(a) default for 30 days in payment of any interest or additional amounts on the senior debt securities of that series;

- (b) default in payment of principal or premium, if any, on the senior debt securities of that series when due either at maturity, upon redemption, by declaration or otherwise, other than a failure to make payment resulting from mistake, oversight or transfer difficulties not continuing for more than three business days beyond the payment due date;

- (c) default in payment of any sinking fund installment when due and payable, other than a failure to make payment resulting from mistake, oversight or transfer difficulties not continuing for more than three business days beyond the payment due date;

- (d) our default in the performance or breach of any of our other covenants or warranties relating to the senior debt securities of that series for a period of 60 days after written notice has been provided to us by the trustee or to us and the trustee by the registered holders of at least 25% in principal amount of the outstanding debt securities of that series;

- (e) certain events involving our bankruptcy or insolvency; or

- (f) other events of default as specified in the supplemental indenture or board resolution under which that series of senior debt securities was issued. (Section 6.01)

The indenture provides that if a senior debt security event of default described in clauses (a), (b), (c) or, in the event of a default with respect to less than all outstanding series under the indenture, (d) above has occurred and is continuing with respect to one or more series, either the trustee or the holders of 25% in principal amount of the outstanding senior debt securities of that series (each series voting as a separate class) may declare the principal (or in

the case of original issue discount senior debt securities, the portion of the principal amount specified in the terms of the senior debt securities), accrued interest and any additional amounts payable with respect to the senior debt securities of that series to be due and payable immediately. (Section 6.01)

The indenture also provides that if a senior debt security event of default described in clause (d) (in the event of a default with respect to all outstanding series) or (e) above has occurred and is continuing, either the trustee or the holders of 25% in principal amount of all senior debt securities then outstanding (voting as one class) may declare the principal (or in the case of original issue discount senior debt securities, the portion of the principal amount specified in the terms of the senior debt securities), accrued interest and any additional amounts payable with respect to all outstanding senior debt securities to be due and payable immediately. (Section 6.01)

Upon certain conditions, the holders of a majority in principal amount of the outstanding senior debt securities of that series (or of all series, as the case may be) may annul declarations of acceleration and waive past defaults, other than defaults in the payment of principal of, or premium, interest or additional amounts, if any, on the senior debt securities. (Sections 6.01 and 6.10)

Holders may not enforce the indenture or the senior debt securities except as provided in the indenture. The trustee may refuse to enforce the indenture or the senior debt securities unless it receives indemnity satisfactory to it. Subject to certain limitations, holders of a majority in principal amount of the senior debt securities of any series may direct the trustee in its exercise of any trust or power. We must deliver annually to the trustee an officer's statement indicating whether the signer knows of any default by us in performing any of our obligations under the indenture. Except a default in payment of principal or any premium, interest or additional amounts, or any sinking or purchase fund installment, the trustee may withhold notice of any continuing default from holders, if it determines that withholding notice is in their interest. (Sections 4.05, 6.06, 6.09, 6.11, 7.01 and 7.05)

Defeasance

Unless otherwise described in a prospectus supplement with respect to any series of senior debt securities, if we deposit with the trustee, in trust, money, government obligations or a combination thereof which will in the written opinion of independent public accountants selected by us, provide money in an amount sufficient to pay all the principal (including any mandatory sinking fund payments) of, and interest and additional amounts and premium, if any, on, a series of senior debt securities on the dates such payments are due in accordance with the terms of that series, we, at our option:

will be discharged from any and all obligations in respect of that series of senior debt securities on the 91st day after satisfaction of all conditions to the discharge, other than certain obligations to register the transfer or exchange of the senior debt securities, replace stolen, lost or mutilated senior debt securities, maintain paying agencies and hold moneys for payment in trust; or

effective upon the satisfaction of all applicable conditions, need not comply with certain restrictive covenants under the indenture or otherwise applicable to that series of senior debt securities and will not be limited by any restrictions with respect to merger, consolidation or sales of assets. (Section 8.02)

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In order to exercise either of the options described above, no senior debt security event of default shall have occurred and be continuing under the indenture, and we must provide to the trustee:

an opinion of counsel to the effect that holders of the applicable series of senior debt securities:

will not recognize income, gain or loss for federal income tax purposes as a result of our exercise of its option;

will be subject to federal income tax on the same amount, in the same manner and at the same time as would have been the case if such option had not been exercised;

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if senior debt securities are being discharged, a private letter ruling to the same effect as the opinion of counsel received from the U.S. Internal Revenue Service or a revenue ruling pertaining to a comparable form of transaction to that effect published by the IRS;

an officers certificate to the effect that no senior debt security event of default or event which with the giving of notice or lapse of time, or both, would become a senior debt security event of default, with respect to the applicable series of senior debt securities shall have occurred and be continuing on the date of the deposit; and

if the senior debt securities are listed on the New York Stock Exchange, an opinion of counsel to the effect that the exercise of the option will not cause the senior debt securities to be delisted. (Section 8.02)

For purposes of the indenture, the term government obligations means generally:

direct noncallable obligations of the government which issued the currency in which the senior debt securities of the applicable series are denominated;

noncallable obligations which are fully guaranteed by that government with respect to the payment of principal and interest; or

noncallable obligations on which the full faith and credit of that government is pledged with respect to the payment of principal and interest. (Section 1.01).

In addition, we may obtain a discharge under the indenture with respect to all the senior debt securities of a series by depositing with the trustee, in trust, moneys or government obligations sufficient to pay at maturity or upon redemption all of the principal, premium, interest and additional amounts payable with respect to the senior debt securities of that series if all of those senior debt securities are by their terms to become due and payable within one year or are to be called for redemption within one year. We are not required to deliver an opinion of counsel or ruling relating to the tax consequences to holders for this discharge. (Section 8.01) After any discharge of senior debt securities pursuant to the terms of the indenture described above, the holders of those senior debt securities will be able to look solely to the trust fund, and not to us, for payments of principal and any premium, interest or additional amounts. (Sections 8.01 and 8.02)

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge into, or sell, lease or convey all or substantially all of its assets to, another corporation unless:

the successor or transferee corporation is a corporation organized and existing under the laws of the U.S. or a state thereof;

the successor or transferee corporation assumes by supplemental indenture all of our obligations under the senior debt securities and the indenture; and

we or the successor corporation, as the case may be, will not, immediately after such consolidation or merger or sale, lease or conveyance, be in default in the performance of any covenant or condition with respect to the senior debt securities or the indenture.

We will deliver to the trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger or transfer and the supplemental indenture comply with the terms of the indenture. Upon any consolidation or merger or any sale, lease or conveyance of all or substantially all of our assets, the successor or transferee corporation shall succeed to, and be substituted for us, under the indenture, and may exercise all rights and powers. (Sections 5.01 and 5.02). Thereafter, all obligations of the predecessor corporation will terminate. (Section 5.01)

Modification of the Indenture

The indenture permits us and the trustee to amend or supplement the indenture or the senior debt securities without notice to or the consent of any holder of a senior debt security for certain purposes, including to:

cure any ambiguity, defect or inconsistency;

comply with Section 5.01 (relating to when we may consolidate, merge or sell all or substantially all of its assets);

provide for uncertificated senior debt securities;

establish the form or terms of senior debt securities of any series; or

make any change that does not adversely affect the rights of any holder of a senior debt security. (Section 9.01)

We and the trustee may modify or amend certain other provisions of the indenture only with the consent of the holders of at least a majority in aggregate principal amount of the outstanding senior debt securities of each series issued under the indenture which is affected by the modification or amendment (voting as one class). However, no such modification or amendment may, without the consent of the holder of each senior debt security affected thereby:

reduce the percentage of senior debt securities whose holders must consent to an amendment, supplement or waiver;

reduce the rate or rates or extend the time for payment of interest or additional amounts, if any, on any senior debt security;

reduce the principal of or premium, if any, on or extend the fixed maturity of any senior debt security;

modify or effect in any manner adverse to the holders of senior debt securities the terms and conditions of our obligations in respect of its obligations under the indenture;

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waive a default in the payment of principal of or premium or interest or additional amounts, if any, on any senior debt security;

impair the right to institute a suit for the enforcement of any payment with respect to any series of senior debt securities;

change a place of payment; or

make any senior debt security payable in currency other than that stated in the senior debt security. (Section 9.02)

Regarding the Trustee

The trustee is a participant in certain of our credit agreements, and we have maintained other banking relationships with the trustee in the normal course of business. The trustee also acts as trustee and paying agent for our 6-1/2% Notes due March 15, 2008, 6.20% Notes due December 15, 2011, 7% Notes due March 15, 2018, and 4.75% Notes due February 15, 2014 and may act as trustee under other of our indentures, trusts and guarantees and those of our affiliates in the ordinary course of business.

Junior Subordinated Debt Securities

We may issue junior subordinated debt securities in one or more series under a junior subordinated indenture, dated May 1, 1996, as supplemented by the first supplement of indenture, dated August 14, 1998, and as may be further supplemented from time to time, between LNC and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association and The First National Bank of Chicago), as trustee. For purposes of this prospectus, we refer to the junior subordinated indenture, as supplemented from time to time, as the subordinated indenture, to the junior subordinated debt securities as subordinated debt securities and to J.P. Morgan Trust Company, National Association or any successor or additional trustee, in its capacity as trustee

under the subordinated indenture, as the subordinated indenture trustee. The subordinated indenture (including the form of the subordinated debt securities) is filed as an exhibit to the registration statement that includes this prospectus. The subordinated indenture has been qualified under the Trust Indenture Act.

This summary of the subordinated indenture and the subordinated debt securities relates to terms and conditions applicable to the subordinated debt securities generally. We will summarize the particular terms of any series of subordinated debt securities in the applicable prospectus supplement. If indicated in the prospectus supplement, the terms of any series may differ from the terms summarized below. Because the summary of the material provisions of the subordinated indenture and the subordinated debt securities set forth below and the summary of the material terms of a particular series of subordinated debt securities set forth in the applicable prospectus supplement are not complete, you should refer to the forms of the subordinated indenture and the subordinated debt securities for complete information regarding the terms and provisions of the subordinated indenture (including defined terms) and the subordinated debt securities. Wherever we refer to particular articles, sections or defined terms of the subordinated indenture in this prospectus or in a prospectus supplement, those articles, sections or defined terms are incorporated in this prospectus and the prospectus supplement by reference, and the statement with respect to which such reference is made is qualified in its entirety by such reference.

General

Each series of subordinated debt securities will rank equally with all other series of subordinated debt securities and will be unsecured and subordinate and junior in right of payment to the extent and in the manner set forth in the subordinated indenture to all of our Senior Debt (as defined below). See Subordination.

We are a non-operating holding company and our consolidated subsidiaries own almost all of our operating assets. We rely primarily on dividends from our subsidiaries to meet our obligations. The payment of dividends by our insurance company subsidiaries is limited under the insurance company holding company laws of the states in which those subsidiaries are domiciled. Accordingly, the subordinated debt securities will be effectively subordinated to all existing and future liabilities of our subsidiaries, and holders of subordinated debt securities should look only to our assets for payments on the subordinated debt securities. Except as otherwise provided in the applicable prospectus supplement, the subordinated indenture does not limit our incurrence or issuance of other secured or unsecured debt, whether under the subordinated indenture, the indenture or any other indenture that we may enter into in the future or otherwise. See Subordination and the prospectus supplement relating to any offering of subordinated debt securities.

We will issue the subordinated debt securities in one or more series pursuant to an indenture supplemental to the subordinated indenture or a resolution of our board of directors or a committee thereof.

The applicable prospectus supplement will describe the following terms of the subordinated debt securities:

the title of the subordinated debt securities;

any limit upon the aggregate principal amount of the subordinated debt securities;

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the date or dates on which the principal of the subordinated debt securities is payable (which we refer to as the stated maturity) or the method of determination of the stated maturity;

the rate or rates, if any, at which the subordinated debt securities will bear interest, the interest payment dates on which interest will be payable, our right, if any, to defer or extend an interest payment date and the regular record date for interest payable on any interest payment date or the method by which any of these items will be determined;

the place or places where the principal of and premium, if any, and interest on the subordinated debt securities will be payable and where the subordinated debt securities may be presented for registration of transfer or exchange and the place or places where notices and demands to or upon us regarding the subordinated debt securities and the subordinated indenture may be made;

the terms and conditions upon which subordinated debt securities may be redeemed, in whole or in part, at our option or a holder of subordinated debt securities;

our obligation or right, if any, or the obligation or right of, if any, a holder to redeem, purchase or repay the subordinated debt securities and the terms and conditions upon which the subordinated debt securities shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

the denominations in which any subordinated debt securities shall be issuable if other than denominations of \$25 and any integral multiple thereof;

if other than in U.S. dollars, the currency or currencies (including currency unit or units) in which the principal of and premium and interest, if any, on the subordinated debt securities shall be payable, or in which the subordinated debt securities shall be denominated;

any additions, modifications or deletions in the events of default or covenants specified in the subordinated indenture with respect to the subordinated debt securities;

if other than the principal amount, the portion of the principal amount of subordinated debt securities that shall be payable upon declaration of acceleration of the maturity thereof;

any additions or changes to the subordinated indenture with respect to a series of subordinated debt securities as shall be necessary to permit or facilitate the issuance of the series in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

any index or indices used to determine the amount of payments of principal of and premium, if any, on the subordinated debt securities and the manner in which these amounts will be determined;

the terms and conditions relating to the issuance of a temporary global security representing all of the subordinated debt securities of the series and the exchange of the temporary global security for definitive subordinated debt securities of the series;

whether the subordinated debt securities of the series will be issued in whole or in part in the form of one or more global securities and the depositary for the global securities, which depositary will be a clearing agency registered under the Securities Exchange Act of 1934;

the appointment of any paying agent or agents;

the terms and conditions of any obligation or right of us or a holder to convert or exchange the subordinated debt securities into trust preferred securities;

the form of trust agreement and guarantee agreement, if applicable;

the relative degree, if any, to which subordinated debt securities of the series shall be senior or subordinated to other series of our subordinated debt securities or other indebtedness in right of payment, whether other series of subordinated debt securities or other indebtedness are outstanding or not; and

any other terms of the subordinated debt securities not inconsistent with the provisions of the subordinated indenture.

We may sell subordinated debt securities at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which is below market rates at the time of issuance. We will describe certain U.S. federal income tax consequences and special considerations applicable to any subordinated debt securities in the applicable prospectus supplement.

If the purchase price of any subordinated debt securities is payable in one or more foreign currencies or currency units or if any subordinated debt securities are denominated in one or more foreign currencies or currency units or if the principal of, or premium or interest, if any, on, any subordinated debt securities is payable in one or more foreign currencies or currency units, we will describe the restrictions, elections, certain U.S. federal income tax consequences, specific terms and other information with respect to the subordinated debt securities and foreign currency or currency units in the applicable prospectus supplement.

If any index is used to determine the amount of any principal, premium or interest payable with respect to any series of subordinated debt securities, we will describe the special U.S. federal income tax, accounting and other considerations in the applicable prospectus supplement.

Denominations, Registration and Transfer

Unless otherwise specified in the applicable prospectus supplement, we will issue the subordinated debt securities only in registered form without coupons in denominations of \$25 and any integral multiple of \$25. Subordinated debt securities of any series will be exchangeable for other subordinated debt securities of the same series and of a like aggregate principal amount and tenor in different authorized denominations. (Section 3.02)

Holders may present subordinated debt securities for exchange as provided above, and holders may present subordinated debt securities for registration of transfer (duly endorsed or accompanied by a duly executed written instrument of transfer), at the office of the appropriate securities registrar or at the office of any transfer agent designated by us for such purpose with respect to any series of subordinated debt securities and referred to in the applicable prospectus supplement. This may be done without service charge upon payment of any taxes and other governmental charges as described in the subordinated indenture. We have appointed the subordinated indenture trustee as securities registrar under the subordinated indenture. If the applicable prospectus supplement refers to any transfer agents initially designated by us with respect to any series of subordinated debt securities in addition to the securities registrar, we may at any time rescind the designation of any of those transfer agents or approve a change in the location through which any of those transfer agents acts. However, we will be required to maintain a transfer agent in each place of payment for that series. We may at any time designate additional transfer agents with respect to any series of subordinated debt securities.

In the event of any redemption, neither we nor the subordinated indenture trustee will be required to:

issue, register the transfer of or exchange subordinated debt securities of any series during a period beginning at the opening of business 15 days before any selection of subordinated debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption; or

transfer or exchange any subordinated debt securities selected for redemption, except the unredeemed portion of any subordinated debt securities being redeemed in part.

Global Subordinated Debt Securities

We may issue the subordinated debt securities of a series in whole or in part in the form of one or more global securities that we will deposit with, or on behalf of, a depository or its nominee identified in the prospectus supplement relating to that series. We will issue global securities only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual subordinated debt securities it represents, a global security may not be transferred except as a whole:

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by the depository for the global security to a nominee of the depository;

by a nominee of the depository to the depository or another nominee of the depository; or

by the depository or any nominee to a successor depository or any nominee of the successor.

Unless otherwise specified in the applicable prospectus supplement, a global security representing a series of subordinated debt securities will be exchangeable for individual subordinated debt securities of that series in the following circumstances:

if a depository is unwilling or unable to continue as depository or if the depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934;

at any time in our sole discretion if we determine not to have any subordinated debt securities of that series represented by a global security;

if we so specify with respect to a series of subordinated debt securities, at any time upon the request of an owner of a beneficial interest in a global security representing subordinated debt securities of that series if the exchange is made on terms acceptable to us, the subordinated indenture trustee and the depository; or

a subordinated debt security event of default has occurred and is continuing with respect to that series of subordinated debt securities.

To the extent not described under the heading *Book-Entry Issuance*, we will describe the terms of the depository arrangement for a series of subordinated debt securities to be represented by a global security in the applicable prospectus supplement.

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, payment of principal and any premium and interest on subordinated debt securities will be made at 55 Water Street, 1st Floor, Jeanette Park Entrance, New York, New York 10041, or at the office of any paying agent or paying agents as we may designate from time to time in the applicable prospectus supplement. However, at our option, we may make payment of any interest:

except in the case of global subordinated debt securities, by check mailed to the address, as it appears in the securities register, of the person or entity entitled to the payment; or

by transfer to an account maintained by the person or entity entitled to the payment as specified in the securities register, if we have received proper transfer instructions by the regular record date.

Unless otherwise indicated in the applicable prospectus supplement, we will make payments of interest on subordinated debt securities to the person or entity in whose name the subordinated debt security is registered at the close of business on the regular record date for such interest, except in the case of defaulted interest. We may at any time designate additional paying agents or rescind the designation of any paying agent. However, we will be required to maintain at all times a paying agent in each place of payment for each series of subordinated debt securities.

Any moneys that we deposit with the subordinated indenture trustee or any paying agent, or then held by us in trust, for the payment of the principal of and any premium or interest on any subordinated debt security that remains unclaimed for two years after becoming due and payable will be repaid to us at our request. After that time, the holder of the subordinated debt security will look, as a general unsecured creditor, only to us for payment of those amounts.

Option to Extend Interest Payment Date

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If provided in the applicable prospectus supplement and subject to any terms, conditions and covenants contained in the prospectus supplement, we will have the right at any time and from time to time during the term of any series of subordinated debt securities to defer payment of interest for that number of consecutive interest payment periods as may be specified in the applicable prospectus supplement (each of which we refer to as an extension period). However, no extension period may extend beyond the stated maturity of the applicable series of subordinated debt securities. We will describe certain U.S. federal income tax consequences and special considerations applicable to the subordinated debt securities in the applicable prospectus supplement.

Redemption

Unless otherwise indicated in the applicable prospectus supplement:

subordinated debt securities will not be subject to any sinking fund;

we may, at our option, redeem the subordinated debt securities of any series in whole at any time or in part from time to time. We may redeem subordinated debt securities in denominations larger than \$25 in part but only in integral multiples of \$25;

the redemption price for any subordinated debt security shall equal the principal amount of the security, plus any accrued and unpaid interest to the redemption date; and

if a Subordinated Debt Security Tax Event described below has occurred and is continuing with respect to a series of subordinated debt securities, we may, at our option, redeem that series of subordinated debt securities in whole, but not in part, at any time within 90 days of the occurrence of the Subordinated Debt Security Tax Event, at a redemption price equal to 100% of the principal amount of the subordinated debt securities of that series then outstanding plus accrued and unpaid interest to the redemption date.

Subordinated Debt Security Tax Event means the receipt by us of an opinion of counsel experienced in such matters to the effect that:

as a result of any amendment to, or change or announced prospective change in, the laws or regulations of the U.S. or any political subdivision or taxing authority in the U.S., or

as a result of any official administrative pronouncement or judicial decision interpreting or applying those laws or regulations,

which amendment or change is effective or which pronouncement or decision is announced on or after the date of issuance of the applicable series of subordinated debt securities under the subordinated indenture,

there is more than an insubstantial risk that interest payable by us on the series of subordinated debt securities is not, or within 90 days of the date of the opinion will not be, deductible by us, in whole or in part, for U.S. federal income tax purposes.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of subordinated debt securities to be redeemed at its registered address. Unless we default in payment of the redemption price, interest will cease to accrue on those subordinated debt securities called for redemption on and after the redemption date.

Restrictions on Certain Payments

We will also covenant, as to each series of subordinated debt securities, that we will not, and will not permit any of our subsidiaries to:

declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock;

make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any of our debt securities (including other subordinated debt securities) that rank equally with or junior in interest to the subordinated debt securities; or

make any guarantee payments with respect to any guarantee by us of the debt securities of any of our subsidiaries if that guarantee ranks equally or junior in interest to the subordinated debt securities;

if at such time, any event has occurred of which we have actual knowledge that:

with the giving of notice or the lapse of time, or both, would constitute a subordinated debt security event of default with respect to the subordinated debt securities of that series;

which default we have not taken reasonable steps to cure;

if the subordinated debt securities are held by a trust of a series of related trust preferred securities, we are in default with respect to its payment of any obligations under the guarantee relating to those trust preferred securities; or

we have given notice of our selection of an extension period as provided in the subordinated indenture with respect to the subordinated debt securities of that series and has not rescinded such notice, or that extension period, or any extension of that extension period, shall be continuing.

The following actions are not subject to the restrictions described above:

dividends or distributions in our common stock;

redemptions or purchases of any rights pursuant to our rights plan, or any successor to our rights plan, and the declaration of a dividend of rights or the issuance of stock under those plans in the future;

payments under any guarantee; and

purchases of common stock related to the issuance of common stock under any of our benefit plans for its directors, officers or employees.

Modification of Subordinated Indenture

From time to time, we and the subordinated indenture trustee may, without the consent of the holders of any series of subordinated debt securities, amend, waive or supplement the subordinated indenture for specified purposes, including, among other things:

curing ambiguities, defects or inconsistencies, as long as the cure does not materially adversely affect the interest of the holders of any series of subordinated debt securities or, in the case of corresponding subordinated debt securities, the holders of the related trust preferred securities so long as they remain outstanding; and

qualifying, or maintaining the qualification of, the subordinated indenture under the Trust Indenture Act.

We and the subordinated indenture trustee may generally modify the subordinated indenture in a manner affecting the rights of the holders of one or more series of the subordinated debt securities with the consent of the holders of not less than a majority in principal amount of each outstanding series of subordinated debt securities affected. However, no modification may, without the consent of the holder of each outstanding subordinated debt security affected:

change the stated maturity or reduce the principal amount of any series of subordinated debt securities, or reduce the rate or extend the time of payment of interest on those securities, other than an extension as contemplated by the subordinated indenture; or

reduce the percentage of principal amount of subordinated debt securities of any series, the holders of which are required to consent to a modification of the subordinated indenture.

In the case of subordinated debt securities that correspond to a series of trust preferred securities, so long as any of the related trust preferred securities remain outstanding:

no modification described in the previous paragraph may be made that adversely affects the holders of such trust preferred securities in any material respect,

no termination of the subordinated indenture may occur, and

no waiver of any subordinated debt security event of default or compliance with any covenant under the subordinated indenture may be effective,

in each case without the prior consent of the holders of at least a majority of the aggregate liquidation preference of the related trust preferred securities unless and until the principal of and all accrued and unpaid interest on the corresponding subordinated debt securities has been paid in full and certain other conditions are satisfied.

In addition, we and the subordinated indenture trustee may execute a supplemental subordinated indenture for the purpose of creating any new series of subordinated debt securities without the consent of any holder of subordinated debt securities.

Subordinated Debt Security Events of Default

The subordinated indenture provides that any one or more of the following events with respect to a series of subordinated debt securities that has occurred and is continuing constitutes a subordinated debt security event of default with respect to that series of subordinated debt securities:

failure for 30 days to pay any interest on the series of the subordinated debt securities when due, other than the deferral of any due date in the case of an extension period;

failure to pay any principal or premium, if any, on the series of subordinated debt securities when due whether at maturity, upon redemption by declaration or otherwise;

failure to observe or perform in any material respect certain other covenants contained in the subordinated indenture for 90 days after written notice has been provided to us by the subordinated indenture trustee or to us and the subordinated trustee by the holders of at least 25% in aggregate principal amount of the outstanding subordinated debt securities of that series; or

certain events relating to our bankruptcy, insolvency or reorganization. (Section 5.1)

The holders of a majority in aggregate outstanding principal amount of an applicable series of subordinated debt securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the subordinated indenture trustee. The subordinated indenture trustee or the holders of not less than 25% in aggregate outstanding principal amount of an applicable series of subordinated debt securities may declare the principal due and payable immediately upon a subordinated debt security event of default. In the case of subordinated debt securities that correspond to a series of trust preferred securities, if the subordinated indenture trustee or the holders of the corresponding subordinated debt securities fail to declare the principal due and payable immediately upon a subordinated debt security event of default, then the holders of at least 25% in aggregate liquidation preference of the related trust preferred securities may exercise that right. The holders of a majority in aggregate outstanding principal amount of a series of subordinated debt securities may annul the declaration and its consequences if the default (other than the non-payment of the principal of the series of subordinated debt securities which has become due solely by such acceleration) has been cured or waived and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration and the fees and expenses of the subordinated indenture trustee has been deposited with the subordinated indenture trustee. In the case of subordinated debt securities that correspond to a series of trust preferred securities, if the holders of the corresponding subordinated debt securities fail to annul the declaration and waive the default, the holders of a majority in aggregate liquidation preference of the related trust preferred securities may exercise that right. (Section 5.2)

The holders of a majority in aggregate outstanding principal amount of a series of subordinated debt securities may, on behalf of the holders of all the affected subordinated debt securities of that series, waive any past default, except:

a default in the payment of principal or interest, unless the default has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the subordinated indenture trustee; or

a default with respect to a covenant which cannot be modified or amended pursuant to the terms of the subordinated indenture without the consent of the holder of each outstanding subordinated debt security.

In the case of subordinated debt securities that correspond to a series of trust preferred securities, if the holders of the corresponding subordinated debt securities fail to annul the declaration and waive the default, the holders of a majority in aggregate liquidation preference of the related trust preferred securities may exercise that right. We must

file annually with the subordinated indenture trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to it under the subordinated indenture. (Section 5.2)

If a subordinated debt security event of default has occurred and is continuing as to a series of subordinated debt securities that correspond to a series of trust preferred securities, the property trustee will have the right to declare the principal of and the interest on the corresponding subordinated debt securities, and any other amounts payable under the subordinated indenture, to be immediately due and payable and to enforce its other rights as a creditor with respect to the corresponding subordinated debt securities.

Enforcement of Certain Rights by Holders of Trust Preferred Securities

If a subordinated debt security event of default has occurred and is continuing and the default is attributable to our failure to pay interest or principal on the related subordinated debt securities on the date such interest or principal is otherwise payable, a holder of trust preferred securities may, subject to the terms of the subordinated indenture, institute a legal proceeding directly against us for enforcement of payment to the holder of the principal of or interest on related subordinated debt securities having a principal amount equal to the aggregate liquidation amount of the related trust preferred securities held by the holder (which we refer to as a direct action). (Section 5.8) We may not amend the subordinated indenture to remove this right to bring a direct action without the prior written consent of the holders of all of the trust preferred securities. If we remove the right to bring a direct action, the applicable trust may become subject to the reporting obligations under the Securities Exchange Act of 1934. (Section 9.2) We will have the right under the subordinated indenture to set-off any payment made to the holder of trust preferred securities by us in connection with a direct action.

The holders of the trust preferred securities will not be able to exercise directly any remedies, other than those set forth in the preceding paragraph, available to the holders of the related subordinated debt securities unless a trust agreement event of default has occurred and is continuing under the applicable trust agreement. See Description of Trust Preferred Securities Events of Default; Notice.

Consolidation, Merger, Sale of Assets and Other Transactions

We may not consolidate with or merge into any other person or entity or convey, transfer or lease its properties and assets substantially as an entirety to any person or entity, and no person or entity may consolidate with or merge into us or convey, transfer or lease its properties and assets substantially as an entirety to us, unless:

if we consolidate with or merge into another person or entity or convey or transfer our properties and assets substantially as an entirety to any person or entity, the successor person or entity is organized under the laws of the U.S. or any state or the District of Columbia and expressly assumes our obligations under the subordinated debt securities and the subordinated indenture;

immediately after giving effect to the transaction, no subordinated debt security event of default, and no event which, after notice or lapse of time or both, would become a subordinated debt security event of default, shall have occurred and be continuing;

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in the case of subordinated debt securities that correspond to a series of trust preferred securities, the transaction is permitted under the related trust agreement or guarantee and does not give rise to any breach or violation of the related trust agreement and guarantee; and

certain other conditions prescribed in the subordinated indenture are met. (Section 8.1)

The general provisions of the subordinated indenture do not afford holders of the subordinated debt securities protection in the event of a highly leveraged or other transaction involving us that may adversely affect holders of the subordinated debt securities.

Satisfaction, Discharge and Defeasance

The subordinated indenture provides that when:

all subordinated debt securities not previously delivered to the subordinated indenture trustee for cancellation have become due and payable or will become due and payable at their stated maturity within one year;

we deposit or cause to be deposited with the subordinated indenture trustee funds, in trust, in the currency or currencies in which those subordinated debt securities are payable;

the deposited amount is for the purpose and is sufficient to pay and discharge the entire amount of principal, premium and interest on those subordinated debt securities to the date of the deposit if those debt securities have become due and payable or to the stated maturity, as the case may be,

we have paid or caused to be paid all other sums payable pursuant to the subordinated indenture; and

certain other conditions prescribed in the subordinated debenture are met,

then with certain exceptions the subordinated indenture will cease to be of further effect and we will be deemed to have satisfied and discharged the subordinated indenture. (Section 4.1)

Conversion or Exchange

If and to the extent indicated in the applicable prospectus supplement, the subordinated debt securities of any series may be convertible or exchangeable into trust preferred securities or other securities. We will describe the specific terms on which subordinated debt securities of any series may be so converted or exchanged in the applicable prospectus supplement. Such terms may include provisions for conversion or exchange, either mandatory, at the option of the holder, or at our option, in which case the number of shares of trust preferred securities or other securities to be received by the holders of subordinated debt securities would be calculated as of a time and in the manner stated in the applicable prospectus supplement.

Subordination

Any subordinated debt securities issued by us under the subordinated indenture will be subordinate and junior in right of payment to all Senior Debt to the extent provided in the subordinated indenture. (Section 13.1) Upon any payment or distribution of our assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, marshaling of assets or any bankruptcy, insolvency, debt restructuring or similar proceedings in connection with our insolvency, the holders of Senior Debt will first be entitled to receive payment in full of principal and premium and interest, if any, on the Senior Debt before the holders of subordinated debt securities or, in the case of corresponding subordinated debt securities, the property trustee on behalf of the holders, will be entitled to receive or retain any payment with respect to the subordinated debt securities. (Section 13.2)

In the event of the acceleration of the maturity of any subordinated debt securities, the holders of all Senior Debt outstanding at the time of such acceleration will first be entitled to receive payment in full of all amounts due on the outstanding Senior Debt (including any amounts due upon acceleration) before the holders of subordinated debt securities will be entitled to receive or retain any payment with respect to the subordinated debt securities. (Section 13.3)

No payments on account of principal, premium or interest, if any, in respect of the subordinated debt securities may be made if there has occurred and is continuing a default in any payment with respect to Senior Debt, or an event of default with respect to any Senior Debt resulting in the acceleration of its maturity, or if any judicial proceeding is pending with respect to any default. (Section 13.4)

Debt means with respect to any person or entity, whether recourse is to all or a portion of the assets of that person or entity and whether or not contingent,

every obligation of that person or entity for money borrowed;

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every obligation of that person or entity evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses;

every reimbursement obligation of that person or entity with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of that person or entity;

every obligation of that person or entity issued or assumed as the deferred purchase price of property or services, other than trade accounts payable or accrued liabilities arising in the ordinary course of business;

every capital lease obligation of that person or entity; and

every obligation of the type described above of another person or entity and all dividends of another person or entity the payment of which, in either case, that person or entity has guaranteed or is responsible or liable, directly or indirectly, as obligor or otherwise. (Section 1.1)

Senior Debt means the principal of, and premium and interest, if any (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to us) whether or not such claim for post-petition interest is allowed in that proceeding), on Debt, whether incurred on or prior to the date of the subordinated indenture or incurred after that date, unless, in the instrument creating or evidencing the Debt or pursuant to which the Debt is outstanding, it is provided that the obligations with respect to that Debt are not superior in right of payment to the subordinated debt securities or to other Debt which is equal with, or subordinated to, the subordinated debt securities; *provided*, however, that Senior Debt shall not be deemed to include:

any of our Debt which was without recourse to us when incurred and without respect to any election under Section 1111(b) of the Bankruptcy Code,

any of our Debt to any of our subsidiaries,

any of our Debt to any of our employees,

any liability for taxes,

indebtedness or monetary obligations to trade creditors or assumed by us or any of our subsidiaries in the ordinary course of business in connection with the obtaining of materials or services, and

any other debt securities issued pursuant to the subordinated indenture. (Section 1.1)

The subordinated indenture provides that the subordination provisions described above, insofar as they relate to any particular issue of subordinated debt securities, may be changed prior to such issuance. We will describe any change in the applicable prospectus supplement.

Governing Law

The subordinated indenture and the subordinated debt securities will be governed by and construed in accordance with the laws of the state of New York.

Information Concerning the Subordinated Indenture Trustee

The subordinated indenture trustee will have and be subject to all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to those provisions, the subordinated indenture trustee is under no obligation to exercise any of the powers vested in it by the subordinated indenture at the request of any holder of subordinated debt securities, unless offered reasonable indemnity by the holder against the costs, expenses and liabilities which the subordinated trustee might incur in connection with its exercise of those powers. The subordinated indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the subordinated indenture trustee reasonably believes that it is not reasonably assured of repayment or adequate indemnity.

The subordinated trustee is a participant in certain of our credit agreements, and we have maintained other banking relationships with the trustee in the normal course of business. The subordinated indenture trustee acts as property trustee and guarantee trustee for our 7.65% Series E trust preferred securities and 6.75% Series F trust preferred securities and may act as trustee under various of other indentures, trusts and guarantees of LNC and its aff