

LINCOLN NATIONAL CORP  
Form S-4  
December 09, 2005  
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As filed with the Securities and Exchange Commission on December 8, 2005.

Registration No. 333-•••••

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM S-4

### REGISTRATION STATEMENT

UNDER

### THE SECURITIES ACT OF 1933

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## LINCOLN NATIONAL CORPORATION

(Exact name of Registrant as specified in its Charter)

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**Indiana**  
(State or other jurisdiction of  
incorporation or organization)

**6311**  
(Primary Standard Industrial  
Classification Code Number)  
Centre Square West Tower

**35-1140070**  
(I.R.S. Employer  
Identification Number)

1500 Market Street, Suite 3900

Philadelphia, PA 19102

(215) 448-1400

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

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**Dennis L. Schoff, Esq.**

**Senior Vice President & General Counsel**

**Lincoln National Corporation**

**Centre Square West Tower**

**1500 Market Street, Suite 3900**

**Philadelphia, PA 19102**

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(215) 448-1400

(Name, address, including zip code, and telephone number, including  
area code, of agent for service)

*With copies to:*

Charles C. Cornelio, Esq.

James R. Dwyer, Esq.

E. William Bates, II, Esq.

Jefferson-Pilot Corporation

LeBoeuf, Lamb, Greene & MacRae LLP

King & Spalding LLP

100 North Greene Street

125 West 55th Street

1185 Avenue of the Americas

Greensboro, NC 27401

New York, NY 10019

New York, NY 10036

(336) 691-3000

(212) 424-8000

(212) 556-2100

**Approximate date of commencement of proposed sale to public:** As soon as practicable following the effective date of this Registration Statement and the date on which all other conditions to the merger described herein have been satisfied or waived and the merger has been consummated.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered <sup>(1)</sup>	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price <sup>(2)</sup>	Amount of Registration Fee <sup>(3)</sup>
Common Stock, no par value (including the associated common share purchase rights)	113,023,424	Not Applicable	\$ 5,723,320,000	\$ 612,395

(1) Represents the maximum number of shares that may be issued by the registrant to holders of Jefferson-Pilot Corporation common stock, par value \$1.25 per share, in connection with the merger described in this joint proxy statement/prospectus.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rule 457(f) under the Securities Act. The proposed maximum aggregate offering price of the Registrant's common stock was calculated by taking the difference between (a) the product of (i) \$55.40, the average of the high and low prices on the composite transaction tape of the New York Stock Exchange on December 7, 2005 of Jefferson-Pilot Corporation's common stock, par value \$1.25 per share, and (ii) 135,800,000, the aggregate number of shares of Jefferson-Pilot Corporation's common stock presently outstanding or expected to be issued prior to the merger (the shares to be cancelled in the merger), and (b) \$1,800,000,000 which represents the maximum aggregate amount of cash to be paid by the Registrant in the exchange offer.

(3) The registration fee is calculated pursuant to Rule 457(f) by multiplying the proposed maximum aggregate offering price for all securities to be registered by 0.000107.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy statement/prospectus is a part, becomes effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY COPY SUBJECT TO COMPLETION, DATED DECEMBER 8, 2005**

**TO THE SHAREHOLDERS OF  
LINCOLN NATIONAL CORPORATION AND JEFFERSON-PILOT CORPORATION**

**A MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

The boards of directors of Lincoln National Corporation, which is referred to as LNC, and Jefferson-Pilot Corporation, which is referred to as Jefferson-Pilot, have each unanimously approved a business combination of the two companies. LNC, Quartz Corporation, a wholly owned subsidiary of LNC formed for the purpose of completing the merger, which is referred to as Merger Sub, and Jefferson-Pilot have entered into an agreement and plan of merger whereby Jefferson-Pilot will merge into Merger Sub.

If the merger is completed, Jefferson-Pilot shareholders will have the right to receive, subject to proration and adjustment (as provided in the merger agreement), 1.0906 shares of LNC common stock, no par value per share (and associated common share purchase right), or \$55.96 in cash, in exchange for each share of Jefferson-Pilot common stock, par value \$1.25 per share, that they hold. In exchange for their shares of Jefferson-Pilot common stock, Jefferson-Pilot shareholders may elect to receive cash, shares of LNC common stock or a combination of cash for some of their shares and LNC common stock for other of their shares. Regardless of a Jefferson-Pilot shareholder's choice, however, elections will be limited by the requirement that the total amount of cash to be exchanged for Jefferson-Pilot common stock must equal \$1.8 billion. Accordingly, elections to receive cash or LNC common stock may be scaled up or down pro rata depending on whether cash is under- or over-subscribed. The United States federal income tax consequences of the merger to Jefferson-Pilot shareholders will depend, among other things, on whether they receive cash, stock or a combination of cash and stock in exchange for their shares of Jefferson-Pilot common stock.

Upon completion of the merger, we estimate that Jefferson-Pilot's former shareholders will own approximately 39% and LNC shareholders will own approximately 61% of the then outstanding shares of LNC common stock. Based upon the outstanding shares of Jefferson-Pilot common stock on [ \* ], LNC will be obligated to issue approximately [ \* ] million shares of LNC common stock in the merger. In addition, LNC may issue up to approximately 10.7 million shares pursuant to outstanding Jefferson-Pilot options that will be converted into LNC options upon the completion of the merger. LNC's shareholders, including holders of its \$3.00 Cumulative Convertible Preferred Stock, Series A, which is referred to as the LNC Series A preferred stock, will continue to own their existing shares, which will not be affected by the merger.

Shares of LNC's common stock are listed on the New York Stock Exchange, which is referred to as the NYSE, under the trading symbol LNC. Upon completion of the merger, Jefferson-Pilot common stock, which is listed on the NYSE under the trading symbol JP, will be delisted.

**Your vote is very important.** We cannot complete the merger unless the holders of Jefferson-Pilot common stock approve the merger agreement and the plan of merger contained therein and the holders of LNC common stock and LNC Series A preferred stock, voting together as a single class, approve the issuance of LNC

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common stock in connection with the merger. The completion of the merger is also subject to the satisfaction or waiver of several other conditions to the merger, including receiving approval from regulatory agencies. We are each holding a special meeting of shareholders in order to vote on these proposals. The places, dates and times of the special meetings are as follows:

**For LNC shareholders:**

[\*], 2006

[\*] a.m., local time

Second Floor Auditorium

Two Commerce Square

2001 Market Street

Philadelphia, Pennsylvania

**For Jefferson-Pilot shareholders:**

[\*], 2006

[\*] a.m., local time

Fourth Floor, Jefferson-Pilot Building

100 North Greene Street

Greensboro, North Carolina

Whether or not you plan to attend your company's special meeting, please take the time to vote by following the instructions on your proxy/voting instruction card(s).

**We urge you to read this joint proxy statement/prospectus, and the documents incorporated by reference into this joint proxy statement/prospectus, carefully and in their entirety. In particular, see Risk Factors beginning on page 24.**

We are very excited about the opportunities the proposed merger brings to both LNC and Jefferson-Pilot shareholders, and we thank you for your consideration and continued support.

Jon A. Boscia  
Chairman and Chief Executive Officer  
Lincoln National Corporation

David A. Stonecipher  
Chairman of the Board  
Jefferson-Pilot Corporation

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the securities to be issued in the merger, or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated [ \* ], 2006, and is first being mailed to shareholders on or about [ \* ], 2006.

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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about LNC and Jefferson-Pilot from documents that are not included in or delivered with this document. This information is available for you to review at the Securities and Exchange Commission's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website, www.sec.gov. You can also obtain those documents incorporated by reference into this joint proxy statement/prospectus, without charge, by requesting them in writing or by telephone or email from the appropriate company at the following addresses, telephone numbers and email addresses or obtaining them from each company's website listed below:

**Lincoln National Corporation**

Centre Square West Tower  
 1500 Market Street, Suite 3900  
 Philadelphia, PA 19102  
 Attention: Shareholder Services  
 (800) 237-2920  
 shareholderservices@lfg.com  
 www.lfg.com

**Jefferson-Pilot Corporation**

100 North Greene Street  
 Greensboro, NC 27401  
 Attention: Investor Relations  
 (336) 691-3379  
 investor.relations@jpfinancial.com  
 www.jpfinancial.com

Information contained on the LNC and Jefferson-Pilot websites is expressly not incorporated by reference into this joint proxy statement/prospectus.

You can also obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from Georgeson Shareholder Communications, Inc., LNC's proxy solicitor, and [ ], Jefferson-Pilot's proxy solicitor, at the following addresses and telephone numbers:

[Solicitor logo]

17 State Street  
 New York, NY 10004  
 (212) 440-9800 (collect)  
 (888) 277-5654 (toll free)

[Address]

**If you would like to request documents, you must do so by [ \* ], 2006, so that you may receive them before the special meetings.**

See Where You Can Find More Information beginning on page 143.

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**1500 MARKET STREET, SUITE 3900  
CENTRE SQUARE WEST  
PHILADELPHIA, PENNSYLVANIA 19102**

[ \* ], 2006

**NOTICE OF  
SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON [ \* ], 2006**

To the Shareholders of Lincoln National Corporation:

A special meeting of Lincoln National Corporation shareholders will be held on [ \* ], 2006 at the offices of Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania, at [ \* ], local time, unless adjourned to a later date. The special meeting is being held for the following purposes:

1. To consider and vote upon a proposal to issue shares of Lincoln National Corporation common stock pursuant to the Agreement and Plan of Merger, dated as of October 9, 2005, by and among Lincoln National Corporation, Merger Sub, a wholly owned subsidiary of LNC, and Jefferson-Pilot Corporation. A copy of the merger agreement is attached to the accompanying joint proxy statement/prospectus as Annex A.
2. To approve adjournments of the LNC special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.
3. To consider and take action upon any other business that may properly come before the special meeting or any reconvened meeting following an adjournment of the special meeting.

These items are described in the accompanying joint proxy statement/prospectus and we urge you to read it carefully. Only shareholders who owned shares of LNC common stock or LNC Series A preferred stock at the close of business on [ \* ], 2006, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournment of it.

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**On October 7, 2005, LNC's board of directors unanimously approved the merger agreement, approved the transactions contemplated by the merger agreement and determined that the merger is in the best interests of LNC and its shareholders. LNC's board of directors recommends that you vote FOR the issuance of LNC common stock pursuant to the merger agreement.**

Under Indiana law, dissenters' rights will not be available to LNC shareholders in connection with the merger.

**Your vote is very important.** To ensure that your shares of LNC common stock or LNC Series A preferred stock are represented at the special meeting, please complete, date, sign and return the enclosed proxy/voting instruction card(s) and mail it promptly in the envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote but will help to secure a quorum and avoid added solicitation costs. You may revoke your proxy at any time before it is voted. Any executed but unmarked proxy/voting instruction card(s) will be voted **FOR** the issuance of LNC common stock and **FOR** the other proposals properly brought before the special meeting.



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All LNC shareholders are cordially invited to attend this special meeting, although only those shareholders of record at the close of business on [ \* ], 2006 will be entitled to receive notice of, and to vote at, the LNC special meeting or any adjournment thereof. Your attention is directed to the joint proxy statement/prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

You will need an admission ticket or proof of ownership of LNC common stock or LNC Series A preferred stock and a photo I.D. to enter the meeting. If you are a shareholder of record, you will find an admission ticket attached to the enclosed proxy form. If your shares are held in the name of a broker, bank or other holder of record, your admission ticket is the left side of your proxy form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting and you will be admitted only if we can verify that you are an LNC shareholder. Your recent brokerage statement or letter from your bank or broker is an example of proof of ownership.

Our shareholders may revoke their proxy in the manner described in the accompanying joint proxy statement/prospectus before it has been voted at the special meeting.

**Your vote is very important. Whether or not you plan to be present at the special meeting, please complete, sign, date and return the enclosed proxy/voting instruction card(s) or vote by telephone or Internet as provided on the proxy/voting instruction card(s).**

For the Board of Directors,

C. Suzanne Womack

Secretary

[ \* ], 2006

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**Jefferson-Pilot Corporation**

100 North Greene Street

Greensboro, North Carolina 27401

[ \* ], 2006

**NOTICE OF**

**SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON [ \* ], 2006**

To the Shareholders of Jefferson-Pilot Corporation:

A special meeting of Jefferson-Pilot Corporation shareholders will be held on [ \* ], 2006 at Jefferson-Pilot's offices, Fourth Floor, Jefferson-Pilot Building, 100 North Greene Street, Greensboro, North Carolina, at [ \* ], local time, unless adjourned to a later date. The special meeting is being held for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of October 9, 2005, by and among Lincoln National Corporation (which is referred to as LNC), Merger Sub, a wholly owned subsidiary of LNC, and Jefferson-Pilot, and the plan of merger contained therein, pursuant to which (i) Jefferson-Pilot will merge into Merger Sub and (ii) each outstanding share of Jefferson-Pilot common stock will be converted into the right to receive 1.0906 shares of LNC common stock or \$55.96 in cash (which will be at each shareholder's election, but subject to proration and certain other restrictions contained in the merger agreement). A copy of the merger agreement is attached to the accompanying joint proxy statement/prospectus as Annex A.
2. To approve adjournments of the Jefferson-Pilot special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.
3. To consider and take action upon any other business that may properly come before the special meeting or any reconvened meeting following an adjournment of the special meeting.

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These items are described in the accompanying joint proxy statement/prospectus, and we urge you to read it carefully. Only shareholders who owned shares of Jefferson-Pilot common stock at the close of business on [ \* ], 2006, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournment of it.

**On October 9, 2005, Jefferson-Pilot's board of directors unanimously adopted the merger agreement and determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Jefferson-Pilot and its shareholders. Jefferson-Pilot's board of directors recommends that you vote FOR the approval of the merger agreement.**

Under North Carolina law, dissenters' rights will not be available to Jefferson-Pilot shareholders in connection with the merger.

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**Your vote is very important.** To ensure that your shares of Jefferson-Pilot common stock are represented at the special meeting, please complete, date, sign and return the enclosed proxy/voting instruction card(s) and mail it promptly in the envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying joint proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote but will help to secure a quorum and avoid additional solicitation costs. However, if you do not return or submit the proxy or vote in person at the special meeting, the effect will be the same as a vote against the proposal to approve the merger agreement and the plan of merger contained therein. You may revoke your proxy at any time before it is voted. Any executed but unmarked proxy/voting instruction card(s) will be voted **FOR** approval of the merger agreement and the plan of merger contained therein and **FOR** the other proposals properly brought before the special meeting.

All Jefferson-Pilot shareholders are cordially invited to attend this special meeting, although only those shareholders of record at the close of business on [ \* ], 2006 will be entitled to receive notice of, and to vote at, the Jefferson-Pilot special meeting or any adjournment thereof. Your attention is directed to the joint proxy statement/prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

**Your vote is very important. Whether or not you plan to be present at the special meeting, please complete, sign, date and return the enclosed proxy/voting instruction card(s) or vote by telephone or Internet as provided on the proxy/voting instruction card(s).**

For the Board of Directors,

Robert A. Reed

Vice President and Secretary

[ \* ], 2006

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Annex A	Agreement and Plan of Merger, dated as of October 9, 2005, among Lincoln National Corporation, Quartz Corporation and Jefferson-Pilot Corporation
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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS AND THE MERGER**

*The following questions and answers briefly address some commonly asked questions about the special meetings and the merger. They do not include all the information that may be important to you. LNC and Jefferson-Pilot urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents referenced in this joint proxy statement/prospectus. Page references are included in certain parts of this summary to direct you to a more detailed description of topics presented elsewhere in this joint proxy statement/prospectus.*

**The Merger**

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: LNC and Jefferson-Pilot have agreed to enter into a merger transaction whereby Jefferson-Pilot would be merged into a subsidiary of LNC with Jefferson-Pilot shareholders receiving cash and/or shares of LNC common stock in exchange for their shares in connection with the merger. The terms of the merger are set forth in a merger agreement (any reference to the merger agreement also refers to the plan of merger contained therein) that is described in this joint proxy statement/prospectus and attached to this joint proxy statement/prospectus as Annex A.

To complete the merger, LNC shareholders must vote to approve the issuance of shares of LNC common stock in the merger and Jefferson-Pilot shareholders must vote to approve the merger agreement and the plan of merger contained therein. LNC and Jefferson-Pilot will hold separate special meetings of their respective shareholders to obtain these approvals.

This joint proxy statement/prospectus, which you should read carefully, contains important information about the merger, the merger agreement and the special meetings of the shareholders. The enclosed voting materials allow you to vote your shares without attending your company's special meeting.

Your vote is very important. We encourage you to vote as soon as possible.

**Q: How do I vote?**

A: You may vote before your special meeting in one of the following ways:

use the toll-free number shown on your proxy/voting instruction card(s);

visit the website shown on your proxy/voting instruction card(s) to vote via the Internet; or

complete, sign, date and return the enclosed proxy/voting instruction card(s) in the enclosed postage-paid envelope.

**Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?**

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A: No. Your broker does not have authority to vote on the proposals in connection with the merger without instruction from you. Your broker will vote your shares held by it in street name only if you provide instructions to it on how to vote with respect to these matters. You should follow the directions your broker provides.

**Q: What if I do not vote my shares on the matters relating to the merger?**

A: If you are an LNC shareholder and you fail to respond with a vote or instruct your broker how to vote, which is referred to as a broker non-vote, on the proposal to issue LNC common stock in connection with the merger, your vote will not be counted towards determining whether the required more-than-50% of the shares entitled to be cast on the proposal to issue LNC common stock in connection with the merger have been cast, and will not be counted for purposes of determining whether a majority of the votes actually cast on the proposals have been voted in favor of the proposal. If the required more-than-50% of the shares

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entitled to vote have voted, a non-vote will have no effect. If you respond and abstain from voting, your proxy will have the same effect as a vote against the proposal. If you respond but do not indicate how you want to vote on the proposal, your proxy will be counted as a vote in favor of the proposal.

If you are a Jefferson-Pilot shareholder and you fail to respond with a vote or instruct your broker how to vote on the merger proposal, it will have the same effect as a vote against the proposal. If you respond and abstain from voting, your proxy will have the same effect as a vote against the proposal. If you respond but do not indicate how you want to vote on the proposal, your proxy will be counted as a vote in favor of the proposal.

**Q. What if I participate in LNC's Employee Savings and Profit Sharing Plan or The Lincoln National Life Insurance Company Agents Savings and Profit Sharing Plan or LNC's Dividend Reinvestment Plan?**

A: If you participate in LNC's Employees Savings and Profit Sharing Plan or The Lincoln National Life Insurance Company Agents Savings and Profit Sharing Plan, your proxy/voting instruction card(s) will include the LNC common stock allocated to your accounts in that plan. To vote your shares in that plan, you must return your proxy/voting instruction card(s) or submit your voting instructions to the trustees of your plan by telephone or over the Internet as instructed on your proxy/voting instruction card(s) by [ \* (E.S.T.) ] on [ \* ], 2006. If you participate in one of these plans and do not return your proxy/voting instruction card(s) or submit your voting instructions by telephone or over the Internet by [ \* (E.S.T.) ] on [ \* ], 2006, the trustees of your plan will vote the shares in your account in the same proportion as they vote the shares for which they receive voting instructions from the other plan participants.

If you participate in LNC's Dividend Reinvestment Plan, your proxy/voting instruction card(s) will also include the LNC common stock allocated to your accounts in that plan. To vote your shares in that plan, 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).

**Q. What if I participate in Jefferson-Pilot's Dividend Reinvestment Plan, 401(k)/TeamShare Plan or Agents Retirement Plan?**

A: If you participate in Jefferson-Pilot's 401(k)/TeamShare Plan or Agents Retirement Plan, your proxy/voting instruction card(s) will include the Jefferson-Pilot common stock allocated to your accounts in that plan. To vote your shares in that plan, you must return your proxy/voting instruction card(s) or submit your voting instructions to the trustees of your plan by telephone or over the Internet as instructed on your proxy/voting instruction card(s) by [ \* (E.S.T.) ] on [ \* ], 2006. If you participate in one of these plans and do not 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) by [ \* (E.S.T.) ] on [ \* ], 2006, the trustees of your plan will vote the shares in your account in the same proportion as they vote the shares for which they receive voting instructions from the other plan participants.

If you participate in Jefferson-Pilot's Dividend Reinvestment Plan, your proxy/voting instruction card(s) will also include the Jefferson-Pilot common stock allocated to your accounts in that plan. To vote your shares in that plan, 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).

**Q. When is the merger expected to be completed?**

A: If the shareholders of LNC and Jefferson-Pilot both give their approval in connection with the merger, we expect to complete the merger as soon as practicable after the satisfaction of the other conditions to the merger, including the receipt of required regulatory approvals. There may be a substantial period of time between the approval of the proposals by shareholders at the LNC and Jefferson-Pilot special meetings and the effectiveness of the merger. We currently anticipate that the merger will be completed late in the first quarter or at the beginning of the second quarter of 2006.



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**Q: What are the tax consequences of the merger to me?**

A: The tax consequences of the merger to Jefferson-Pilot shareholders will depend upon the merger consideration that you receive in the merger. The tax consequences of the merger are complex and you are urged to consult with your tax advisor. You should also carefully read the more thorough tax discussion contained in the section entitled "Material United States Federal Income Tax Considerations" beginning on page 91.

**Q: Who can answer questions about the merger?**

A: If you have any questions about the merger or your special meeting, need assistance in voting your shares, or need additional copies of this joint proxy statement/prospectus or the enclosed proxy/voting instruction card(s):

LNC shareholders should contact:

Georgeson Shareholder Communications, Inc.

17 State Street

New York, New York 10004

(212) 440-9800 (collect)

(888) 277-5654 (toll free)

Jefferson-Pilot shareholders should contact:

[Proxy Solicitor]

**Q: What should I do now?**

A: You should read this joint proxy statement/prospectus carefully, including the annexes. If you own common stock in your own name, return your completed, signed and dated proxy/voting instruction card(s) by mail in the enclosed postage-paid envelope or vote by telephone or over the Internet as soon as possible so that your shares will be represented and voted at your special meeting. If your shares are held in street name through a broker, bank or other nominee, please follow the voting instructions provided by your broker, bank or other nominee.

**Q: Should I send in my Jefferson-Pilot stock certificates with my proxy/voting instruction card(s)?**

A: No. **Please DO NOT send your Jefferson-Pilot stock certificates with your proxy/voting instruction card(s).** If you are a Jefferson-Pilot shareholder, you will have a separate opportunity to elect your preference as to receiving cash and/or LNC common stock pursuant to the merger agreement. The process for making this election is described in this joint proxy statement/prospectus and the form of election is provided with this joint proxy statement/prospectus. You should carefully review and follow the instructions set forth in the form of election together with this joint proxy statement/prospectus.

**Q: When must I elect whether I would prefer to receive cash and/or LNC common stock as merger consideration?**

- A. If you are a Jefferson-Pilot shareholder and wish to elect your preference to receive cash, LNC common stock or cash for some of your shares and LNC common stock for other of your shares, the election deadline will be announced by January 15, 2006 (unless the parties otherwise agree), and is expected to be ten days before the expected completion of the merger. The election deadline will be announced in a press release and posted on [www.lfgjpmerger.com](http://www.lfgjpmerger.com), [www.lfg.com](http://www.lfg.com) and [www.jpfinancial.com](http://www.jpfinancial.com). The exchange agent must receive your form of election on or before the election deadline. If your shares are held in street name, your broker, bank or other nominee may have an earlier deadline.

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**Q: If I am going to attend my special meeting, should I return my proxy/voting instruction card(s)?**

A: Yes. Returning your signed and dated proxy/voting instruction card(s) or voting by telephone or over the Internet ensures that your shares will be represented and voted at your special meeting. See *The LNC Special Meeting How to Vote* beginning on page 35 and *The Jefferson-Pilot Special Meeting How to Vote* beginning on page 39.

**Q: What does it mean if I receive multiple proxy/voting instruction card(s)?**

A: Your shares may be registered in more than one account, such as a brokerage account and a 401(k) account. It is important that you complete, sign, date and return each proxy/voting instruction card you receive, or, if available, vote using the telephone or the Internet as described in the instructions included with your proxy/voting instruction card(s).

**Q: Can I change my vote after I deliver my proxy?**

A: Yes. You may change your vote at any time before the vote takes place at your special meeting. To change your vote, you may submit a new proxy/voting instruction card(s) by mail or submit a new proxy by telephone or over the Internet. An LNC shareholder of record may also send a signed written notice to LNC's Corporate Secretary stating that he/she would like to revoke his/her proxy and a Jefferson-Pilot shareholder of record may send a signed written notice to Jefferson-Pilot's Corporate Secretary stating that he/she would like to revoke his/her proxy. If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

You may also change your vote by attending your special meeting and voting in person. However, if you elect to vote in person at the special meeting and your shares are held by a broker, bank or other nominee, you must bring to the meeting a legal proxy from the broker, bank or other nominee authorizing you to vote the shares.

**Q: Where can I find more information about LNC and Jefferson-Pilot?**

A: You can find more information about LNC and Jefferson-Pilot from various sources described under *Where You Can Find More Information* beginning on page 143.

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**SUMMARY**

*This summary highlights selected information contained in this joint proxy statement/prospectus and may not include all the information that is important to you. To understand fully the proposed merger, and for a more detailed description of the terms and conditions of the merger and certain other matters being considered at your special meeting, you should read this entire joint proxy statement/prospectus and the documents to which we have referred you. See *Where You Can Find More Information* beginning on page 143. We have included page references parenthetically in this summary to direct you to a more detailed description of each topic presented in this summary.*

**Information about LNC (beginning on page 109)**

LNC, an Indiana corporation, is a holding company that operates multiple insurance and investment management businesses through its subsidiaries. Through its business segments, LNC sells a wide range of wealth protection and accumulation products. These products include fixed annuities, variable annuities, universal life insurance, variable universal life insurance, term life insurance, other individual insurance coverages, retail mutual funds, 529 college savings plans and managed accounts. LNC is headquartered in Philadelphia, Pennsylvania. At September 30, 2005, LNC had consolidated assets of \$122.1 billion and consolidated shareholders' equity of \$6.3 billion.

Lincoln National Corporation  
Centre Square West Tower  
1500 Market Street, Suite 3900  
Philadelphia, PA 19102  
[www.lfg.com](http://www.lfg.com)

**Information about Jefferson-Pilot (beginning on page 110)**

Jefferson-Pilot, a North Carolina corporation, is a financial services and broadcasting holding company. Through its subsidiaries, Jefferson-Pilot provides products and services in four major businesses: (1) life insurance, (2) annuities and investment products, (3) group life, disability and dental insurance, and (4) broadcasting and sports programming production. Jefferson-Pilot is headquartered in Greensboro, North Carolina. At September 30, 2005, Jefferson-Pilot had consolidated assets of \$35.8 billion and consolidated shareholders' equity of \$3.8 billion.

Jefferson-Pilot Corporation  
100 North Greene Street  
Greensboro, NC 27401  
[www.jpfinancial.com](http://www.jpfinancial.com)



**Information about Merger Sub**

Merger Sub is a direct wholly owned subsidiary of LNC, which was formed exclusively for the purpose of completing the merger.

**The Merger (beginning on page 42)**

*General*

The boards of directors of LNC and Jefferson-Pilot have each unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and determined that the merger agreement is in the best interests of their respective companies and shareholders. The LNC board of

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directors unanimously recommends that the LNC shareholders vote **FOR** the proposal to issue shares of LNC common stock in connection with the merger at the LNC special meeting. The Jefferson-Pilot board of directors has unanimously adopted the merger agreement and the plan of merger contained therein and recommends that the Jefferson-Pilot shareholders vote **FOR** approval of the merger agreement and the plan of merger contained therein at the Jefferson-Pilot special meeting.

Upon completion of the merger, the separate corporate existence of Jefferson-Pilot will cease and Merger Sub will continue as the surviving entity and a direct wholly owned subsidiary of LNC.

The boards of directors of LNC and Jefferson-Pilot both believe that the merger will provide strategic and financial benefits to their respective shareholders by creating one of the largest life insurance companies in the United States. Both boards of directors believe that the merger will be in the best interests of their respective companies and shareholders. To review the reasons for the merger in greater detail, see *The Merger LNC's Reasons for the Merger and Recommendation of LNC's Board of Directors* beginning on page 49 and *The Merger Jefferson-Pilot's Reasons for the Merger and Recommendation of Jefferson-Pilot's Board of Directors* beginning on page 52.

We urge you to carefully read the entire merger agreement attached to this joint proxy statement/prospectus as Annex A because it sets forth the terms of and is the principal legal document governing the merger.

### ***Required Votes to Effect the Merger***

The issuance of shares of LNC common stock in connection with the merger requires the approval of a majority of the votes cast on the proposal by the holders of LNC common stock and LNC Series A preferred stock, voting together as a single class, provided that the total votes cast on the proposal represent more than 50% of all securities entitled to vote on the proposal. See *The LNC Special Meeting Quorum and Voting Rights* beginning on page 32.

Holders of a majority of the outstanding shares of Jefferson-Pilot common stock entitled to vote at the Jefferson-Pilot special meeting must approve the merger agreement and the plan of merger contained therein. See *The Jefferson-Pilot Special Meeting Quorum and Voting Rights* beginning on page 37.

### ***Merger Consideration***

Upon completion of the merger, holders of Jefferson-Pilot common stock will be entitled to receive, depending upon their election and subject to proration and adjustment, for each share of Jefferson-Pilot common stock either:

\$55.96 in cash, without interest, or

1.0906 shares of LNC common stock.

In exchange for their shares of Jefferson-Pilot common stock, Jefferson-Pilot shareholders may elect to receive cash, shares of LNC common stock or a combination of cash for some of their shares and LNC common stock for other of their shares. Regardless of a Jefferson-Pilot shareholder's choice, however, elections will be limited by the requirement that the total amount of cash to be exchanged for Jefferson-Pilot common stock must equal \$1.8 billion. Accordingly, elections to receive cash or LNC common stock may be scaled up or down pro rata depending on whether cash is under- or over-subscribed.

For more details on the merger consideration, see "The Merger Agreement - Elections" beginning on page 97. The stock and cash consideration that LNC will pay to Jefferson-Pilot shareholders is referred to as the merger consideration. The exchange ratio is fixed and neither LNC nor Jefferson-Pilot has the right to terminate the merger agreement based solely on changes in either party's stock price. The market value of LNC common stock that Jefferson-Pilot shareholders receive in the merger may fluctuate significantly from its current value.

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LNC expects to fund the cash portion of the merger consideration from the issuance of long-term debt, preferred stock or other securities, including stock purchase units, or a combination of these. In addition, in the event that permanent financing cannot be completed before the effective time of the merger, LNC expects to put bridge financing in place.

***Jefferson-Pilot shareholders will receive cash and/or LNC common stock based upon their elections, but subject to adjustment and proration. Regardless of the election made by the Jefferson-Pilot shareholders, Jefferson-Pilot shareholders may receive a mix of cash and LNC common stock.***

Since the amount of cash exchanged for Jefferson-Pilot common stock, in the aggregate, must equal \$1.8 billion, the total number of shares of Jefferson-Pilot common stock that will be exchanged for cash will total 32,165,832 shares (which is calculated by dividing \$1.8 billion total cash by the cash exchange ratio of \$55.96 cash per share).

***Cash Election.*** If you are a Jefferson-Pilot shareholder and you elect to receive cash in exchange for your shares and the aggregate amount of cash elected by all Jefferson-Pilot shareholders is more than \$1.8 billion, you will receive some of your merger consideration in the form of LNC common stock pro rata with other Jefferson-Pilot shareholders that chose to receive cash, based on each holder's respective number of cash election shares.

***Stock Election.*** If you are a Jefferson-Pilot shareholder and you elect to receive LNC common stock in exchange for your shares and the aggregate amount of cash elected or deemed elected by all Jefferson-Pilot shareholders is less than \$1.8 billion, you will receive some of your merger consideration in the form of cash pro rata with other Jefferson-Pilot shareholders that chose to receive LNC common stock, based on each holder's respective number of stock election shares.

The merger agreement describes the procedures to be followed in the event that Jefferson-Pilot shareholders elect to receive more or less than \$1.8 billion of cash, in the aggregate, in exchange for their shares. See "The Merger Agreement - Elections" beginning on page 97.

### ***Election of cash and/or stock by Jefferson-Pilot shareholders***

If you are a Jefferson-Pilot shareholder of record and you wish to elect the type of merger consideration you prefer to receive in the merger, you should carefully review and follow the instructions set forth in the form of election provided to you with this joint proxy statement/prospectus. These instructions require that you deliver your stock certificate(s), if any, together with a properly completed and signed form of election, to the exchange agent Mellon Investor Services LLC. If your Jefferson-Pilot common stock is held in street name through a broker, bank or other nominee, you should follow the instructions from your broker, bank or other nominee on how to make your cash/stock election.

Jefferson-Pilot shareholders must deliver their form(s) of election and stock certificate(s), if any, to the exchange agent by the election deadline.

The election deadline for the cash/stock election will be announced in a press release and posted on [www.lfg.com](http://www.lfg.com), [www.jpfinancial.com](http://www.jpfinancial.com) and [www.lfgjpmerger.com](http://www.lfgjpmerger.com) on or before January 15, 2006 (unless LNC and Jefferson-Pilot otherwise agree), and we expect it will be ten days before

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the expected completion of the merger. You can change or revoke your election at any time on or before the election deadline by submitting a new properly completed form of election to the exchange agent. The exchange agent must receive this new form on or before the election deadline. If your Jefferson-Pilot common stock is held in street name through a broker, bank or other nominee, your broker, bank or other nominee may have a deadline to make your original election of cash, stock or both or to change or revoke your election that is earlier than the election deadline.

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### ***Failure by Jefferson-Pilot shareholders to make a cash/stock election***

Jefferson-Pilot shareholders who fail to submit a properly completed form of election and their stock certificate(s), if any, on or before the election deadline will have no choice regarding the form of merger consideration that they will receive. The merger consideration that a Jefferson-Pilot shareholder will receive will be based on the allocation procedures in the merger agreement, and Jefferson-Pilot shareholders could receive cash, LNC common stock or a combination of cash and LNC common stock. The exact allocation will depend in part on what other Jefferson-Pilot shareholders elect.

Jefferson-Pilot shareholders of record who do not submit a properly completed form of election and their stock certificate(s) will receive a letter of transmittal from the exchange agent explaining how to exchange their Jefferson-Pilot stock certificates for the shares of LNC common stock and/or cash that they are entitled to receive in the merger. A Jefferson-Pilot shareholder will not receive any merger consideration until the shareholder delivers its stock certificate(s) together with an appropriate form of election or letter of transmittal to the exchange agent.

If you do not make a valid election and your Jefferson-Pilot shares are held in book-entry form, such as in Jefferson-Pilot's Dividend Reinvestment Plan, they will be automatically converted into the merger consideration payable to non-electing shareholders and you do not need to take any action. See *The Merger Agreement Exchange of Shares* beginning on page 98.

### ***Receipt of merger consideration***

If you receive any of the merger consideration in cash, we will mail the cash payment to you at the address reflected in the records of Jefferson-Pilot's transfer agent. If you receive any of the merger consideration in LNC common stock, we will issue your LNC shares in book-entry form with LNC's transfer agent Mellon Investor Services LLC. However, if you indicate on the form of election or letter of transmittal that you wish to receive a physical stock certificate or if you decide after the completion of the merger that you would like a stock certificate for your shares, you may request a certificate from LNC's transfer agent.

If your Jefferson-Pilot common stock is held in street name, we will mail your cash payment to, or issue your shares of LNC common stock and deliver them to, your broker, bank or other nominee.

For more details about the cash/stock election and the merger consideration generally, see *The Merger Agreement Elections* beginning on page 97.

### ***Jefferson-Pilot option awards***

Upon completion of the merger, options to purchase shares of Jefferson-Pilot common stock granted by Jefferson-Pilot to its directors, officers, employees and agents will be assumed by LNC and converted into options to purchase shares of LNC common stock. LNC has agreed that the Jefferson-Pilot stock options so converted will remain subject to the same terms and conditions as were in effect with respect to the options immediately prior to the effective time of the merger, except that each of these stock options will be exercisable for LNC common stock equal to

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the number of shares of Jefferson-Pilot common stock subject to the option multiplied by 1.0906 (rounded up to the nearest whole share of LNC common stock), with the new exercise price determined by dividing the existing exercise price of the Jefferson-Pilot option by 1.0906 (rounded down to the nearest whole cent). Each unvested Jefferson-Pilot stock option granted prior to October 9, 2005 (which was the date the merger agreement was executed) that is outstanding under any Jefferson-Pilot stock option plan at the time of the merger (except stock options granted to agents) will become fully vested and exercisable in connection with the merger.

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For a full description of the treatment of Jefferson-Pilot equity awards, see *The Merger* *Interests of Directors and Executive Officers in the Merger* *Effect of Merger on Option Awards* beginning on page 87.

### **Opinions of Financial Advisors (beginning on page 56)**

*Opinions of LNC's Financial Advisors.* Each of Goldman, Sachs & Co., which is referred to as Goldman Sachs, and Lehman Brothers Inc., which is referred to as Lehman Brothers, delivered its oral opinion, subsequently confirmed in writing, to LNC's board of directors that, as of October 9, 2005 and based upon and subject to the factors and assumptions set forth in their respective opinions, the consideration to be paid by LNC pursuant to the merger agreement is fair from a financial point of view to LNC.

The full text of each of the written opinions of Goldman Sachs and Lehman Brothers, each dated October 9, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with their respective opinions, are attached to this joint proxy statement/prospectus as Annexes C and D, respectively. Summaries of the opinions of Goldman Sachs and Lehman Brothers are set forth in this joint proxy statement/prospectus and are qualified by reference to the full text of such opinions, which we urge you to read in their entirety. Goldman Sachs and Lehman Brothers provided their opinions for the information and assistance of LNC's board of directors in connection with its consideration of the merger. The Goldman Sachs and Lehman Brothers opinions are not recommendations as to how LNC shareholders should vote with respect to the issuance of LNC common stock in connection with the merger.

*Opinions of Jefferson-Pilot's Financial Advisors.* In deciding to approve the merger agreement and the plan of merger contained therein, the Jefferson-Pilot board of directors considered the opinions of its financial advisors, Lazard Frères & Co. LLC and Morgan Stanley & Co. Incorporated, which are referred to as Lazard and Morgan Stanley, respectively. The Jefferson-Pilot board of directors received written opinions from Lazard and Morgan Stanley to the effect that, as of October 9, 2005, and based upon and subject to the various assumptions made, matters considered and limitations described in their respective opinions, the consideration proposed to be received by holders of Jefferson-Pilot common stock under the merger agreement was fair from a financial point of view to such holders (other than LNC and its affiliates).

The full text of the written opinions of Lazard and Morgan Stanley, each dated October 9, 2005, which set forth the assumptions made, procedures followed, matters considered and limitations on the reviews undertaken in connection with the opinions, are attached to this joint proxy statement/prospectus as Annexes E and F, respectively. Summaries of the opinions of Lazard and Morgan Stanley are set forth in this joint proxy statement/prospectus and are qualified in their entirety by reference to the full text of such opinions, which we urge you to read in their entirety. Each of Lazard and Morgan Stanley provided its opinion for the information and assistance of Jefferson-Pilot's board of directors in connection with its consideration of the proposed merger. The opinions of Lazard and Morgan Stanley are not recommendations as to how any shareholder should vote with respect to the merger agreement and do not address what election a shareholder should make with respect to the form of consideration.

### **Record Date; Shares Entitled to Vote; Outstanding Shares (beginning on page 32 for LNC and page 37 for Jefferson-Pilot)**

*LNC Shareholders.* The record date for the LNC special meeting was [ \* ], 2006. This means that you must have been a shareholder of record of LNC common stock or LNC Series A preferred stock at the close of business on [ \* ], 2006 in order to vote at the special meeting. You are entitled to one vote for each share of LNC common stock or LNC Series A preferred stock you owned on the record date. On LNC's record date, a total of [ \* ] voting securities were outstanding, consisting of [ \* ] shares of LNC common stock and [ \* ] shares of LNC Series A preferred stock.





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*Jefferson-Pilot Shareholders.* The record date for the Jefferson-Pilot special meeting was [ \* ], 2006. This means that you must have been a shareholder of record of Jefferson-Pilot's common stock at the close of business on [ \* ], 2006, in order to vote at the special meeting. You are entitled to one vote for each share of Jefferson-Pilot common stock you owned on the record date. On Jefferson-Pilot's record date, [ \* ] shares of Jefferson-Pilot common stock were outstanding.

## **Expected Completion of the Merger**

If the issuance of shares of LNC common stock in connection with the merger is approved at the LNC special meeting and the merger agreement and the plan of merger contained therein are approved at the Jefferson-Pilot special meeting, we expect to complete the merger as soon as practicable after the satisfaction of the other conditions to the merger, including the receipt of required regulatory approvals. There may be a substantial period of time between the approval of the proposals by shareholders at the LNC and Jefferson-Pilot special meetings and the effectiveness of the merger. We currently anticipate that the merger will be completed late in the first quarter or at the beginning of the second quarter of 2006.

## **Stock Ownership of Directors and Executive Officers**

*LNC.* At the close of business on the record date for the LNC special meeting, directors and executive officers of LNC and their affiliates were entitled to vote approximately [ \* ] shares of LNC common stock, collectively representing [ \* ]% of the shares of LNC common stock outstanding on that date. No LNC director or executive officer or their affiliates beneficially owned any shares of LNC Series A preferred stock at the close of business on the record date for the LNC special meeting.

*Jefferson-Pilot.* At the close of business on the record date for the Jefferson-Pilot special meeting, directors and executive officers of Jefferson-Pilot and their affiliates were entitled to vote approximately [ \* ] shares of Jefferson-Pilot common stock, collectively representing less than [ \* ]% of the shares of Jefferson-Pilot common stock outstanding on that date.

## **Ownership of LNC After the Merger**

Based on the number of shares of LNC common stock and Jefferson-Pilot common stock outstanding on LNC's and Jefferson-Pilot's respective record dates, after completion of the merger, LNC expects to issue approximately [ \* ] million shares of LNC common stock. Upon completion of the merger, we expect that former Jefferson-Pilot shareholders will own approximately 39% and LNC shareholders will own approximately 61% of the then outstanding shares of LNC common stock.

## **LNC's Board of Directors After the Merger (beginning on page 83)**

The size of the LNC board of directors is currently set at 12 members by LNC's bylaws. Pursuant to the merger agreement, at the completion of the merger, the LNC bylaws will be amended to increase the size of the board of directors to 15 members. Eight members of the LNC board of directors who are in office immediately prior to the merger will remain as members of the resulting company's board of directors after the

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completion of the merger. Seven members of the Jefferson-Pilot board of directors who are in office immediately prior to the merger will become members of the board of directors of the resulting company. David A. Stonecipher, current Chairman of the Board of Jefferson-Pilot, is expected to become Lead Director of LNC upon completion of the merger.

Pursuant to the merger agreement, the LNC bylaws will also be amended so that, among other things,

Jefferson-Pilot board representatives will initially have equal representation on all board committees; and

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a supermajority board approval will be required for the resulting company to take certain actions with respect to corporate governance and/or to enter into certain extraordinary corporate transactions for 30 months following the effective time of the merger.

For a full description of the governance of the resulting company and the supermajority requirements of the resulting company's board of directors, see "The Merger," "Interests of Directors and Executive Officers in the Merger," "LNC's Board of Directors After the Merger" beginning on page . The form of LNC's bylaws, which will become effective upon completion of the merger, is attached to this joint proxy statement/prospectus as [Annex B](#).

### **LNC's Executive Officers After the Merger (beginning on page 85)**

We expect that the resulting company will have 14 executive officers. After the merger, Jon A. Boscia, LNC's Chairman and Chief Executive Officer, will continue to serve as Chairman and Chief Executive Officer of LNC. Dennis R. Glass, President and Chief Executive Officer of Jefferson-Pilot, will serve in the newly created position of President and Chief Operating Officer of LNC after the merger.

In addition, upon the completion of the merger, Frederick J. Crawford will be Chief Financial Officer, Barbara S. Kowalczyk will lead Corporate Development, Elizabeth L. Reeves will lead Human Resources, Dennis L. Schoff will be General Counsel, Theresa M. Stone will lead the Communications Company and Michael Tallett-Williams will lead Lincoln National (UK) and each will report to Mr. Boscia. Charles C. Cornelio will lead Shared Services/IT, Robert W. Dineen will lead Lincoln Financial Advisors, Jude T. Driscoll will lead Delaware Investments, Mark E. Konen will lead Individual Markets, Warren H. May will lead Lincoln Financial Distributors and Westley V. Thompson will lead Employer Markets and each will report to Mr. Glass.

### **Listing of LNC Common Stock and Delisting of Jefferson-Pilot Common Stock**

LNC will apply to the NYSE to have the shares of LNC common stock issued in the merger approved for listing on the NYSE where LNC common stock currently is traded under the symbol LNC. If the merger is completed, Jefferson-Pilot common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Jefferson-Pilot will no longer file periodic reports with the SEC. LNC also intends to list the shares of LNC common stock issued in the merger on the Chicago and Pacific stock exchanges.

### **No Dissenters' Rights (beginning on page 88)**

*LNC.* Under Indiana law, holders of LNC common stock or LNC Series A preferred stock are not entitled to dissenters' rights in connection with the merger.

*Jefferson-Pilot.* Under North Carolina law, holders of Jefferson-Pilot common stock are not entitled to dissenters' rights in connection with the merger.

**Principal Conditions to Completion of the Merger (beginning on page 106)**

We may not complete the merger unless the following conditions are satisfied or, where permitted, waived:

the LNC shareholders must approve the issuance of LNC common stock in connection with the merger;

the Jefferson-Pilot shareholders must approve the merger agreement and the plan of merger contained therein;

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the waiting period (and any extension thereof) applicable to the merger pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act, or any other applicable competition, merger, antitrust or similar law must have expired or been terminated;

state insurance regulatory approvals and all other governmental authorizations, consents, orders, approvals, declarations or filings that are necessary to complete the merger must have been obtained and be in full force and effect;

there must not be any order issued by any court of competent jurisdiction or legal restraint or prohibition issued by any governmental entity of competent jurisdiction in effect preventing the consummation of the merger;

the shares of LNC common stock issuable to Jefferson-Pilot shareholders must have been approved for listing, subject to official notice of issuance, on the NYSE;

the registration statement, of which this joint proxy statement/prospectus is a part, which has been declared effective by the Securities and Exchange Commission, which is referred to as the SEC, must not be the subject of any stop order or proceeding seeking a stop order;

there must not be any action taken, or any statute, rule, regulation, order or decree enacted or entered by any governmental entity, which in connection with any required approval, imposes any condition or restriction which could reasonably be expected to have a material adverse effect on the present or prospective financial condition, business or results of operation of LNC after the completion of the merger;

each of LNC and Jefferson-Pilot must have received an opinion of its tax counsel that for United States federal income tax purposes the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Code, and that each of LNC, Merger Sub and Jefferson-Pilot will be a party to such merger as described in and pursuant to Section 368(b) of the Code;

the respective representations and warranties of LNC and Jefferson-Pilot in the merger agreement must be true and correct, subject to exceptions that would not have a material adverse effect on LNC or Jefferson-Pilot, as the case might be, or on the resulting company following the completion of the merger; and

each of LNC and Jefferson-Pilot must have performed in all material respects all of its respective obligations under the merger agreement.

**Termination of the Merger Agreement and Termination Fees (beginning on page 107)**

Before the effective time of the merger, the merger agreement may be terminated by the mutual written consent of LNC and Jefferson-Pilot, or by either LNC or Jefferson-Pilot under certain specified circumstances, including uncured material breaches of the merger agreement. Upon the termination of the merger agreement under certain circumstances, LNC or Jefferson-Pilot may be required to pay a termination fee of up to \$300 million to the other party.

**No Solicitation by LNC and Jefferson-Pilot (beginning on page 104)**

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The merger agreement restricts the ability of LNC and Jefferson-Pilot to initiate, solicit or encourage or facilitate any discussions or negotiations with a third party regarding a proposal to acquire a significant interest in LNC or Jefferson-Pilot, respectively. However, if LNC or Jefferson-Pilot receives an acquisition proposal from a third party that its board of directors determines in good faith by majority vote of the board (after consultation with its outside legal and financial advisors) constitutes a superior proposal or is reasonably likely to be a superior proposal, and for which the failure to take such action would cause a violation of the board's fiduciary

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duties, the party receiving the acquisition proposal may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions described in the merger agreement.

**Material United States Federal Income Tax Considerations (beginning on page 91)**

LNC and Jefferson-Pilot intend that the merger, as currently contemplated, qualify as a reorganization within the meaning of Section 368(a) of the Code. LNC and Jefferson-Pilot will each obtain a legal opinion from their respective counsel that the merger will qualify as a reorganization pursuant to Section 368(a) of the Code and that each of LNC, Merger Sub and Jefferson-Pilot will be a party to such merger as described in and pursuant to Section 368(b) of the Code; however, these opinions are not binding upon the Internal Revenue Service, which is referred to as the IRS.

Because holders of LNC common stock and LNC Series A preferred stock will retain their shares in the merger, holders of LNC common stock and LNC Series A preferred stock will not recognize gain or loss upon the merger.

The United States federal income tax consequences of the transaction to Jefferson-Pilot shareholders will depend on whether a shareholder receives cash, stock or a combination of cash and stock in exchange for their shares of Jefferson-Pilot common stock, including to the extent they receive cash in lieu of fractional shares.

If you receive all cash, the transaction will be taxable to you and you will have to pay United States federal income taxes in connection with the merger to the extent you recognize taxable gain.

If you receive all LNC common stock and no cash (including no cash in exchange for fractional shares), you will not have to pay United States federal income taxes on the receipt of LNC common stock in connection with the merger.

If you receive a combination of cash and LNC common stock (excluding cash in lieu of fractional shares), you may recognize gain, but not loss, to the extent of the amount of cash received (excluding cash for any fractional share of LNC common stock).

Provided you hold your Jefferson-Pilot common stock as a capital asset, you generally will recognize this gain as a capital gain, although in extraordinary cases you could recognize dividend income instead of capital gain. Any such capital gain may be long-term capital gain depending on whether you have held your applicable Jefferson-Pilot common stock for more than one year as of the effective time for United States federal income tax purposes.

If you receive cash in lieu of receiving fractional share of LNC common stock, you will generally recognize capital gain or loss as if you had received and then sold the fractional share for the amount of cash received, subject to the possibility of recognizing dividend income, as described above.

Tax matters relating to the merger are very complicated and a full discussion of all possible tax issues that may be applicable to each holder is beyond the scope of this joint proxy statement/prospectus. You should be aware that the tax consequences of the merger to you will depend upon your own situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this joint proxy



statement/prospectus. You should therefore consult with your own tax advisor for a full understanding of the tax consequences of the merger to you and further, you are encouraged to carefully read the more detailed discussion regarding the material United States federal income tax consequences resulting from the merger that is included in the section entitled Material United States Federal Income Tax Considerations beginning on page 91.

### **Accounting Treatment**

The merger will be accounted for as a business combination using the purchase method of accounting. LNC will be the acquirer for financial accounting purposes.

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**Risk Factors (beginning on page 24)**

In evaluating the merger, the merger agreement or the issuance of shares of LNC common stock in the merger, you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 24.

**Comparison of Shareholder Rights and Corporate Governance Matters (beginning on page 116)**

*Jefferson-Pilot.* As a result of the merger, the holders of Jefferson-Pilot common stock will become holders of LNC common stock. Following the merger, Jefferson-Pilot shareholders will have different rights as LNC shareholders than they had as Jefferson-Pilot shareholders due to differences between the laws of the states of incorporation and the articles of incorporation and bylaws of LNC and Jefferson-Pilot. Upon consummation of the merger, the LNC bylaws will also be amended so that the resulting company will be subject to certain restrictions with respect to corporate governance and supermajority approval of the resulting company's board of directors. See "The Merger - Interests of Directors and Executive Officers in the Merger - LNC's Board of Directors After the Merger" beginning on page 83.

*LNC.* LNC shareholders will retain their shares of LNC common stock and/or LNC Series A preferred stock and their rights will continue to be governed by LNC's articles of incorporation and bylaws and Indiana law. However, upon consummation of the merger, LNC shareholders will have different rights as shareholders than they had prior to the merger because, pursuant to the merger agreement, the LNC bylaws will be amended so that the resulting company will be subject to certain restrictions with respect to corporate governance and supermajority approval of the resulting company's board of directors. See "The Merger - Interests of Directors and Executive Officers in the Merger - LNC's Board of Directors After the Merger" beginning on page 83.

For a copy of LNC's or Jefferson-Pilot's current articles of incorporation or bylaws, see "Where You Can Find More Information" beginning on page 143. A form of the amended and restated bylaws, which will become effective upon the completion of the merger, is attached as Exhibit 1.7(a) to the merger agreement which is attached to this joint proxy statement/prospectus as [Annex B](#).

**Regulatory Approvals (beginning on page 88)**

State insurance laws generally require that, prior to the acquisition of an insurance company, the acquiring party must obtain approval from the insurance commissioner of the insurance company's state of domicile or, in certain jurisdictions, where such insurance company is commercially domiciled. Accordingly, the necessary applications have been made with the insurance commissioners of Nebraska, New Jersey, New York and North Carolina, the states of domicile or commercial domicile of Jefferson-Pilot's U.S. insurance company subsidiaries. In addition, filings have been made under the insurance laws of certain other states that require the filing of a pre-acquisition notice and the expiration or termination of a waiting period prior to the consummation of the merger. Applications or notifications will also be filed with certain foreign regulatory authorities in connection with the merger.

The merger is subject to U.S. antitrust laws. LNC and Jefferson-Pilot have separately filed the required notifications under the HSR Act with both the Antitrust Division of the Department of Justice and the Federal Trade Commission, which are referred to as the DOJ and the FTC. Both parties filed the required notifications on November 4, 2005, and the waiting period expired on December 5, 2005. The DOJ or the FTC, as well as a state attorney general or private person, may challenge the merger at any time before or after its completion.

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In addition, certain subsidiaries of Jefferson-Pilot Communications, a subsidiary of Jefferson-Pilot, are subject to regulation by the Federal Communications Commission, which is referred to as the FCC. The FCC must approve the transfer of control of certain licenses held by the subsidiaries of Jefferson-Pilot Communications as a result of and prior to the completion of the merger.

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**Restrictions on the Ability to Sell LNC Common Stock (beginning on page 90)**

All shares of LNC common stock you receive in connection with the merger will be freely transferable unless you are considered an affiliate of Jefferson-Pilot for the purposes of the Securities Act of 1933, as amended, which is referred to as the Securities Act, at the time the merger agreement and the plan of merger contained therein are submitted to Jefferson-Pilot shareholders for approval, in which case you will be permitted to sell the shares of LNC common stock you receive in the merger only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This joint proxy statement/prospectus does not register the resale of stock held by affiliates.

**Certain Litigation Relating to the Merger (beginning on page 90)**

In October 2005, a purported shareholder class action lawsuit was filed in state court in North Carolina naming Jefferson-Pilot, most of the individual members of its board of directors, and LNC as defendants. The complaint alleges that certain defendants have breached their fiduciary duties by entering into the merger agreement. The complaint seeks, among other things, unspecified compensatory damages. Jefferson-Pilot and LNC believe that the lawsuit is without merit and plan to defend against it vigorously.

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION****Historical Market Price Data**

Jefferson-Pilot's common stock is traded on the NYSE, the Chicago Stock Exchange and the Pacific Stock Exchange under the symbol JP. LNC's common stock is traded on the NYSE, the Chicago Stock Exchange and the Pacific Stock Exchange under the symbol LNC.

The following table sets forth the high and low sales prices per share of LNC and Jefferson-Pilot common stock as adjusted for all stock splits, as reported on the NYSE composite transaction tape for the periods indicated:

	<b>LNC Common Stock</b>		<b>Jefferson-Pilot Common Stock</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2003</b>				
Quarter ended March 31, 2003	\$ 35.70	\$ 24.73	\$ 40.93	\$ 35.75
Quarter ended June 30, 2003	37.50	27.87	43.20	38.34
Quarter ended September 30, 2003	38.64	34.63	46.57	41.21
Quarter ended December 31, 2003	41.32	35.41	50.72	44.55
<b>2004</b>				
Quarter ended March 31, 2004	48.87	39.98	55.08	48.97
Quarter ended June 30, 2004	50.38	43.26	56.39	47.40
Quarter ended September 30, 2004	47.50	41.90	50.90	46.66
Quarter ended December 31, 2004	48.70	40.78	52.73	46.00
<b>2005</b>				
Quarter ended March 31, 2005	49.42	44.36	52.49	47.17
Quarter ended June 30, 2005	47.77	41.59	51.39	47.11
Quarter ended September 30, 2005	52.42	46.59	51.25	49.00
Quarter ending December 31, 2005 (through December 2, 2005)	54.41	46.94	56.35	50.59

**Table of Contents****Dividend Information**

The following table presents information on dividends declared each quarter on LNC common stock and Jefferson-Pilot common stock, respectively, for the periods indicated.

	<b>LNC Dividends</b>	<b>Jefferson-Pilot Dividends</b>
	<u>          </u>	<u>          </u>
<b>2003</b>		
Quarter ended March 31, 2003	\$ 0.3350	\$ 0.3300
Quarter ended June 30, 2003	0.3350	0.3300
Quarter ended September 30, 2003	0.3350	0.3300
Quarter ended December 31, 2003	0.3500	0.3300
<b>2004</b>		
Quarter ended March 31, 2004	0.3500	0.3800
Quarter ended June 30, 2004	0.3500	0.3800
Quarter ended September 30, 2004	0.3500	0.3800
Quarter ended December 31, 2004	0.3650	0.3800
<b>2005</b>		
Quarter ended March 31, 2005	0.3650	0.4175
Quarter ended June 30, 2005	0.3650	0.4175
Quarter ended September 30, 2005	0.3650	0.4175
Quarter ending December 31, 2005 (through December 2, 2005)	0.3800	0.4175

The merger agreement permits each of LNC and Jefferson-Pilot to continue to pay its respective shareholders its regular quarterly cash dividend consistent with past dividend policy. LNC and Jefferson-Pilot have agreed in the merger agreement that they will coordinate their respective dividend payments, as well as the record dates and payment dates relating to their dividends, with the intent that holders of LNC common stock and Jefferson-Pilot common stock will not receive two dividends, or fail to receive one dividend, for any single calendar quarter due to the merger.

The LNC board of directors has the power to determine the amount and frequency of the payment of dividends. Because LNC is a holding company, its ability to pay dividends is dependent on the ability of its subsidiaries to pay dividends to LNC. LNC's insurance subsidiaries are subject to laws in their states of domicile that limit the amount of dividends that an insurance company can pay without prior approval from the insurance regulators in those states. These limitations are based in part on an insurance subsidiary's statutory capital and income for the year prior to the dividend payment. At the LNC holding company level, decisions regarding whether or not to pay dividends and the amount of any dividends are based on compliance with the Indiana Business Corporation Law, which is referred to as the IBCL, compliance with agreements governing LNC's indebtedness, cash requirements and other factors, including the overall long-term financial strength of the organization, that the LNC board of directors considers important. While LNC intends, regardless of whether or not the merger is consummated, to maintain its current dividend policy for the foreseeable future, it cannot assure that it will continue to pay dividends at the current level, or at all.

The Jefferson-Pilot board of directors has the power to determine the amount and frequency of the payment of dividends. Because Jefferson-Pilot is a holding company, its ability to pay dividends is dependent on the ability of its subsidiaries to pay dividends to Jefferson-Pilot. Jefferson-Pilot's insurance subsidiaries are subject to laws in their states of domicile that limit that amount of dividends that an insurance company can pay without prior approval from the insurance regulators in those states. These limitations are based in part on an insurance subsidiary's statutory capital and income for the year prior to the dividend payment. At the Jefferson-Pilot holding company level, decisions regarding whether or not to pay dividends and the amount of any dividends are



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based on compliance with the North Carolina Business Corporation Act, which is referred to as the NCBCA, compliance with agreements governing Jefferson-Pilot's indebtedness, cash requirements and other factors that the Jefferson-Pilot board of directors considers important. While Jefferson-Pilot anticipates that if the merger were not consummated it would increase the amount of its dividend payable starting in the second quarter of 2006 consistent with its past practice, it cannot assure that it would continue to pay dividends at this level, or at all.

**Recent Closing Prices and Comparative Market Price Information**

The following table presents the closing prices per share of LNC common stock and Jefferson-Pilot common stock, in each case based on closing prices for those shares on the composite tape, as well as the equivalent price per share and the equivalent total market value of shares of Jefferson-Pilot common stock. These prices and values are presented on two dates:

October 7, 2005, the last trading day prior to the public announcement of the proposed merger; and

[ \* ], 2006 the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus.

	<u>LNC Common Stock (price per share)</u>	<u>Jefferson-Pilot Common Stock (price per share)</u>	<u>Jefferson-Pilot Equivalent Stock Price (price per share)</u>
<b>October 7, 2005</b>			
Closing price per share of common stock	\$ 50.73	\$ 50.79	\$ 55.33 <sup>(1)</sup>
<b>[ * ], 2006</b>			
Closing price per share of common stock	\$ [ * ]	\$ [ * ]	\$ [ * ]

(1) The Jefferson-Pilot equivalent stock prices were calculated by multiplying the per share price of LNC common stock on each date by the exchange ratio of 1.0906.

Because the exchange ratio is fixed and will not be adjusted as a result of changes in market price, the implied value of the merger consideration will fluctuate with the market price of LNC common stock. You should obtain current market quotations for the shares of LNC common stock from a newspaper, the Internet or your broker or banker.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA****Selected Historical Consolidated Financial Data of LNC**

The following table shows selected historical consolidated financial data for LNC. The data as of and for each of the five years ended December 31, 2004 was derived from LNC's audited consolidated financial statements. The data as of September 30, 2005 and for the nine-month periods ended September 30, 2005 and 2004 was derived from LNC's unaudited interim consolidated financial statements. In the opinion of LNC's management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the interim consolidated financial statements. Results for the interim periods are not necessarily indicative of the results to be expected for the full year.

Detailed historical financial information is included in the audited consolidated balance sheets as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2004 included in LNC's Annual Report on Form 10-K for the year ended December 31, 2004, as well as the unaudited interim consolidated balance sheet as of September 30, 2005 and the related unaudited interim consolidated statements of operations and cash flows for the nine month periods ended September 30, 2005 and 2004 included in LNC's Quarterly Report on Form 10-Q for the nine months ended September 30, 2005. You should read the following selected financial data together with LNC's historical consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

**Selected Pro Forma Condensed Consolidated Financial Data of LNC**

(in millions, except per share information)

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001 <sup>(1)</sup>	2000
<b>Consolidated Summaries of Operations</b>							
Total revenue	\$ 4,099.5	\$ 4,023.8	\$ 5,371.3	\$ 5,283.9	\$ 4,635.5	\$ 6,378.0	\$ 6,847.10
Income before cumulative effect of accounting changes	\$ 605.7	\$ 541.6	\$ 731.5	\$ 767.1	\$ 48.8	\$ 561.2	\$ 585.30
Cumulative Effect of Accounting Changes		(24.5)	(24.5)	(255.2)		(15.6)	
Net income	\$ 605.7	\$ 517.1	\$ 707.0	\$ 511.9	\$ 48.8	\$ 545.6	\$ 585.30
<b>Per Common Share Data:<sup>(2)</sup></b>							
Net Income-Basic	\$ 3.50	\$ 2.92	\$ 4.01	\$ 2.89	\$ 0.27	\$ 2.89	\$ 3.06
Net Income-Diluted	3.44	2.88	3.95	2.85	0.26	2.85	3.03
Common stock dividends	1.100	1.050	1.415	1.355	1.295	1.235	1.18
	At September 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000

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**Consolidated Balance Sheet Items**

Assets	\$ 122,104.6	\$ 110,377.1	\$ 116,219.3	\$ 106,774.9	\$ 93,184.6	\$ 98,041.6	\$ 99,870.60
Long-term debt	999.5	1,315.4	1,048.6	1,117.5	1,119.2	861.8	712.20
Junior subordinated debentures issued to affiliated trusts	335.9	341.1	339.8	341.3	392.7	474.7	745.00
Shareholders' equity	6,284.4	5,970.8	6,175.6	5,811.6	5,347.5	5,303.8	4,980.60

**Per Common Share Data<sup>(2)</sup>**

Shareholders' equity (including accumulated other comprehensive income)	\$ 36.23	\$ 34.15	\$ 35.53	\$ 32.56	\$ 30.10	\$ 28.32	\$ 26.05
Shareholders' equity (excluding accumulated other comprehensive income)	32.65	29.23	30.17	27.69	25.97	27.39	25.88
Market value of common stock	52.02	47.00	46.68	40.37	31.58	48.57	47.31

- (1) LNC sold its reinsurance operations for approximately \$2.0 billion on December 7, 2001. Revenues for 2001 and 2000 include \$1.7 billion and \$1.8 billion, respectively, from the reinsurance operations.
- (2) Per share amounts were affected by the retirement of 2,331,000 and 6,233,307 shares of LNC common stock for the nine month periods ended September 30, 2005 and 2004, respectively, and 7,611,910, 12,088,100 and 6,222,581 shares of LNC common stock in 2004, 2002, 2001 and 2000, respectively. In addition, 4,630,318 shares of LNC common stock were issued in 2001 related to the settlement of stock purchase contracts.

**Table of Contents****Selected Historical Consolidated Financial Data of Jefferson-Pilot**

The following table shows selected historical consolidated financial data for Jefferson-Pilot. The data as of and for each of the five years ended December 31, 2004 was derived from Jefferson-Pilot's audited consolidated financial statements. The data as of September 30, 2005 and for the nine-month periods ended September 30, 2005 and 2004 was derived from Jefferson-Pilot's unaudited interim consolidated financial statements. In the opinion of Jefferson-Pilot's management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the interim consolidated financial statements. Results for the interim periods are not necessarily indicative of the results to be expected for the full year.

Detailed historical financial information is included in the audited consolidated balance sheets as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2004 included in Jefferson-Pilot's Annual Report on Form 10-K for the year ended December 31, 2004, as well as the unaudited interim consolidated balance sheet as of September 30, 2005 and the related unaudited interim consolidated statements of operations and cash flows for the nine month periods ended September 30, 2005 and 2004 included in Jefferson-Pilot's Quarterly Report on Form 10-Q for the nine months ended September 30, 2005. You should read the following selected financial data together with Jefferson-Pilot's historical consolidated financial statements, including the related notes, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

**Selected Consolidated Historical Financial Data of Jefferson-Pilot**

(in millions, except per share information)

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
<b>Consolidated Summaries of Operations</b>							
Total revenue	\$ 3,139.5	\$ 3,034.1	\$ 4,102.1	\$ 3,572.9	\$ 3,406.0	\$ 3,322.0	\$ 3,272.0
Income before cumulative effect of accounting changes	\$ 428.9	\$ 417.1	\$ 562.7	\$ 491.6	\$ 450.2	\$ 511.3	\$ 512.1
Cumulative effect of accounting changes		(16.6)	(16.6)			1.5	
<b>Net Income</b>	<b>\$ 428.9</b>	<b>\$ 400.5</b>	<b>\$ 546.1</b>	<b>\$ 491.6</b>	<b>\$ 450.2</b>	<b>\$ 512.8</b>	<b>\$ 512.1</b>
<b>Per Common Share Data</b>							
Net Income-Basic	\$ 3.17	\$ 2.89	\$ 3.96	\$ 3.47	\$ 3.07	\$ 3.38	\$ 3.31
Net Income-Diluted	3.15	2.87	3.92	3.44	3.04	3.34	3.28
Common stock dividends	1.215	1.090	1.470	1.293	1.184	1.072	0.960
	At September 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
<b>Consolidated Balance Sheet Items</b>							
Assets	\$ 35,841.1	\$ 34,645.7	\$ 35,104.8	\$ 32,696.3	\$ 30,618.9	\$ 29,005.0	\$ 27,331.0
Long-term debt	599.7	599.6	599.6				
Junior subordinated debentures issued to affiliated trusts	309.3	309.3	309.3	309.3	309.3		

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Shareholders' equity	3,858.2	3,829.0	3,933.9	3,805.9	3,540.0	3,390.9	3,158.7
<b>Per Common Share Data</b>							
Shareholders' equity (including accumulated other comprehensive income) \$	28.79	\$ 28.05	\$ 28.75	\$ 27.07	\$ 24.79	\$ 22.61	\$ 20.47
Shareholders' equity (excluding accumulated other comprehensive income)	25.13	23.07	23.76	22.21	20.52	19.84	18.24
Market value of common stock	51.17	49.66	51.96	50.65	38.11	46.27	49.83

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**Selected Unaudited Pro Forma Condensed Combined Financial Information**

The merger will be accounted for under the purchase method of accounting, which means the assets and liabilities of Jefferson-Pilot will be recorded as of the completion of the merger, at their respective fair values, and added to those of LNC.

The selected unaudited pro forma condensed combined financial information that follows is intended to provide information regarding how the companies might have looked had LNC and Jefferson-Pilot actually been combined as of the dates indicated. This does not give effect to (1) LNC's or Jefferson-Pilot's results of operations or other transactions or developments since September 30, 2005, (2) the impact of possible revenue enhancements, expense efficiencies or synergies expected to result from the merger or contemplated share repurchases of LNC common stock, (3) the merger related costs of approximately \$180 million to integrate LNC's and Jefferson-Pilot's operations or (4) the effects of transactions or developments that may occur subsequent to the merger, as well as other possible adjustments discussed in the notes to the Unaudited Pro Forma Condensed Combined Financial Statements. The selected unaudited pro forma condensed combined financial information should not be relied upon as being indicative of the historical results that would have occurred had the merger been consummated prior to the periods presented or the future results that may be achieved after the merger is consummated.

The following selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page 132. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical consolidated balance sheet of LNC and the historical consolidated balance sheet of Jefferson-Pilot as of September 30, 2005, giving effect to the merger as if it had been consummated on that date. The Unaudited Pro Forma Condensed Combined Statements of Income combine the historical consolidated statements of income of LNC and Jefferson-Pilot for the nine months ended September 30, 2005 and the year ended December 31, 2004, giving effect to the merger as if it had occurred on January 1, 2004. We have adjusted the historical consolidated financial information to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable and (3) with respect to the statements of income, expected to have a continuing impact on the combined results.

The unaudited pro forma adjustments represent management's estimates based on information available at this time. Actual adjustments to the combined balance sheet and statements of income will differ, perhaps materially, from those reflected in these Unaudited Pro Forma Condensed Combined Financial Statements because the assets and liabilities of Jefferson-Pilot will be recorded at their respective fair values on the date the merger is consummated and the preliminary assumptions used to estimate these fair values may change between now and the completion of the merger.

**Table of Contents****Selected Pro Forma Condensed Combined Financial Data of****LNC and Jefferson-Pilot**

(in millions, except share amounts)

	As of and for the	
	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
<b>Statement of Income Information</b>		
Total revenue	\$ 7,124	\$ 9,316
Income before cumulative effect of accounting changes	\$ 1,013	\$ 1,267
Per share income before cumulative effect of accounting changes		
Basic	\$ 3.40	\$ 4.18
Diluted	3.35	4.13
Weighted average shares and share equivalents		
Basic	284,091,044	287,262,973
Diluted	288,144,221	290,943,851
<b>Balance Sheet Information (as of September 30, 2005)</b>		
Invested assets	\$ 72,508	
Total assets	161,689	
Policy liabilities	74,344	
Long-term debt	2,399	
Shareholders' equity	12,780	
Common shares outstanding	284,289,166	

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In the following tables, LNC and Jefferson-Pilot provide you, for the periods specified, income from continuing operations, cash dividends declared and book value per common share data separately for LNC and Jefferson-Pilot on a historical basis, on an unaudited pro forma combined basis per LNC common share and on an unaudited pro forma combined basis per Jefferson-Pilot equivalent common share after giving effect to the merger and the payment of the merger consideration. The pro forma amounts included in the table below are presented as if the merger had been effective for the periods presented, have been prepared in accordance with accounting principles generally accepted in the United States and are based on the purchase method of accounting. The Jefferson-Pilot pro forma equivalent earnings per share is calculated by multiplying the LNC pro forma combined earnings by the exchange ratio of 1.0906. The pro forma amounts in the tables below do not, however, give effect to (1) LNC's or Jefferson-Pilot's results of operations or other transactions or developments since September 30, 2005, (2) the impact of possible revenue enhancements, expense efficiencies or synergies expected to result from the merger or contemplated share repurchases of LNC common stock, (3) the merger related costs of approximately \$180 million to integrate LNC's and Jefferson-Pilot's operations or (4) the effects of transactions or developments that may occur subsequent to the merger, as well as other possible adjustments discussed in the notes to the Unaudited Pro Forma Condensed Combined Financial Statements. This data should be read along with the historical consolidated financial statements and notes thereto of LNC and Jefferson-Pilot, which are incorporated by reference in this joint proxy statement/prospectus, and the Unaudited Pro Forma Condensed Combined Financial Statements and accompanying discussions and notes beginning on page 132. See also "Where You Can Find More Information" beginning on page 143.

The pro forma information is presented for illustrative purposes only. You should not rely on the pro forma financial information as an indication of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during the periods presented. The combined financial information as of and for the periods presented may have been different had the merger actually been consummated prior to, as of and during those periods.

	<u>Historical</u> <u>LNC</u>	<u>Historical</u> <u>Jefferson-Pilot</u>	<u>LNC</u> <u>Pro Forma</u> <u>Combined</u>	<u>Jefferson-Pilot</u> <u>Pro Forma</u> <u>Equivalent<sup>(1)</sup></u>
<b>As of and for the nine months ended September 30, 2005</b>				
<b>Per Common Share</b>				
Income before cumulative effect of accounting change				
Basic	\$ 3.50	\$ 3.17	\$ 3.40	\$ 3.71
Diluted	3.44	3.15	3.35	3.65
Dividends	1.10	1.215	1.10	1.20
Book Value	36.23	28.79	45.00	49.08
<b>As of and for the year ended December 31, 2004</b>				
<b>Per Common Share</b>				
Income before cumulative effect of accounting change				
Basic	\$ 4.01	\$ 3.96	\$ 4.18	\$ 4.56
Diluted	3.95	3.92	4.13	4.50
Dividends	1.415	1.470	1.415	1.543
Book Value	35.53	28.75	N/A	N/A

- (1) The Jefferson-Pilot pro forma equivalent per share amounts are calculated by multiplying the LNC pro forma combined amounts per share by the exchange ratio of 1.0906.

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**RISK FACTORS**

*We urge you to carefully consider all of the information we have included and incorporated by reference in this joint proxy statement/prospectus before you vote. See **Where You Can Find More Information** beginning on page 143. You should also read and consider the risks associated with each of the businesses of LNC and Jefferson-Pilot because these risks will also affect the resulting company. These risks can be found in the LNC and Jefferson-Pilot Annual Reports on Form 10-K for the year ended December 31, 2004 and in subsequent quarterly reports on Form 10-Q and current reports on Form 8-K, which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. In addition, we urge you to carefully consider the following material risks relating to the merger and the business of the resulting company.*

**Risks Relating to the Merger**

*We must obtain several governmental consents to complete the merger, which, if delayed, not granted or granted with unacceptable conditions may jeopardize or delay the merger, result in additional expense or reduce the anticipated benefits of the transaction.*

We must obtain specified approvals and consents in a timely manner from federal and state governmental authorities prior to the completion of the merger. State insurance laws generally require that, prior to the acquisition of an insurance company, the acquiring party must obtain approval from the insurance commissioner of the insurance company's state of domicile or, in certain jurisdictions, where such insurance company is commercially domiciled. If we do not receive these approvals on terms that satisfy the merger agreement, then we will not be obligated to complete the merger. The governmental authorities from which we seek approvals have broad discretion in administering relevant laws and regulations. As a condition to the approval of the merger, governmental authorities may impose requirements, limitations or costs that could negatively affect the way the combined companies conduct business. Neither LNC nor Jefferson-Pilot is obligated to complete the merger if a governmental authority, in connection with the grant of its approval or consent, imposes a condition or restriction upon LNC or Jefferson-Pilot or any of their respective subsidiaries which could reasonably be expected to have a material adverse effect after the completion of the merger on the present or prospective consolidated financial condition, business or operating results of the resulting company after the completion of the merger. If LNC and Jefferson-Pilot agree to any material conditions or restrictions in order to obtain any approvals required to complete the merger, these conditions or restrictions could adversely affect LNC's ability to integrate the businesses of LNC and Jefferson-Pilot or reduce the anticipated benefits of the merger.

*Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of LNC and Jefferson-Pilot, which could have an adverse effect on their business and financial results.*

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of LNC and Jefferson-Pilot. Specifically:

current and prospective employees and agents may experience uncertainty about their future roles with the resulting company, which might adversely affect LNC's and Jefferson-Pilot's ability to retain key managers and other employees and agents; and

the attention of management of each of LNC and Jefferson-Pilot may be directed toward the completion of the merger and not their ongoing businesses.



*Some directors and executive officers of LNC and Jefferson-Pilot have interests and arrangements that are different from, or in addition to, those of LNC and Jefferson-Pilot shareholders.*

When considering the recommendation of the LNC and Jefferson-Pilot boards of directors with respect to the merger, you should be aware that some directors and executive officers of LNC and Jefferson-Pilot have interests in the merger that are different from, or in addition to, their interests as shareholders and the interests of shareholders generally. These interests include:

becoming executive officers or senior officers of LNC after the transaction;

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payments under the Jefferson-Pilot executive severance plan which may be triggered if the executive officer's employment terminates under certain circumstances following the merger;

accelerated vesting and exercisability of Jefferson-Pilot stock options issued under Jefferson-Pilot's equity compensation plans Jefferson-Pilot's seven current executive officers and ten current non-management directors currently hold, in the aggregate, 752,001 and 59,528 unvested stock options, respectively, with a weighted average exercise price of \$49.75 per share; and

appointment of eight LNC directors and seven Jefferson-Pilot directors to the LNC board of directors following the merger.

For example, Mr. Boscia will be Chairman and Chief Executive Officer of the resulting company and can only be removed by approval of 70% of the directors, and Mr. Glass will be President and Chief Operating Officer of the resulting company.

As a result of these interests, these directors and executive officers may be more likely to support and to vote to approve the merger agreement and the plan of merger contained therein than if they did not have these interests. Shareholders should consider whether these interests may have influenced those directors and executive officers to support or recommend approval of the merger. As of the close of business on the record date for the LNC special meeting, LNC directors and executive officers were entitled to vote [ \* ]% of the then outstanding shares of LNC common stock and LNC Series A preferred stock. As of the close of business on the record date for the Jefferson-Pilot special meeting, Jefferson-Pilot directors and executive officers were entitled to vote [ \* ]% of the then outstanding shares of Jefferson-Pilot common stock. See "The Merger - Interests of Directors and Executive Officers in the Merger" beginning on page 83.

***The value of the LNC common stock that Jefferson-Pilot shareholders receive in the merger may be less than the value of such LNC common stock on the date on which the merger was publicly announced, on the date on which you vote or on the date on which Jefferson-Pilot shareholders make their cash/stock election. Further, at the special meetings, shareholders will not know the exact value of the LNC common stock that will be issued in the merger.***

At the effective time of the merger, each outstanding share of Jefferson-Pilot common stock will be converted into the right to receive 1.0906 shares of LNC common stock or \$55.96 in cash. The ratio at which the shares will be converted is fixed and any changes in the price of LNC common stock will affect the value of the shares of LNC common stock that Jefferson-Pilot shareholders receive in the merger such that, if the price of LNC common stock declines prior to completion of the merger, the value of the stock consideration to be received by Jefferson-Pilot shareholders will decrease. Stock price variations could be the result of changes in the business, operations or prospects of LNC, Jefferson-Pilot or the resulting company, market assessments of the likelihood that the merger will be completed within the anticipated time or at all, general market and economic conditions, regulatory considerations and other factors which are beyond the control of LNC and Jefferson-Pilot.

LNC and Jefferson-Pilot are working to complete the merger as quickly as possible. However, the time period between the shareholder votes taken at the special meetings and the completion of the merger will depend upon the timing and status of the insurance regulatory approvals that must be obtained prior to the completion of the merger and the satisfaction or waiver of the other conditions described in this joint proxy statement/prospectus, and there is currently no way to predict with certainty how long it will take to obtain these approvals. Because the date when the merger is completed will be later than the date of the special meetings, LNC and Jefferson-Pilot shareholders will not know the exact value of the LNC common stock that will be issued in the merger at the time they vote on the merger proposals or at the time Jefferson-Pilot shareholders make their cash/stock elections.

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*Jefferson-Pilot shareholders may receive a form of merger consideration different from what they elect.*

While each Jefferson-Pilot shareholder may elect to receive LNC common stock or cash in the merger, the amount of cash to be exchanged for Jefferson-Pilot common stock, in the aggregate, is fixed at \$1.8 billion. As a result, if either a cash or stock election proves to be more popular among Jefferson-Pilot shareholders, and you choose the election that is more popular, you might receive a portion of your consideration in the form that you did not elect.

*If you deliver your shares of Jefferson-Pilot common stock in order to make an election, you will not be able to sell those shares, unless you revoke your election prior to the election deadline.*

If you are a Jefferson-Pilot shareholder and want to make a cash or stock election, you will have to deliver your stock certificate(s), if any, and a properly completed and signed form of election to the exchange agent. Since the actual election deadline is not currently known, LNC and Jefferson-Pilot will announce the date of the election deadline on or before January 15, 2006 (unless LNC and Jefferson-Pilot otherwise agree), which we expect will be ten days before the expected completion of the merger. For further details on the determination of the election deadline see The Merger Agreement Elections Form of Election beginning on page 97. You will not be able to sell any shares of Jefferson-Pilot common stock that you have delivered in connection with your election unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Jefferson-Pilot common stock for any reason until you receive cash and/or LNC common stock in the merger. In the time between the delivery of your shares and the closing of the merger, the trading price of Jefferson-Pilot common stock or LNC common stock may decrease, and you might otherwise want to sell your shares of Jefferson-Pilot to gain access to cash, make other investments or reduce the potential for a decrease in the value of your investment.

The date that you will receive your merger consideration depends on the completion date of the merger, which is uncertain. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

*You will not know whether you will have taxable gain in connection with the merger until after you vote and make your election. If you have taxable gain, you may have to pay a greater amount of taxes than you expect in connection with the merger.*

Jefferson-Pilot shareholders will vote on the transaction and return their merger consideration forms of election prior to the allocation of LNC common stock and cash in the merger. Because Jefferson-Pilot shareholders may receive a different amount of cash and LNC common stock than they elect to receive in the merger, a Jefferson-Pilot shareholder may not know the specific United States federal income tax consequences of the merger at the time such shareholder votes on the transaction. If a Jefferson-Pilot shareholder receives more cash than expected in connection with the merger, the shareholder may recognize an unanticipated taxable gain for United States federal income tax purposes and have to pay a greater amount of taxes than expected in connection with the merger. See Material United States Federal Income Tax Considerations beginning on page 91.

*The merger agreement limits LNC's and Jefferson-Pilot's ability to pursue an alternative acquisition proposal to the merger and requires LNC or Jefferson-Pilot to pay a termination fee of up to \$300 million if it does.*

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The merger agreement prohibits LNC and Jefferson-Pilot from initiating, soliciting, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See [The Merger Agreement Principal Covenants and Agreements No Solicitation](#) beginning on page 104. The merger agreement also provides for the payment by LNC or Jefferson-Pilot of a termination fee of up to \$300 million if the merger agreement is terminated in certain circumstances in connection with a third party completing an alternative acquisition. See [The Merger Agreement Termination Events and Termination Fees](#) beginning on page 107.

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These provisions limit LNC's and Jefferson-Pilot's ability to pursue offers from third parties that could result in greater value to LNC's or Jefferson-Pilot's shareholders. The obligation to pay the termination fee also may discourage a third party from pursuing an alternative acquisition proposal.

*The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of LNC common stock or Jefferson-Pilot common stock to decline.*

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and approvals of the LNC and Jefferson-Pilot shareholders. If any condition to the merger is not satisfied or waived, to the extent permitted by law or stock exchange rule, the merger will not be completed. In addition, LNC and Jefferson-Pilot may terminate the merger agreement under certain circumstances. If LNC and Jefferson-Pilot do not complete the merger, the market price of LNC common stock or Jefferson-Pilot common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, LNC and Jefferson-Pilot will also be obligated to pay certain investment banking, financing, legal and accounting fees and related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, LNC and Jefferson-Pilot cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, financial results, financial condition and stock prices of LNC or Jefferson-Pilot.

## **Risks Related to the Resulting Company's Operations After the Completion of the Merger**

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

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

*The resulting company may have difficulty integrating Jefferson-Pilot and LNC and may incur substantial costs in connection with the integration.*

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

The resulting company may face substantial difficulties, costs and delays in integrating Jefferson-Pilot and LNC. These factors may include:

perceived adverse changes in product offerings available to clients or client service standards, whether or not these changes do, in fact, occur;

conditions imposed by regulators in connection with their decisions whether to approve the merger;

potential charges to earnings resulting from the application of purchase accounting to the transaction;

the retention of existing clients, key portfolio managers, sales representatives and wholesalers of each company; and

retaining and integrating management and other key employees of the resulting company.

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

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

***Interest rate risk exposure of each company will add risk for LNC and Jefferson-Pilot shareholders; equity market risk exposure of LNC will add risk for Jefferson-Pilot shareholders.***

Because each of Jefferson-Pilot and LNC has exposures to certain market risks, Jefferson-Pilot and LNC shareholders will, upon completion of the merger, have greater exposure to interest rate and equity market risks than they did in the past.

LNC's and Jefferson-Pilot's financial position and earnings are each subject to risks resulting from changes in interest rates. Accordingly, the shareholders of the resulting company will continue to be subject to significant interest rate risk exposure.

Some of LNC's and Jefferson-Pilot's products, principally fixed annuities and interest-sensitive whole life, universal life and the fixed portion of variable universal life insurance, expose them to the risk that changes in interest rates will reduce the spread, or the difference between the amounts that they are required to pay under the contracts and the amounts they are able to earn on their general account investments intended to support their obligations under the contracts. Therefore, in periods of declining interest rates, the resulting company will have to reinvest the cash it receives as interest or return of principal on its investments in lower yielding instruments than available. Moreover, borrowers may prepay fixed-income securities, commercial mortgages and mortgage-backed securities in its general account in order to borrow at lower market rates, which exacerbates this risk. Because many policies have guaranteed minimum interest or crediting rates and permit a reset of the interest rates only at limited, pre-established intervals, the resulting company's spreads could decrease and potentially become negative. Declines in the spread from these products could have a material adverse effect on the business or results of operations of the resulting company.

In contrast, in periods of increasing interest rates, the resulting company may not be able to replace the assets in its general account with higher yielding assets needed to fund the higher crediting rates necessary to keep its interest sensitive products competitive. It therefore may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. A sudden demand among consumers to change product types or withdraw funds could lead the resulting company to sell assets at a loss to meet the demand for funds. This may cause investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. In addition, unanticipated withdrawals and terminations also may require the resulting company to accelerate the amortization of deferred acquisition costs (DAC), which would increase the current expenses of the resulting company and reduce net income.

LNC's profitability is subject to risks resulting from declines in equity markets. The fee revenue that LNC earns on equity-based variable annuities, unit-linked accounts, variable universal life insurance policies and investment advisory business, is based upon account values. A weakening of the equity markets results in lower account values, weak equity markets negatively affect LNC's net income through lower fee revenue and, depending upon the significance of the drop in the equity markets, may result in higher net expenses associated with DAC, deferred sales inducements (DSI), the value of business acquired (VOBA) and deferred front-end sales loads (DFEL) associated with LNC's products. Furthermore, a decrease in the equity markets will increase the net amount at risk under the guaranteed minimum death benefit, which has the effect of increasing the amount of guaranteed minimum death benefit (GMDB) reserves that LNC must carry. After the merger, Jefferson-Pilot

shareholders will have greater exposure to these risks with respect to LNC's business.



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*Jefferson-Pilot's communications business faces risks, which are significantly different from the risks facing LNC's and Jefferson-Pilot's insurance businesses.*

The communications business of Jefferson-Pilot relies on advertising revenues, and therefore is sensitive to cyclical changes in both the general economy and in the economic strength of local markets. Also, its stations derived nearly 25% of their 2004 and year-to-date 2005 advertising revenues from the automotive industry. If automobile advertising is severely curtailed, it could have a negative impact on broadcasting revenues. For the nine-month period ended September 30, 2005, 7.3% of television revenues came from a network agreement with two CBS-affiliated stations that expires in 2011. The trend in the industry is away from the networks compensating affiliates for carrying their programming and there is a possibility those revenues will be eliminated when the contract is renewed. Technological media changes, such as satellite radio and the internet, and consolidation in the broadcast and advertising industries, may increase competition for audiences and advertisers. The communications business has commitments for purchases of syndicated television programming and commitments for other contracts and future sports programming rights, payable through 2011. These commitments are not reflected as an asset or liability in Jefferson-Pilot's balance sheet because the programs are not currently available for use and will remain commitments of the resulting company. If sports programming advertising revenue decreases in the future, the commitments may have a material adverse effect on the results of operations of this business.

*Anti-takeover provisions could delay, deter or prevent a change in control of LNC even if the change in control would be beneficial to LNC shareholders.*

LNC is an Indiana corporation subject to Indiana state law. Certain provisions of Indiana law could interfere with or restrict takeover bids or other change in control events affecting LNC. Also, provisions in LNC's articles of incorporation, bylaws as amended upon completion of the merger and other agreements to which LNC is a party could delay, deter or prevent a change in control of LNC, even if a change in control would be beneficial to shareholders. In addition, under Indiana law, directors may, in considering the best interests of a corporation, consider the effects of any action on stockholders, employees, suppliers and customers of the corporation and the communities in which offices and other facilities are located, and other factors the directors consider pertinent. One statutory provision prohibits, except under specified circumstances, LNC from engaging in any business combination with any shareholder who owns 10% or more of LNC's common stock (which shareholder, under the statute, would be considered an interested shareholder) for a period of five years following the time that such shareholder became an interested shareholder, unless such business combination is approved by the board of directors prior to such person becoming an interested shareholder. In addition, LNC's articles of incorporation contain a provision requiring holders of at least three-fourths of the voting shares of LNC then outstanding and entitled to vote at an election of directors, voting together, to approve such a transaction rather than the simple majority required under Indiana law. See "Description of LNC Capital Stock" "Anti-Takeover Considerations" beginning on page 115.

In addition to the anti-takeover provisions of Indiana law, there are other factors that may delay, deter or prevent a change in control of LNC. After the merger, LNC will continue to be regulated as an insurance holding company and will continue to be subject to the insurance holding company acts of the states in which LNC's and Jefferson-Pilot's insurance company subsidiaries are domiciled. The insurance holding company acts and regulations restrict the ability of any person to obtain control of an insurance company without prior regulatory approval. Under those statutes and regulations, without such approval (or an exemption), no person may acquire any voting security of a domestic insurance company, or an insurance holding company which controls an insurance company, or merge with such a holding company, if as a result of such transaction such person would control the insurance holding company or insurance company. Control is generally defined as the direct or indirect power to direct or cause the direction of the management and policies of a person and is presumed to exist if a person directly or indirectly owns or controls 10% or more of the voting securities of another person.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Except for historical information contained or incorporated by reference in this joint proxy statement/ prospectus, statements made or incorporated by reference in this joint proxy statement/prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which is referred to as the PSLRA. A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: believe, anticipate, expect, estimate, project, will, shall and other words or phrases with similar meaning. We claim protection afforded by the safe harbor for forward-looking statements provided by the PSLRA.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described within the forward-looking statements include, among others:

we may not obtain the approval of LNC and/or Jefferson-Pilot shareholders at their respective special meetings;

we may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or result in the imposition of conditions that could have a material adverse effect on the resulting company or cause us to abandon the merger;

we may be unable to complete the merger or completing the merger may be more costly than expected because, among other reasons, conditions to the closing of the merger may not be satisfied;

problems may arise with the ability to successfully integrate LNC's and Jefferson-Pilot's businesses, which may result in the resulting company not operating as effectively and efficiently as expected;

the resulting company may not be able to achieve the expected synergies from the merger or it may take longer than expected to achieve those synergies;

the merger may involve unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from our expectations;

the lowering of one or more of the credit ratings of the resulting company or its subsidiaries may have an adverse impact on the resulting company's or its subsidiaries' ability to raise capital and on its liquidity and financial condition;

the lowering of one or more of the insurer financial strength ratings of the resulting company's insurance subsidiaries may have an adverse impact on the premium writings, policy retention and profitability of our insurance subsidiaries or the resulting company;

the actual financial position and results of operations of the resulting company may differ significantly from the pro forma financial data contained in this joint proxy statement/prospectus;

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future legislative, regulatory or tax changes, both domestic and foreign, may affect the cost of, or demand for, the resulting company's products, the required amount of reserves and/or surplus, or otherwise affect our ability to conduct business, including changes to statutory reserves and/or risk-based capital requirements related to secondary guarantees under universal life and variable annuity products such as Actuarial Guideline 38, restrictions on revenue sharing and 12b-1 payments, and the potential for United States federal tax reform;

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

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changes in future interest rates and reductions in or continued low interest rates may cause a reduction of investment income, the margins of our fixed annuity and life insurance businesses and demand for our products;

future declines in the equity market may cause a reduction in the sales of the resulting company's products, a reduction of asset fees that we charge on various investment and insurance products, an acceleration of amortization of DAC, VOBA, DSI and DFEL and an increase in liabilities related to guaranteed benefit features of our variable annuity products;

the resulting company's various hedging strategies may not be effective to offset the impact of changes in the equity markets;

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

competitive conditions that may affect the level of premiums and fees that the resulting company will be able to charge for our products;

uncertainties with respect to capital market conditions which may increase the costs of permanent financing to fund the cash portion of the merger consideration and may impair LNC's ability to execute on contemplated share repurchases;

future loss of key management, portfolio managers, sales representatives or wholesalers; and

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

The risks included here are not exhaustive. The annual reports on Form 10-K, subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed by LNC and Jefferson-Pilot with the SEC and incorporated herein by reference include additional factors which could impact our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the impact of all risk factors on our or the resulting company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this joint proxy statement/prospectus, except as may be required by law.

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**THE LNC SPECIAL MEETING**

**General**

This joint proxy statement/prospectus is being provided to LNC shareholders as part of a solicitation of proxies by the LNC board of directors for use at the LNC special meeting and at any adjournment thereof. This joint proxy statement/prospectus provides LNC shareholders with the information they need to know to be able to vote or instruct their vote to be cast at the LNC special meeting.

**Date, Time and Place of the LNC Special Meeting**

The LNC special meeting will be held at [ \* ] a.m., local time, on [ \* ], 2006, at the offices of Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania.

**Purposes of the LNC Special Meeting**

At the LNC special meeting, LNC shareholders will be asked:

to approve the issuance of shares of LNC common stock pursuant to the merger agreement;

to approve adjournments of the LNC special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the LNC special meeting to approve the above proposal; and

to consider and vote upon other matters that may properly be submitted to a vote at the LNC special meeting or any reconvened meeting following an adjournment of the special meeting.

**Record Date; Shares Entitled to Vote; Outstanding Shares**

The record date for the meeting for LNC shareholders was [ \* ], 2006. This means that you must have been a shareholder of record of LNC common stock or LNC Series A preferred stock at the close of business on [ \* ], 2006 in order to vote at the special meeting. You are entitled to one vote for each share of LNC common stock and LNC Series A preferred stock you own on the record date. On LNC's record date, LNC had [ \* ] shares of LNC common stock and [ \* ] shares of LNC Series A preferred stock outstanding.

A complete list of LNC shareholders entitled to vote at the LNC special meeting will be available for inspection at the executive offices of LNC during regular business hours for a period of at least five business days before the special meeting.

**Quorum and Voting Rights**

A quorum of shareholders is necessary to hold a valid special meeting of LNC. A majority of all outstanding shares of LNC entitled to vote and present, in person or by proxy, at the special meeting constitutes a quorum. All shares of LNC common stock and LNC Series A preferred stock represented at the special meeting, including abstentions and broker non-votes, will be counted for purposes of determining whether a quorum is present. Broker non-votes are shares held by a broker that are represented at the meeting, but with respect to which the beneficial owner has not instructed the broker on the particular proposal and the broker does not have discretionary voting power on such proposal. Once a share is represented for any purpose at the special meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment of the special meeting, unless a new record date is set). For purposes of voting on each of the proposals set forth below, the owners of shares of LNC common stock and LNC Series A preferred stock vote together as one class.

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The votes required to approve the respective proposals at the LNC special meeting are:

Approval of the issuance of shares of LNC common stock pursuant to the merger agreement requires the approval of a majority of the votes cast on the proposal by the holders of LNC common stock and LNC Series A preferred stock, voting together as a single class, provided that the total votes cast on the proposal represent over 50% of all securities entitled to vote on the proposal.

Approval of adjournments of the LNC special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the LNC special meeting to approve the above proposal requires the affirmative vote of a majority of the votes cast on the proposal, present in person or represented by proxy and entitled to vote at the LNC special meeting.

For a discussion of how broker non-votes and abstentions will affect the outcome of the vote on these proposals, see [Voting; Proxies](#) [Voting Shares Held in Street Name](#) beginning on page 34 and [Voting; Proxies](#) [Abstaining from Voting](#) beginning on page 34.

**ITEM 1 THE ISSUANCE OF SHARES OF LNC COMMON STOCK PURSUANT TO THE MERGER AGREEMENT**

As discussed elsewhere in this joint proxy statement/prospectus, LNC shareholders are considering and voting on a proposal to approve the issuance of shares of LNC common stock pursuant to the merger agreement. You should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. You are also urged to read the merger agreement, which is attached to this joint proxy statement/prospectus as [Annex A](#).

**The LNC board of directors recommends that LNC shareholders vote FOR the issuance of LNC common stock pursuant to the merger agreement.**

**ITEM 2 APPROVE ADJOURNMENTS OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT FURTHER SOLICITATION OF PROXIES**

Shareholders may be asked to vote on a proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal. See the discussion regarding adjournments below in [Adjournments](#) beginning on page 36.

**The LNC board of directors recommends that LNC shareholders vote FOR the proposal to adjourn, if necessary, the LNC special meeting.**

**Voting by LNC's Directors and Executive Officers**

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As of the record date for the LNC special meeting, LNC's directors and executive officers had the right to vote approximately [ \* ] shares of the then outstanding LNC common stock at the LNC special meeting, which represented [ \* ]% of the LNC common stock outstanding and entitled to vote at the meeting. No LNC director or executive officer or their affiliates beneficially owned any shares of LNC Series A preferred stock.

### **Voting; Proxies**

You may vote in person at the LNC special meeting or by proxy. We recommend you vote by proxy even if you plan to attend the special meeting. If you vote by proxy, you may change your vote if you attend the special meeting. If you own LNC common stock or LNC Series A preferred stock in your own name, you are an owner of record. This means that you may use the enclosed proxy/voting instruction card(s) to tell the persons named



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as proxies how to vote your shares. If you properly complete, sign and date your proxy/voting instruction card(s), or vote by telephone or over the Internet, your proxy will be voted in accordance with your instructions. The named proxies will vote all shares at the meeting that have been properly voted (whether by Internet, telephone or mail) and not revoked. If you sign and return your proxy/voting instruction card(s) but do not mark your card(s) to tell the proxies how to vote your shares on each proposal, your proxy will be voted FOR each of the proposals presented.

If you hold LNC shares in a stock brokerage account or through a broker, bank or other nominee, or, in other words, in street name, please follow the voting instructions provided by your broker, bank or other nominee. Also, see Voting Shares Held in Street Name beginning on page 34.

If you participate in LNC's Employees Savings and Profit-Sharing Plan or The Lincoln National Life Insurance Company Agents Savings and Profit-Sharing Plan, your proxy/voting instruction card(s) will include the LNC common stock allocated to your accounts in that plan. You may instruct the plan trustee on how to vote your shares by signing, dating and mailing the enclosed proxy/voting instruction card(s), or by submitting your voting instructions by telephone or over the Internet. The plan trustee will vote your shares in accordance with your instructions and the terms of the plans. If you participate in one of these plans and fail to vote, the plan trustee will vote your shares in the same proportion as it votes the shares for which it receives instructions from other plan participants. Your voting instructions must be received by [ \* (E.S.T.)] on [ \* ], 2006.

If you participate in LNC's Dividend Reinvestment Plan, your proxy/voting instruction card(s) will also include the LNC common stock allocated to your accounts in that plan. To vote your shares in that plan, sign, date and mail the enclosed 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).

### ***Voting Shares Held in Street Name***

Generally, a broker, bank or other nominee may only vote the common stock that it holds in street name for you in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on certain matters that are considered routine.

If you wish to vote on the proposal to approve the issuance of LNC common stock in connection with the merger, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote on the proposal to approve the issuance of LNC common stock in connection with the merger. These broker non-votes are not counted as votes cast on the proposal or as votes cast for purposes of determining whether 50% of all votes entitled to be cast on the proposal have been cast. However, they will be deemed as votes present for quorum purposes.

If you wish to vote on any proposal to approve adjournments of the LNC special meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker generally will have the authority to vote on proposals such as the adjournment of meetings. However, your broker will not be authorized to vote on any proposal to adjourn the special meeting solely relating to the solicitation of proxies to approve the issuance of shares of LNC common stock pursuant to the merger agreement.

### ***Abstaining from Voting***

Your abstention from voting will have the following effects:

Abstentions will have the same effect as a vote against the approval of the issuance of shares of LNC common stock pursuant to the merger agreement. Abstentions will, however, increase the percentage of votes cast on the proposal and thus could have the effect of causing the proposal to pass if the majority of the votes otherwise cast on the proposal have been voted in favor of the proposal and the abstentions cause the percentage of votes cast on the proposal to total more than 50% of the outstanding shares.

Abstentions will have no effect on any proposal to approve adjournments of the LNC special meeting.

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### **How to Vote**

You have three voting options:

*Internet:* You can vote over the Internet at the Internet address shown on your proxy/voting instruction card(s). Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy/voting instruction card(s).

*Telephone:* You can vote by telephone by calling the toll-free number on your proxy/voting instruction card(s). Telephone voting is available 24 hours a day. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote by telephone, do not return your proxy/voting instruction card(s).

*Mail:* You can vote by mail by simply signing, dating and mailing your proxy/voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

A number of brokerage firms and banks participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. This option, if available, will be reflected in the voting instructions from the brokerage firm or bank that accompany this joint proxy statement/prospectus. If your shares are held in an account at a brokerage firm or bank that participates in such a program, you may direct the vote of these shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the brokerage firm or bank. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the LNC special meeting; however, you must first obtain a signed and properly executed legal proxy from your broker, bank or other nominee to vote your shares held in street name at the special meeting. Requesting a legal proxy will automatically cancel any voting directions you have previously given to your broker, bank or other nominee by the Internet or by telephone with respect to your shares.

### **Revoking Your Proxy**

You can revoke your proxy at any time before its exercise by:

sending a written notice to the Corporate Secretary of LNC, at Centre Square West Tower, 1500 Market St., Suite 3900, Philadelphia, Pennsylvania 19102, bearing a date later than the date of the proxy, that is received prior to the LNC special meeting and states that you revoke your proxy;

voting again over the Internet or by telephone;

signing another proxy/voting instruction card(s) bearing a later date and mailing it so that it is received prior to the LNC special meeting; or

attending the LNC special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

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If your shares are held in street name, you will need to contact your broker, bank or other nominee to revoke your proxy.

### **Other Voting Matters**

#### *Voting in Person*

If you plan to attend the LNC special meeting and wish to vote in person, we will give you a ballot at the special meeting. However, if your shares are held in street name, you must first obtain a legal proxy authorizing you to vote the shares in person, which you must bring with you to the special meeting.

#### *Electronic Access to Proxy Materials*

This joint proxy statement/prospectus is available on the SEC's Internet site at [www.sec.gov](http://www.sec.gov) or on LNC's Internet site at [www.lfg.com](http://www.lfg.com) or at [www.lfgjpmerger.com](http://www.lfgjpmerger.com).

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### **Proxy Solicitations**

LNC is soliciting proxies for the LNC special meeting from LNC shareholders. LNC will bear the entire cost of soliciting proxies from LNC shareholders, except that LNC and Jefferson-Pilot will share equally the expenses incurred in connection with the filing of the registration statement of which this joint proxy statement/prospectus forms a part with the SEC and the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, LNC's directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, electronically or by telephone. LNC has also engaged Georgeson Shareholder Communications, Inc., for a fee of \$15,000 plus reimbursement of expenses, to assist in the solicitation of proxies. LNC and its proxy solicitor will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of LNC common stock and LNC Series A preferred stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should promptly vote by telephone or over the Internet or submit your completed proxy/voting instruction card(s) by mail.

### **Adjournments**

If a quorum is not present at the special meeting, the chairman of the meeting will have the authority to adjourn the special meeting to solicit additional proxies without the approval of shareholders. If a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the issuance of LNC common stock pursuant to the merger agreement, holders of LNC common stock and LNC Series A preferred stock may be asked to vote on a proposal to approve the adjournment of the special meeting to permit further solicitation of proxies. Approval by a majority of the votes cast on the proposal to adjourn the meeting will be required. In addition, if the new date, time or place of the new meeting is not given at the adjourned meeting or if after the adjournment a new record date is fixed for an adjourned meeting, which it must be if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting, notice of the adjourned meeting must be given to each shareholder of record entitled to vote at such special meeting.

### **Assistance**

If you need assistance in completing your proxy/voting instruction card(s) or have questions regarding LNC's special meeting, please contact Georgeson Shareholder Communications, Inc., LNC's proxy solicitor, at (888) 277-5654 or write to Georgeson Shareholder Communications, Inc., 17 State Street, New York, New York 10004.

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**THE JEFFERSON-PILOT SPECIAL MEETING**

**General**

This joint proxy statement/prospectus is being provided to Jefferson-Pilot shareholders as part of a solicitation of proxies by the Jefferson-Pilot board of directors for use at the Jefferson-Pilot special meeting and at any adjournment thereof. In addition, this joint proxy statement/prospectus is being furnished to Jefferson-Pilot shareholders as a prospectus for LNC in connection with its issuance of shares of LNC common stock to Jefferson-Pilot shareholders in connection with the merger. This joint proxy statement/prospectus provides Jefferson-Pilot shareholders with the information they need to know to be able to vote or instruct their vote to be cast at the Jefferson-Pilot special meeting and to make their election as to whether they prefer to receive cash and/or LNC common stock in connection with the merger. For more information about making an election to receive cash and/or LNC common stock and the adjustments to these elections, see *The Merger Agreement Elections* beginning on page 97.

**Date, Time and Place of the Jefferson-Pilot Special Meeting**

The Jefferson-Pilot special meeting will be held at [ \* ] a.m., local time, on [ \* ], 2006, at Jefferson-Pilot's offices, Fourth Floor, Jefferson-Pilot Building, 100 North Greene Street, Greensboro, North Carolina.

**Purposes of the Jefferson-Pilot Special Meeting**

At the Jefferson-Pilot special meeting, Jefferson-Pilot shareholders will be asked:

to approve the merger agreement and the plan of merger contained therein;

to approve adjournments of the Jefferson-Pilot special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Jefferson-Pilot special meeting to approve the above proposal; and

to consider and take action upon any other business that may properly come before the Jefferson-Pilot special meeting or any reconvened meeting following an adjournment of the special meeting.

**Record Date; Shares Entitled to Vote; Outstanding Shares**

The record date for the meeting for Jefferson-Pilot shareholders was [ \* ], 2006. This means that you must have been a shareholder of record of Jefferson-Pilot's common stock at the close of business on that date in order to vote at the special meeting. You are entitled to one vote for each share of Jefferson-Pilot common stock you own. On Jefferson-Pilot's record date, Jefferson-Pilot had [ \* ] shares of Jefferson-Pilot common stock outstanding.

A complete list of Jefferson-Pilot shareholders entitled to vote at the Jefferson-Pilot special meeting will be available for inspection at the executive offices of Jefferson-Pilot during regular business hours for at least five business days before the special meeting.

### **Quorum and Voting Rights**

A quorum of shareholders is necessary to hold a valid special meeting of Jefferson-Pilot. A majority of all outstanding shares of Jefferson-Pilot entitled to vote and present, in person or by proxy, at the special meeting constitutes a quorum. All shares of Jefferson-Pilot common stock represented at the special meeting, including abstentions and broker non-votes, will be counted for purposes of determining whether a quorum is present. Once a share is represented for any purpose at the special meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment of the special meeting).

The approval of the merger agreement and the plan of merger contained therein requires the affirmative vote of a majority of the outstanding shares of Jefferson-Pilot common stock entitled to vote at the Jefferson-Pilot special meeting.

For a discussion of how broker non-votes and abstentions will affect the outcome of the vote on these proposals, see [Voting; Proxies](#) [Voting Shares Held in Street Name](#) beginning on page 39 and [Voting; Proxies](#) [Abstaining from Voting](#) beginning on page 39.

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**ITEM 1 THE MERGER**

As discussed elsewhere in this joint proxy statement/prospectus, Jefferson-Pilot shareholders are considering and voting on a proposal to approve the merger agreement and the plan of merger contained therein. You should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, you are directed to the merger agreement, which is attached to this joint proxy statement/prospectus as Annex A.

**The Jefferson-Pilot board of directors recommends that Jefferson-Pilot shareholders vote FOR the merger agreement and the plan of merger contained therein and your proxy will be so voted unless you specify otherwise.**

**ITEM 2 APPROVE ADJOURNMENTS OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT FURTHER SOLICITATION OF PROXIES**

Shareholders may be asked to vote on a proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal. See the discussion regarding adjournments below in Adjournments beginning on page 40.

**The Jefferson-Pilot board of directors recommends that Jefferson-Pilot shareholders vote FOR the proposal to adjourn, if necessary, the Jefferson-Pilot special meeting.**

**Voting by Jefferson-Pilot's Directors and Executive Officers**

As of the record date for the Jefferson-Pilot special meeting, Jefferson-Pilot's directors and executive officers had the right to vote approximately [ \* ] shares of the then outstanding Jefferson-Pilot common stock at the Jefferson-Pilot special meeting. As of the record date for the Jefferson-Pilot special meeting, these shares represented less than [ \* ]% of the Jefferson-Pilot common stock outstanding and entitled to vote at the meeting.

**Voting; Proxies**

You may vote in person at the Jefferson-Pilot special meeting or by proxy. We recommend you vote by proxy even if you plan to attend the special meeting. If you vote by proxy, you may change your vote if you attend the special meeting. If you own Jefferson-Pilot common stock in your own name, you are an owner of record. This means that you may use the enclosed proxy/voting instruction card(s) to tell the persons named as proxies how to vote your shares. If you properly complete, sign and date your proxy/voting instruction card(s), or vote by telephone or over the Internet, your proxy will be voted in accordance with your instructions. The named proxies will vote all shares at the meeting that have been properly voted (whether by Internet, telephone or mail) and not revoked. If you sign and return your proxy/voting instruction card(s) but do not mark your card(s) to tell the proxies how to vote your shares on each proposal, your proxy will be voted FOR each of the proposals presented.



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If your Jefferson-Pilot shares are held in street name through a broker, bank or other nominee, please follow the voting instructions provided by your broker, bank or other nominee. Also, see Voting Shares Held in Street Name beginning on page 39.

If you participate in Jefferson-Pilot's 401(k)/TeamShare Plan or Agents' Retirement Plan, your proxy/voting instruction card(s) will include the Jefferson-Pilot common stock allocated to your accounts in that plan. You may instruct the plan trustee on how to vote your shares by signing, dating and mailing the enclosed proxy/voting instruction card(s), or by submitting your voting instructions by telephone or over the Internet. The plan trustee will vote your shares in accordance with your instructions and the terms of the plans. If you participate in one of those plans and fail to vote, the plan trustee will vote your shares in the same proportion as it votes the shares for which it receives instructions from other participants in that plan. Your voting instructions must be received by [ \* (E.S.T.)] on [ \* ], 2006.

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If you participate in Jefferson-Pilot's Dividend Reinvestment Plan, your proxy/voting instruction card(s) will also include the Jefferson-Pilot common stock allocated to your accounts in that plan. To vote your shares in that plan, you must, sign, date and mail the enclosed 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).

### ***Voting Shares Held in Street Name***

Generally, a broker, bank or other nominee may only vote the common stock that it holds in street name for you in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on certain matters that are considered routine.

If you wish to vote on the proposal to approve the merger agreement and the plan of merger contained therein, you must provide instructions to your broker. If you do not provide your broker with instructions, your broker will not be authorized to vote on the proposal to approve the merger agreement and the plan of merger contained therein. This broker non-vote will have the same effect as a vote against the proposal.

If you wish to vote on the proposal to approve adjournments of the Jefferson-Pilot special meeting, you should provide instructions to your broker. If you do not provide instructions to your broker, your broker will not be authorized to vote on any proposal to adjourn the special meeting solely relating to the solicitation of proxies to approve the merger agreement and the plan of merger contained therein.

### ***Abstaining from Voting***

Your abstention from voting will have the same effect as a vote against the proposal to approve the merger agreement and the plan of merger contained therein.

### **How to Vote**

You have three voting options:

*Internet:* You can vote over the Internet at the Internet address shown on your proxy/voting instruction card(s). Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy/voting instruction card(s).

*Telephone:* You can vote by telephone by calling the toll-free number on your proxy/voting instruction card(s). Telephone voting is available 24 hours a day. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote by telephone, do not return your proxy/voting instruction card(s).

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*Mail:* You can vote by mail by simply signing, dating and mailing your proxy proxy/voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/prospectus.

A number of brokerage firms and banks participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. This option, if available, will be reflected in the voting instructions from the brokerage firm or bank that accompany this joint proxy statement/prospectus. If your shares are held in an account at a brokerage firm or bank that participates in such a program, you may direct the vote of these shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the brokerage firm or bank. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the Jefferson-Pilot special meeting; however, you must first obtain a signed and properly executed legal proxy from your broker, bank or other nominee to vote your shares held in street name at the special meeting. Requesting a legal proxy will automatically cancel any voting directions you have previously given to your broker, bank or other nominee by the Internet or by telephone with respect to your shares.

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### **Revoking Your Proxy**

You can revoke your proxy at any time before its exercise by:

sending a written notice to the Corporate Secretary of Jefferson-Pilot, at 100 North Greene Street, Greensboro, North Carolina 27401, bearing a date later than the date of the proxy, that is received prior to the Jefferson-Pilot special meeting and states that you revoke your proxy;

voting again over the Internet or by telephone;

signing another proxy/voting instruction card(s) bearing a later date and mailing it so that it is received prior to the special meeting; or

attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

If your shares are held in street name, you will need to contact your broker, bank or other nominee to revoke your proxy.

### **Other Voting Matters**

#### ***Voting in Person***

If you plan to attend the Jefferson-Pilot special meeting and wish to vote in person, we will give you a ballot at the special meeting. However, if your shares are held in street name, you must first obtain a legal proxy authorizing you to vote the shares in person, which you must bring with you to the special meeting.

#### ***Electronic Access to Proxy Materials***

This joint proxy statement/prospectus is available on the SEC's Internet site at [www.sec.gov](http://www.sec.gov) or on Jefferson-Pilot's Internet site at [www.jpfinancial.com](http://www.jpfinancial.com) or at [www.lfgjpmerger.com](http://www.lfgjpmerger.com).

### **Proxy Solicitations**

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Jefferson-Pilot is soliciting proxies for the Jefferson-Pilot special meeting from Jefferson-Pilot shareholders. Jefferson-Pilot will bear the entire cost of soliciting proxies from Jefferson-Pilot shareholders, except that LNC and Jefferson-Pilot will share equally the expenses incurred in connection with the filing of the registration statement of which this joint proxy statement/prospectus forms a part with the SEC and the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Jefferson-Pilot's directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, electronically or by telephone. Jefferson-Pilot has also engaged [\*], for a fee of \$[\*] plus reimbursement of expenses, to assist in the solicitation of proxies. Jefferson-Pilot and its proxy solicitor will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Jefferson-Pilot common stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should promptly vote by telephone or over the Internet or submit your completed proxy/voting instruction card(s) by mail.

**Shareholders should not submit any stock certificates with their proxy/voting instruction card(s).**

### **Adjournments**

If a quorum is not present at the special meeting, the chairman of the meeting will have the authority to adjourn the special meeting to solicit additional proxies without the approval of shareholders. If a quorum is present at the special meeting but there are not sufficient votes at the time of the special meeting to approve the

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merger agreement and the plan of merger contained therein, holders of Jefferson-Pilot common stock may also be asked to vote on a proposal to approve the adjournment of the special meeting to permit further solicitation of proxies. Approval by a majority of the votes cast on the proposal to adjourn the meeting will be required. In addition, if the new date, time or place of the new meeting is not given at the adjourned meeting or if after the adjournment a new record date is fixed for an adjourned meeting, which it must be if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting, notice of the adjourned meeting must be given to each shareholder of record entitled to vote at such special meeting.

**Assistance**

If you need assistance in completing your proxy/voting instruction card(s) or have questions regarding Jefferson-Pilot's special meeting, please contact [[ ]], Jefferson-Pilot's proxy solicitor, at [( ) ] or write to [ ]].

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### **THE MERGER**

*The following discussion contains material information pertaining to the merger. This discussion is subject and qualified in its entirety by reference to the merger agreement and the related documents attached as Annexes to this joint proxy statement/prospectus. We urge you to read the entirety of those documents as well as the discussion in this joint proxy statement/prospectus.*

#### **Structure of the Merger**

The merger agreement provides for the merger of Jefferson-Pilot with Merger Sub. Upon completion of the merger, the separate corporate existence of Jefferson-Pilot will cease and Merger Sub will continue as the surviving entity and a direct wholly owned subsidiary of LNC.

At the effective time of the merger, each issued and outstanding share of Jefferson-Pilot common stock will be converted into the right to receive either (i) 1.0906 shares of LNC common stock or (ii) \$55.96 in cash, subject to the election and allocation procedures described in the merger agreement.

Upon completion of the merger, we estimate that Jefferson-Pilot's former shareholders will own approximately 39% and LNC shareholders will own approximately 61% of the then outstanding shares of LNC common stock. LNC's shareholders will continue to own their existing shares, which will not be affected by the merger. Shares of LNC common stock will continue to be listed on the NYSE under the trading symbol LNC. Upon completion of the merger, Jefferson-Pilot common stock, which is listed on the NYSE under the trading symbol JP, will be delisted.

#### **Background of the Merger**

At various times over the years, each of LNC's and Jefferson-Pilot's boards of directors has considered the possibility of acquisitions, combinations and other business strategies and has engaged with senior management in strategic reviews, including reviews of affiliation opportunities for their respective companies, with a goal of enhancing shareholder value. In addition, at various times over the years, senior executives of LNC and Jefferson-Pilot have engaged in informal discussions with respect to a potential business combination transaction involving the two companies. Specifically, in late-1999 to early 2000, in early 2002, and in late-2003 to early 2004, senior executives of the two companies discussed the possibility of a strategic transaction, but did not reach any agreement and ceased discussions.

At its regularly scheduled meeting on February 14, 2005, the Jefferson-Pilot board approved the 2005 operating plan, and agreed with management's suggestion that management prepare an analysis of Jefferson-Pilot's strategic alternatives to increase earnings per share in light of the low interest rate environment.

On April 1, 2005, Dennis R. Glass, President and Chief Executive Officer of Jefferson-Pilot, telephoned Jon A. Boscia, Chairman and Chief Executive Officer of LNC, regarding a possible strategic business combination involving LNC and Jefferson-Pilot. Messrs. Boscia and Glass agreed that they should meet to discuss such a strategic combination.

On April 12, 2005, Jefferson-Pilot's management made a presentation on growth strategies to the executive committee of the Jefferson-Pilot board of directors. The executive committee consists of six members of the board, including the chairman, the CEO, the lead independent director and three other independent directors. That presentation reviewed Jefferson-Pilot's historical growth and its current growth challenges. The potential courses of action reviewed were organic growth on a stand alone basis, pursuit of core business acquisitions to strengthen Jefferson-Pilot's competitive position in its current business, a change in business mix by acquiring a significant new business, and a potential combination with an equal-sized or larger competitor to strengthen the core business and alter the business mix. The organic growth option also included a review of potential financial



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restructuring alternatives. The presentations included an analysis of potential accretion, market position and earnings mix resulting from potential acquisitions of or combinations with a number of companies in the life insurance industry. The discussion also reviewed the opportunities and risks presented by each course of action.

On May 6, 2005, Mr. Boscia and Mr. Glass met in Philadelphia, Pennsylvania. In general terms, they reviewed the strategic opportunities available to each company, including potential business combinations, potential acquisition opportunities and the ability of each company to maintain a stand alone strategy. Each confirmed that the other's company was on his respective list of possible combination opportunities. No agreement on terms was reached, however, they concluded that further discussions were warranted.

At an LNC board of directors meeting held on May 12, 2005, Mr. Boscia advised LNC's board of the preliminary discussions that had occurred with Mr. Glass and indicated that he would provide the board with further information regarding any proposed combination as it developed. The board of directors authorized Mr. Boscia to continue discussions with Mr. Glass concerning a proposed combination.

At the annual planning retreat of the Jefferson-Pilot board, which was held on May 13 and 14, 2005, management made a presentation substantially similar to the presentation (updated to reflect more current market information) made at the April 12 executive committee meeting. At that meeting, representatives of McKinsey & Company and Morgan Stanley discussed with the Jefferson-Pilot board the strategic position of Jefferson-Pilot in the life insurance industry. Mr. Glass advised the board of his preliminary discussions with Mr. Boscia. The board agreed that Mr. Glass should further explore all of the options that were analyzed in the presentation, including potential business combinations.

On June 27, 2005, a meeting of the LNC board of directors was held. Mr. Boscia, along with LNC's Barbara S. Kowalczyk, Senior Vice President, Corporate Development, and Dennis L. Schoff, Senior Vice President and General Counsel, discussed strategic options, such as remaining a stand alone company or engaging in strategic transactions, and reviewed respective business and product platforms for each strategic option and possible synergies from and risks of each strategic option. The board instructed Mr. Boscia to continue to pursue the potential strategic transactions, including continuing discussions with Jefferson-Pilot.

On June 28, 2005, Mr. Boscia and Mr. Glass met in Greensboro, North Carolina. They discussed many of the same types of matters that were discussed by the LNC board of directors on the previous day, including the shareholder value creation opportunity that a potential combination of the two companies presented. In addition, Mr. Boscia and Mr. Glass discussed management roles should a combination occur, including discussions regarding their respective positions within the resulting organization. A general organizational design for how the resulting organization would be focused and managed was discussed, and the two CEOs agreed that both organizations would further analyze the merits and risks of the potential combination.

On or about June 30 and July 13, 2005, LNC informally engaged Lehman Brothers and Goldman Sachs to act as its financial advisors with respect to pursuing a strategic combination with Jefferson-Pilot and subsequently entered into engagement letters with each firm dated as of June 30, 2005.

During June through August 2005, Mr. Glass had several discussions with two other potential business combination candidates in addition to LNC. On June 15, 2005, Jefferson-Pilot executed a mutual confidentiality agreement with one of the two other companies with whom Mr. Glass had had preliminary discussions concerning a potential business combination, and Jefferson-Pilot received limited expense and operational data from that company. In late June 2005 Jefferson-Pilot's management concluded that it was not willing to explore further a potential business combination with this candidate on the basis of the limited information that had been provided to it.

On July 7, 2005, LNC and Jefferson-Pilot executed a confidentiality agreement. Over the course of the next two weeks, LNC and Jefferson-Pilot each reviewed and analyzed certain expense and operational data of the other company in order to further evaluate the possible benefits of a potential combination, both independently and collaboratively.

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On or about July 15, 2005, Jefferson-Pilot informally engaged Lazard to act as its financial advisor with respect to a potential strategic combination with LNC or other potential business combination candidates, and Jefferson-Pilot and Lazard subsequently entered into an engagement letter for that purpose as of September 1, 2005.

At meetings of the LNC board of directors and its development committee on July 14, 2005, Mr. Boscia and Ms. Kowalczyk provided updates as to the progress of the discussions and possible timelines for a transaction. At the development committee meeting, Ms. Kowalczyk outlined the benefits and risks of a transaction with Jefferson-Pilot. Mr. Boscia and Ms. Kowalczyk discussed various organizational issues, including the chairman, CEO and chief operating officer roles of the resulting company and governance issues, including a supermajority board approval requirement for certain matters. The development committee concurred that it would be appropriate to proceed with management's review of a potential transaction. At the board of directors meeting later that day, certain measures regarding the size and scope of the two organizations were again reviewed. Mr. Boscia and Ms. Kowalczyk described the potential benefits of a combination, including product and distribution expansion, earnings diversification, capital flexibility, scale and operating model efficiencies. They also described risks related to such a combination including, but not limited to, success of the integration, concentrations of certain product lines and related reserving requirements, including universal life with secondary guarantees and related reserves and exposure to interest rate movements and spread compression. They also discussed preliminary assumptions related to valuation and the resulting impact on earnings per share. The board of directors also discussed governance and other issues, including possible board composition, senior management balance and the potential effect of a transaction on change of control provisions in LNC benefit and compensation plans, geographic impact on employees and additional constituencies, survival of the Lincoln brand, strategic fit of the communications business and use of external advisors.

On July 22, 2005, senior management representatives of LNC and Jefferson-Pilot met in Atlanta, Georgia to discuss the strategies, organization and operations of their respective businesses. Based on the reviews of expense and operational data performed by their respective staffs, the representatives of LNC and Jefferson-Pilot concluded that expense synergies could be realized and that shareholder value could be significantly enhanced through a combination.

On July 29, 2005, Mr. Boscia and Mr. Glass spoke about the progress of each company's management review of the proposed combination and confirmed the preliminary assessments as to nature and sources of operational integration and expected expense savings and the shareholder value that would result.

At the Jefferson-Pilot executive committee meeting on July 31, 2005 and the board meeting on August 1, 2005, the directors reviewed with management the terms and structure of a possible merger with LNC and one of the other companies with whom Mr. Glass was continuing to have potential combination discussions, as well as other possible merger candidates with whom the company had not been in contact. The board reviewed the potential value creation of possible combination transactions, including potential accretion, expense savings and the relative market positions in the industry of the resulting entities, as well as the stand alone operations alternative.

The LNC board of directors met on August 1, 2005 and reviewed with management the terms and structure of a possible merger with Jefferson-Pilot. The board considered the LNC stand alone alternative and how a transaction with Jefferson-Pilot would be superior to that alternative, including its strategic fit with LNC. LNC management discussed its preliminary financial analysis of a transaction. It also reviewed the subject matter of the discussions between senior management of LNC and Jefferson-Pilot concerning deal risks, comparable transactions, potential organizational issues and next steps. At the meeting, representatives of Lehman Brothers assisted in the presentation and discussion of the proposed merger. The board of directors designated a special advisory committee of the board, consisting of four independent directors, Messrs. Tilton, Johnson, Barrett, and Avery, to consult regularly with senior management and LNC's advisors as discussions and negotiations continued. Additionally, the board instructed Mr. Boscia to contact Mr. Glass to discuss more specifically the respective roles for each CEO in the resulting organization and to outline expectations as to board continuity and composition.



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On August 2, 2005, Mr. Boscia and Mr. Glass spoke to discuss various aspects of the transaction. They affirmed that in a resulting organization, Mr. Boscia would be Chairman as well as Chief Executive Officer and Mr. Glass would be President and Chief Operating Officer, discussed possible board representation from LNC and Jefferson-Pilot and affirmed that a Jefferson-Pilot designated director would serve as lead director. They also discussed the name of the resulting company and the principal business locations of the resulting company, including having Greensboro serve as headquarters for the combined life operations.

On August 8, 2005, Mr. Boscia and Mr. Glass spoke again, to discuss the status of each company's ongoing analysis. They also discussed the different compensation practices within each organization and the need to harmonize the diverse practices in the resulting organization. They also agreed to meet in person the following week to further discuss these issues as well as to establish parameters and expectations for valuation and the exchange ratio.

On August 9, 2005, Jefferson-Pilot executed a mutual confidentiality agreement with the remaining company with whom Mr. Glass had had preliminary discussions concerning a potential business combination, and the companies exchanged certain expense and operational data.

On August 16, 2005 in Greensboro, Mr. Boscia and Ms. Kowalczyk met with Mr. Glass and Theresa M. Stone, Executive Vice President and Chief Financial Officer of Jefferson-Pilot. The group discussed specific senior management roles as well as approaches to establishing compensation philosophies and practices for the resulting organization. They also discussed potential scenarios in which certain governance matters would require approval of a supermajority of the board of directors of the resulting organization, which the Jefferson-Pilot representatives indicated were necessary to provide reasonable assurance to their board members that significant transactions would require concurrence by both companies' former directors who were continuing on the resulting company's board. They also discussed the proposed location of the executive offices of the resulting company in Philadelphia and the importance to Jefferson-Pilot that, if the executive offices were to be located in Philadelphia, there continue to be a significant operational presence in Greensboro. In addition, Mr. Boscia and Mr. Glass in a separate discussion exchanged their respective expectations as to valuation and premium.

On August 17, 2005, the special advisory committee of the LNC board met telephonically to discuss with Mr. Boscia, other members of senior management and a representative of Goldman Sachs the status of discussions held the prior day in Greensboro.

On August 19, 2005, at a meeting of the Jefferson-Pilot executive committee, Mr. Glass and representatives of Lazard updated the committee on the status of discussions with LNC and the other remaining business combination candidate and reviewed the terms and structure of the business combinations being discussed with the two companies, focusing on the accretion and other financial consequences that could result from such combinations. Mr. Glass also updated the committee as to the other strategic alternatives to either potential business combination transaction that the committee and the board had previously reviewed and discussed, including continuing to operate on a stand alone basis. The executive committee urged Mr. Glass to continue discussions with both potential business combination candidates in the form under which the transaction had been discussed.

On August 22, 2005, the other remaining business combination candidate advised Jefferson-Pilot that it was not interested in continuing discussions of a business combination in the form under which the transaction had been discussed, and Jefferson-Pilot's management concluded that continuing discussions about alternative transactions would not be productive.

The special advisory committee of the LNC board met on September 1, 2005, with Mr. Boscia, other members of senior management and representatives of Goldman Sachs. This meeting included a discussion of the general organizational model that LNC could employ absent a transaction with Jefferson-Pilot and how that organizational model might look in combination with Jefferson-Pilot as well as a discussion about

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level of cost savings and how an integration process might be managed. This meeting also included an analysis of compensation, benefit and cultural differences between the two companies and an in-depth analysis of the Jefferson-Pilot communications business and the outlook for the broadcasting industry. Representatives of Goldman Sachs assisted with the discussion of topics relating to the Jefferson-Pilot communications business. The special advisory committee requested that Goldman Sachs address various purchase price premiums at the next board of directors meeting.

On September 6, 2005, Mr. Boscia and Mr. Glass met again in Philadelphia to further discuss the relative points of view regarding a proposed combination including valuation and board governance issues.

On September 8, 2005, the LNC board of directors met and discussed the proposed combination with members of senior management and representatives of Goldman Sachs and Lehman Brothers. The discussion included additional background on the strategic rationale for the transaction, the probable organizational structure resulting from the transaction and an in-depth analysis of the Jefferson-Pilot communications business and the broadcast business in general, including the market value of the business and potential impact of that business on the resulting company's cash flow. Ms. Kowalczyk presented an analysis of the expected cost savings from the integration of the two companies and implementation risks. The board reviewed implied purchase price premiums of a transaction at various exchange ratios and expected EPS accretion/dilution results under various purchase price premium scenarios, the likely financing structure and other key metrics including expected debt leverage and cash coverage ratios. Additionally, the board discussed governance and organizational issues. Management discussed with the board a recommended purchase price premium amount and the basis for such premium. Representatives of Goldman Sachs and Lehman Brothers outlined their respective processes for undertaking a study to enable them to render their respective opinions as to the fairness from a financial point of view to LNC of the consideration to be paid by LNC in the proposed transaction. The board advised Mr. Boscia to discuss with Mr. Glass a transaction in which LNC would pay a premium of 11% based on the average fixed exchange ratio from September 7, 2005 through the day prior to signing of a definitive merger agreement, subject to, among other things, the results of due diligence, the further input of the financial advisors, the outcome of discussions between the parties and the approval of each party's board of directors of a definitive merger agreement.

On September 8, 2005, Mr. Boscia called Mr. Glass to relay the terms discussed by the LNC board earlier that day.

On September 14, 2005, the Jefferson-Pilot executive committee met and discussed the proposed combination with LNC with members of management and representatives of Lazard. The discussion included updated information concerning the terms of the proposed transaction, the proposed organizational structure resulting from the transaction, the proposed board composition and corporate governance issues, including supermajority approval provisions, the merits of a termination fee and historical precedent for such fee, and an analysis of the business of LNC, particularly the variable annuity, asset management and UK life and pension product businesses, which represented business areas that were new or relatively new to Jefferson-Pilot, including the risks and opportunities relating to such businesses. The board reviewed an analysis of the expected cost savings from the integration of the two companies and the integration risks. The board also reviewed the proposed purchase price premium that had been proposed by LNC, compared against the premium paid in other financial services transactions, as well as against the strategic alternatives of organic growth and the potential of other possible business combination transactions. The executive committee authorized senior management to continue discussions and due diligence toward a possible business combination with LNC.

On September 15, 2005, Mr. Glass reported to Mr. Boscia that the Jefferson-Pilot executive committee reacted favorably to the basic terms of LNC's offer, but sought clarification on governance issues, including supermajority board voting rights relating to the sale of the resulting company, change in the CEO and material acquisitions, and had authorized Mr. Glass to continue pursuing the possible transaction.

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During the period from September 16 through October 7, 2005, representatives of LNC and Jefferson-Pilot, along with their financial, accounting, actuarial and legal advisors conducted a due diligence review of business, financial, actuarial, accounting, legal and operational issues through numerous and extensive meetings by telephone and in person, and through the review of relevant documents and materials, to confirm valuation assumptions, to identify and quantify risks and opportunities, to confirm possible cost savings and synergies and to discuss regulatory requirements and strategies relating to a possible combination.

On September 24, 2005, LeBoeuf, Lamb, Greene & MacRae LLP, which is referred to as LeBoeuf Lamb, delivered a draft of the merger agreement to Jefferson-Pilot and King & Spalding LLP, which is referred to as King & Spalding.

On September 26, 2005, the LNC board of directors met telephonically with members of LNC senior management, representatives of Goldman Sachs and Lehman Brothers and an independent human resources consulting firm to continue discussion of the proposed transaction with Jefferson-Pilot including the various unresolved issues regarding the transaction. LNC's board of directors discussed a tentative timeline for a transaction and corporate governance issues being discussed between the parties, including the structure of the board of the resulting company, the lead director position of the resulting company and executive retention matters. The board also engaged in discussion with senior management and the financial advisors regarding the supermajority board approval provisions sought by Jefferson-Pilot for certain actions, including a change of control and removal of the chairman and CEO. Representatives of the independent human resources consulting firm discussed methods for retaining Mr. Boscia as Chairman and Chief Executive Officer and Mr. Glass as President and Chief Operating Officer of the resulting organization.

On September 27, 2005, Mr. Boscia and key senior operating officers of LNC met with Mr. Glass and key senior operating officers from Jefferson-Pilot in Richmond, Virginia, to further confirm the cultural fit of the two organizations.

On September 28, 2005, King & Spalding delivered Jefferson-Pilot's comments to the draft merger agreement to LNC and LeBoeuf Lamb.

On September 29, 2005, the Jefferson-Pilot board of directors met with members of Jefferson-Pilot management and representatives of Lazard and King & Spalding to continue discussions of the proposed transaction with LNC. A representative of King & Spalding reviewed with the board the fiduciary duties of directors in connection with the proposed transaction. The board reviewed and discussed the status of negotiations concerning the potential business combination, including a review of the principal terms of the draft merger agreement, the proposed organizational chart, the supermajority provisions, the composition of the resulting company's board and board committees and the designation of the chairmen of the committees. The board noted that the proposed termination fee of \$300 million, which the draft merger agreement provided would be payable by either party under certain circumstances, was within an acceptable range, based upon other comparable transactions and the prevailing case law, but suggested that such fee should generally not be triggered (other than in connection with a breach of the agreement) unless the other party entered into an alternative transaction with a third party. The board discussed the cash/stock election mechanism, which would provide Jefferson-Pilot shareholders with a choice of preferred merger consideration, subject to proration. The board noted that the cash portion of the proposed merger consideration was slightly higher than originally contemplated but noted that the increased cash positively impacted the EPS accretion/dilution analysis. The board engaged in discussions with management concerning the detailed analyses of cost synergies, which it noted were being developed by the persons in the respective organizations who would be responsible for capturing these savings. The board also discussed the value of the broader product portfolio of the resulting company, which would be obtained with limited overlap in distribution capabilities of the two organizations. The board also discussed the cultural fit of the two organizations and Mr. Glass' proposal for harmonizing the different compensation structures. The board also reviewed and discussed potential timelines for completion of the business combination and instructed management to complete outstanding diligence and continue discussions relating to the proposed business combination.



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On September 30, 2005, the special advisory committee of the LNC board met in Chicago, Illinois, specifically to discuss the proposed transaction with Mr. Glass. On that same date, also in Chicago, Mr. Boscia met with the executive committee of the Jefferson-Pilot board for similar purposes.

From September 30 to October 9, 2005, representatives of LeBoeuf Lamb and LNC met, in person or telephonically, with representatives of King & Spalding and Jefferson-Pilot to negotiate several revisions to the draft merger agreement and drafts of the proposed amendments to LNC's bylaws to reflect corporate governance changes. Among other things, the revisions to the merger agreement included changes to the representations, warranties and covenants, the cash/stock election mechanism and the maximum amount of cash that would be paid as merger consideration, board approvals requiring supermajority approval, the composition of the board and board committees, the designation of committee chairmen and the circumstances under which the termination fee would be payable.

On October 4, 2005, the Jefferson-Pilot executive committee met with members of management and representatives of Lazard, King & Spalding and outside actuarial and accounting advisors to review a summary of due diligence conducted to date, updated pro forma information for the proposed combination, updated information concerning integration and the cost savings plan (including one-time costs), a summary of LNC products, with a particular focus on the businesses that are new or relatively new to Jefferson-Pilot such as variable annuities, warehouse distribution, asset management and UK life insurance and pension products businesses, the insurance risks and risk of capital erosion, and the compensation harmonization risks, as well as outstanding litigation, tax and regulatory risks relating to the LNC business.

On October 6, 2005, Jefferson-Pilot formally engaged Morgan Stanley as a financial advisor, principally for the purpose of rendering a fairness opinion to the Jefferson-Pilot board of directors.

On October 7, 2005, the LNC board of directors met to review the activities and discussions of the previous few weeks and consider the terms of the proposed transaction with Jefferson-Pilot. Mr. Boscia along with other members of senior management described the due diligence process followed along with the results of the due diligence, the proposed merger, the proposed organizational structure, the expected integration savings and related one time costs and the meetings with various rating agencies held on October 5 and 6, 2005. They also discussed the expected transaction timeline and next steps. Representatives of LeBoeuf Lamb reviewed in detail with the LNC board of directors information regarding the proposed transaction, including an overview of the terms of the merger agreement. Representatives of LeBoeuf Lamb also reviewed with the LNC board of directors the fiduciary duties of the directors in connection with the proposed transaction. At this meeting, representatives of Goldman Sachs and Lehman Brothers reviewed the financial terms of the merger agreement, presented certain financial analyses conducted in connection with the proposed transaction and delivered oral opinions, which were subsequently confirmed by delivery of written opinions dated October 9, 2005, that, as of that date and subject to the factors and assumptions set forth therein, the merger consideration was fair from a financial point of view to LNC. At the conclusion of the meeting, the LNC board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the issuance of LNC common stock in the merger and authorized the execution of the merger agreement.

On October 9, 2005, the Jefferson-Pilot board of directors met to consider the terms of the proposed transaction with LNC. Mr. Glass, along with members of management and representatives of Lazard, Morgan Stanley and King & Spalding, described the terms of the proposed merger, the results of due diligence, the proposed organizational structure, expected integration savings and related one-time costs, and the results of the meetings with various rating agencies held on October 5 and 6, 2005, and reviewed and discussed updated information concerning the proposed purchase price premium, compared against the premium paid in other financial services transactions, as well as against the strategic alternatives of organic growth and the potential of other possible business combination transactions, and the accretion/dilution analysis, as impacted by the higher amount of cash consideration being proposed from that originally discussed.

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A representative of King & Spalding also reviewed again with the board the fiduciary duties of directors in connection with the proposed transaction and reviewed the terms of the merger agreement. He also reviewed with the board a comparison of the governance provisions of Jefferson-Pilot and LNC. Representatives of Lazard and Morgan Stanley each presented financial analyses conducted in connection with the delivery of their respective opinions, that, as of the date of the meeting and based on and subject to certain assumptions, limitations and qualifications set therein the merger consideration to be received pursuant to the merger agreement was fair, from a financial point of view, to the Jefferson-Pilot shareholders (other than LNC and its affiliates). The board met in executive session to consider the merger, the risks and opportunities presented by the merger and the limited possibility of strategic alternatives (based upon, among other things, Jefferson-Pilot's history of discussions with other life insurance companies) to the proposed merger. Following this session, the Jefferson-Pilot board of directors unanimously approved the merger agreement and the plan of merger contained therein and authorized the execution of the merger agreement.

Following the Jefferson-Pilot board meeting on October 9, 2005, LNC and Jefferson-Pilot executed the merger agreement.

On October 10, 2005, prior to the commencement of trading of each company's shares on the NYSE, LNC and Jefferson-Pilot issued a joint press release announcing the proposed merger.

### **LNC's Reasons for the Merger and Recommendation of LNC's Board of Directors**

The LNC board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of LNC common stock in connection with the merger, are in the best interests of LNC and its shareholders. Accordingly, LNC, as the sole shareholder of Merger Sub, has approved and adopted the merger agreement and the LNC board of directors recommends that LNC shareholders vote **FOR** approval of the issuance of shares of LNC common stock pursuant to the merger agreement.

In reaching its conclusion to approve and adopt the merger agreement and to recommend that LNC shareholders approve the issuance of shares of LNC common stock in connection with the merger, the LNC board of directors reviewed and discussed the merger agreement and the transactions contemplated thereby, including the merger and the related transactions, with LNC's management team and its financial, actuarial and legal advisors and considered a number of factors, including the following:

*Strategic Considerations.* LNC's board of directors believes that the merger with Jefferson-Pilot will provide a number of significant strategic opportunities and benefits, including the following:

The LNC board of directors believes that the merger is expected to result in a company that will be one of the leading financial services companies in the nation with significant scale and reach in the life insurance, annuity and employer sponsored markets.

The merger is expected to create more robust top-line growth as the resulting company will have a broader product portfolio and greater distribution penetration. The LNC board of directors believes that the complementary nature of the respective customer bases, geographic reach, business products and skills of LNC and Jefferson-Pilot may result in enhanced revenue opportunities, and that the merger would bring together companies with complementary distribution networks and multi-channel reach that includes affiliated planners, independent registered representatives, independent marketing organizations, financial institutions and wirehouse/regional broker-dealers.

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The merger will result in a company that, because of increased size and economies of scale, will have greater capital flexibility, a greater ability to respond to competitive pressures and an enhanced ability to compete profitably, which may result in better debt and financial strength ratings. The LNC board of directors believes that this financial strength will be attractive to the agents, brokers and customers of the resulting company and will better enable the resulting company to manage the risks and uncertainties inherent in the insurance industry in general and in the specific business lines in which the resulting company will operate.

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The resulting company will include complementary product lines, such as LNC's variable annuities, fixed and variable universal life, 401(k) and 403(b) products and Jefferson-Pilot's fixed annuities, including equity-indexed annuities, group life, disability and dental insurance products. In addition, the resulting company will include Delaware Investments, LNC's investment management organization; Jefferson-Pilot Communications, which owns and operates three television stations, 18 radio stations and the Jefferson-Pilot sports production and syndication business; and Lincoln UK. The LNC board believes that these diverse products and operations will lead to more balanced product risk and create an attractive platform for growth, especially with respect to equity related products. The LNC board also believes that this will result in less volatile earnings and cash flow because of greater diversification of earnings.

The LNC board of directors expects the merger to enhance growth opportunities for the resulting company and enable the resulting company to benefit from improved efficiencies and economies of scale. The resulting company is expected to produce annual cost savings of approximately \$180 million with 50% phased in within 12 months after completion of the merger, 80% phased in within 24 months and the balance phased in by the end of 2008. These cost savings are expected to result from operating efficiencies, the consolidation of corporate services and headquarters functions, reductions in distribution and marketing costs and the adoption of best practices across the resulting company. In addition, based on the institutional brokers estimate system, or IBES estimates, as of October 10, 2005, the merger, net of the one-time costs of the acquisition and integration, is expected to be modestly accretive to the operating earnings per share of the resulting company in the first year, building to 6 percent to 7 percent by the end of 2007. While these synergies reflect management's estimates, the LNC board of directors recognized that there could be no assurance that these synergies would be achieved. On the other hand, the LNC board of directors recognized that the merger could result in greater synergies and lead to more cost savings than currently projected.

The resulting company will have strong management continuity as LNC will be able to augment its talent pool with the most capable managers from Jefferson-Pilot and the resulting company's management team will be comprised of the most capable managers from both LNC and Jefferson-Pilot.

*Other Factors Considered by the LNC Board.* In addition to considering the strategic factors outlined above, the LNC board of directors considered the following additional factors:

The current and prospective environments in which LNC and Jefferson-Pilot operate, including national and regional industry, economic and market conditions and trends, including the likelihood of continuing consolidation and increased competition in the life insurance and investment advisory and financial service industries, and the likely effect of these factors on LNC's potential growth, development, productivity and profitability.

Historical information concerning Jefferson-Pilot's and LNC's respective businesses, financial performance and condition, products and distribution, management, competitive positions and stock performance, including the results of the due diligence review of Jefferson-Pilot's assets, liabilities, financial condition, businesses and operations, which were consistent with the expectations of the board of directors as to potential operating efficiencies and cost savings as well as other strategic and financial benefits reasonably anticipated as a result of the merger. As insurance products, such as term insurance and universal life, have become more commoditized, the LNC board recognized that the ability to lower expenses is becoming imperative.

Management's assessment that the proposed merger was likely to meet certain criteria they deemed necessary for a successful merger, such as that Jefferson-Pilot is a strategic fit with LNC and that the merger and the related transactions represent acceptable execution risk and the potential for financial benefits to LNC and LNC's shareholders.

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The financial analyses of LNC's financial advisors and their respective opinions that, as of October 9, 2005 and based upon and subject to the factors and assumptions set forth in their respective opinions, the consideration to be paid by LNC pursuant to the merger agreement was fair from a financial point of view to LNC. The written opinions of Goldman Sachs and Lehman Brothers are attached as to this joint proxy statement/prospectus as Annexes C and D, respectively, and are summarized under Opinions of Financial Advisors' Opinions of LNC's Financial Advisors' beginning on page 56.

The terms and conditions of the merger agreement, including:

the limited number and nature of the conditions to Jefferson-Pilot's obligation to consummate the merger and the limited risk of non-satisfaction of such conditions;

that LNC may be entitled to receive a \$300 million termination fee from Jefferson-Pilot if the merger is not consummated for certain reasons; and

the risk that LNC will have to pay Jefferson-Pilot a fee of up to \$300 million if the merger agreement is terminated under certain circumstances.

That the fixed exchange ratio appropriately reflects the strategic purposes of the merger and is consistent with market practice for mergers of this type and avoids fluctuations caused by near-term market volatility.

That the fixed exchange ratio, by its nature, will not adjust to compensate for changes in the stock prices of LNC or Jefferson-Pilot prior to the completion of the merger, and that neither party has any price-based termination right under the merger agreement.

The likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary antitrust and other regulatory approvals without unacceptable conditions on a timely basis.

The board and management structure of the resulting company provided for under the merger agreement, including LNC's board representation and the staffing of the executive officer positions of the resulting company, as described in greater detail under LNC's Board of Directors After the Merger.

Its review of the structure of the merger and the financial and other terms of the merger, and the tax consequences of the merger and the related transactions to LNC, Jefferson-Pilot, their respective shareholders and the resulting company.

The historical and current market prices of LNC common stock and Jefferson-Pilot common stock.

In addition to these factors, the LNC board of directors also considered the potential adverse impact of other factors including:

The challenges of combining the operations of two major life insurance businesses and effecting certain cultural changes.

The possible disruptions from certain anticipated workforce reductions to be implemented as part of the merger integration plan and the potential loss of key management, portfolio managers, sales representatives or wholesalers before and after the merger.

The one-time costs of the acquisition and integration, which management estimated at approximately \$180 million. Depending upon the nature of such costs they will either be included in the purchase price allocation or treated as period costs and charged to the statement of operations as incurred, which LNC expects to occur over a three-year period.

The risk of concentration of certain product lines and related reserves, including universal life with secondary guarantees, as well as continued exposure to equity market and interest rate risks.

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The potential dilution to LNC's shareholders.

The risk of diverting management's attention from other strategic priorities to implement merger integration plans.

The foregoing discussion of the information and factors considered by LNC's board of directors is not meant to be exhaustive but is believed to include all material factors considered by it in connection with its determination that the terms of the merger agreement, including the merger and the issuance of LNC common stock in the merger, are advisable and in the best interests of LNC and its shareholders. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the LNC board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In addition, the LNC board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate decision, but rather the LNC board of directors conducted an overall analysis of the factors described above, including through discussions with, and the questioning of, LNC's management team and outside financial, actuarial and legal advisors. In considering the factors described above, individual members of the LNC board may have given different weight to different factors.

In considering the recommendation of the LNC board of directors with respect to the merger agreement and the merger, you should be aware that certain LNC directors and executive officers have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of LNC shareholders generally. See the section entitled "Interests of Directors and Executive Officers in the Merger" beginning on page 83.

**Jefferson-Pilot's Reasons for the Merger and Recommendation of Jefferson-Pilot's Board of Directors**

The Jefferson-Pilot board of directors believes that the merger agreement, the plan of merger contained therein and the transactions contemplated by the merger agreement, including the merger, are in the best interests of Jefferson-Pilot and its shareholders and are consistent with, and in furtherance of, the long-term business strategies and goals of Jefferson-Pilot. Accordingly, the Jefferson-Pilot board of directors has unanimously adopted the merger agreement and the plan of merger contained therein and recommends that Jefferson-Pilot shareholders vote **FOR** approval of the merger agreement and the plan of merger contained therein.

The Jefferson-Pilot board of directors, in reaching its decision to approve the merger agreement and the plan of merger contained therein, consulted with its management, as well as with its financial, accounting, actuarial and legal advisors, carefully reviewed a significant amount of information and considered a variety of factors weighing positively towards the merger, including, without limitation, the following:

The strategic nature of the merger, which will combine highly complementary businesses to create a resulting company with:

leadership positions in life, annuity and group market benefits, including the number one position in universal life sales, number five position in total life sales, number five position in variable annuity sales, number six position in variable universal life sales and number eight position in group disability sales, in each case based upon financial analyses performed by Lazard using data from leading industry information services;

a multi-channel platform with coverage across a full range of financial planning, general agency and wholesale distribution channels;

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strengthened relationships with key distributors and strategic partners;

broadened product portfolios combining LNC's strength in life insurance and annuities and 401(k) and 403(b) products, with Jefferson-Pilot's strength in life insurance and fixed annuities, including equity indexed annuities, and group life, disability and dental insurance products;



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an attractive platform for growth fueled by a larger and more diversified earnings base with a mix of stable life insurance earnings and equity-driven earnings, which could create a natural hedge against interest rate exposure and equity market risk exposure;

revenue enhancement opportunities across business units, distribution channels and product lines;

strong capital flexibility and attractive risk profile with anticipated continued strong insurer financial strength and debt ratings; and

financial flexibility to pursue further strategic and product initiatives.

The exchange ratio of either 1.0906 shares of LNC common stock or \$55.96 cash consideration for each share of Jefferson-Pilot common stock (a combination representing a total blended consideration of \$55.48 per share based on the October 7, 2005 closing price of LNC common stock), representing a premium of approximately 11% based on the average closing price of Jefferson-Pilot's common stock from September 7, 2005 to October 7, 2005.

The election offered to Jefferson-Pilot shareholders of receiving merger consideration in shares of LNC common stock or cash allows Jefferson-Pilot shareholders to choose, subject to proration, either to receive a cash return on their investment in Jefferson-Pilot or to participate in the benefits of a more diversified company with greater resources and, as LNC shareholders, benefit from any future growth of the resulting company. Jefferson-Pilot shareholders who elect to receive cash will have protection from decreases in the trading price of LNC common stock between the announcement of the merger and the closing of the merger to the extent these Jefferson-Pilot shareholders receive cash in the merger.

Because the exchange ratio for the stock is fixed, the opportunity for Jefferson-Pilot shareholders who receive LNC common stock as merger consideration to benefit from any increase in the trading price of LNC common stock between the announcement of the merger and the closing of the merger.

Its analysis of the business, operations, financial condition, earnings and prospects of both Jefferson-Pilot and LNC, including the results of Jefferson-Pilot's due diligence review of LNC and its business.

The potential for the merger to create significant cost savings and synergies which will inure to a significant degree to the benefit of Jefferson-Pilot's shareholders as LNC shareholders and to customers of the resulting company. The anticipated pretax costs savings resulting from the efficiencies in shared services, corporate functions, consolidation and reductions in overlapping business unit costs was estimated to be approximately \$180 million.

The continuity of certain Jefferson-Pilot senior management in the resulting company through, among other things:

the board of directors of the resulting company being a staggered board originally consisting of 7 Jefferson-Pilot representatives and 8 LNC representatives, with a former Jefferson-Pilot director appointed as the lead director of the resulting company;

the retention of Dennis R. Glass, President and Chief Executive Officer of Jefferson-Pilot, who will be appointed the President and Chief Operating Officer and a director of the resulting company, and the retention of certain Jefferson-Pilot officers as officers of significant business operations of the resulting company;

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Jefferson-Pilot board representatives initially having equal representation on all board committees, and Jefferson-Pilot board representatives being the chairmen of the resulting company's Compensation Committee and its Corporate Governance Committee; and

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the requirement of a supermajority board approval prior to the resulting company taking certain actions with respect to corporate governance and/or entering into certain extraordinary corporate transactions for 30 months following the effective time of the merger because this requirement ensures that Jefferson-Pilot board representatives will have an approval right over any such proposed actions and/or transactions of the resulting company during this time. For a full description of the governance of the resulting company and the supermajority requirements of the resulting company's board of directors, see Interests of Directors and Executive Officers in the Merger LNC's Board of Directors After the Merger beginning on page 83.

The strong track record of Jefferson-Pilot's management for successful integration following its prior acquisitions.

The alternatives reasonably available to Jefferson-Pilot, including:

remaining a stand-alone entity and pursuing acquisitions of strategic assets or engaging in a capital reorganization; and

the possibility of pursuing an alternative strategic business combination with a third party.

The potential for the merger to be accretive to LNC's earnings in the first year following completion of the merger (excluding one-time costs), which will inure to a significant degree to the benefit of Jefferson-Pilot's shareholders as well as LNC's shareholders.

The financial opinions of Lazard and Morgan Stanley described in the section entitled Opinions of Financial Advisors Opinions of Jefferson-Pilot's Financial Advisors beginning on page 67, to the effect that, as of the date of their opinions and based on and subject to the assumptions, limitations and qualifications described in their opinions, the merger consideration to be received by holders of Jefferson-Pilot common stock under the merger agreement was fair from a financial point of view to the holders of Jefferson-Pilot common stock (other than LNC and its affiliates) and the related presentations.

The terms of the merger agreement relating to third-party offers, including:

the limitations on the ability of both parties to solicit offers for alternative business combinations;

the ability of each party's board of directors to change its recommendation with respect to the merger agreement and the merger to the extent that party's board of directors reasonably determines (upon advice of outside legal counsel) that such failure to recommend is required to comply with its fiduciary duties under applicable law; and

the inability of each party to terminate the merger agreement solely to accept a third party proposal. See the section entitled The Merger Agreement beginning on page 96.

The other terms of the merger agreement, including:

the representations and warranties of LNC;

the covenants of Jefferson-Pilot and LNC and their effect on the operations of Jefferson-Pilot and LNC prior to the merger; and

the conditions required to be satisfied prior to completion of the merger. See the section entitled "The Merger Agreement" beginning on page 96.

The expectation that the merger will be treated as a reorganization for United States federal income tax purposes as described in the section entitled "Material United States Federal Income Tax Considerations" beginning on page 91.

The prospects for the merger receiving necessary regulatory approvals and the anticipated timing and conditions of those approvals.

The continued strong presence of the resulting company in Greensboro, North Carolina as the center of operations for its life businesses.

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The agreed intent of the resulting company to engage in charitable giving and activities to at least the same degree as currently undertaken by LNC, including, without limitation, to use reasonable best efforts (i) to honor all previous charitable commitments made by Jefferson-Pilot up to a limit not to exceed \$2,500,000 in the aggregate or five years in duration, and (ii) each year for a period of five years, to engage in charitable giving in respect of the communities to which Jefferson-Pilot currently gives, at a level equal to the greater of \$2.5 million in aggregate per year or the level determined using LNC's charitable giving formula.

The current and prospective industry, economic and market conditions and trends, including increased competition in the industry in which Jefferson-Pilot operates, and the belief that the resulting company with greater size and scale would be better positioned to succeed in an industry in which critical mass and market presence are increasingly important.

Providing Jefferson-Pilot with greater brand awareness by aligning Jefferson-Pilot with the Lincoln Financial Group name, a strong well-established brand name in the insurance industry.

In addition to these factors, the Jefferson-Pilot board of directors also considered the potential adverse impact of other factors weighing negatively towards the merger. These included the following:

The challenges of combining the businesses and workforces of LNC and Jefferson-Pilot.

The risk inherent in businesses that will be new to Jefferson-Pilot shareholders, such as variable annuity, wirehouse distribution, asset management and UK life insurance, including, without limitation, the significantly increased exposure to potential equity market volatility.

The risk that the cost savings, synergies and other benefits expected to be obtained in the transaction might not be fully realized.

The risk of overlap among the distribution networks of Jefferson-Pilot and LNC.

The disparities in compensation levels and philosophy may pose cultural and management challenges for the resulting company.

The probability that the financial strength ratings for the resulting company will be less favorable than the current comparable ratings for Jefferson-Pilot.

The potential disruption to Jefferson-Pilot's business that may result from the announcement of the merger, including the potential loss of existing customers and employees.

Because the exchange ratio for the stock is fixed, Jefferson-Pilot shareholders that select LNC shares as consideration will potentially be adversely affected by any decrease in the sale price of LNC common shares between the date of execution of the merger agreement and the closing of the merger, which would not have been the case had the consideration been based on a fixed value (a fixed dollar amount of value per share in all cases).

Based upon current historical practices of Jefferson-Pilot and LNC, the Jefferson-Pilot shareholders that become LNC shareholders pursuant to the merger initially will receive a reduced amount of dividends on an equivalent pro-forma basis than they would have received as Jefferson-Pilot shareholders.

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The limitations imposed in the merger agreement on the conduct by Jefferson-Pilot of its business prior to completion of the merger.

The requirement that Jefferson-Pilot must pay to LNC a termination fee of \$300 million if the merger agreement is terminated under certain circumstances specified in the merger agreement. See the section entitled "The Merger Agreement - Termination Events and Termination Fees" beginning on page 107.

The risk that the merger might not be completed and the effect of the resulting public announcement of the termination on:

the market price of Jefferson-Pilot common stock;

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Jefferson-Pilot's operating results, particularly in light of the costs incurred in connection with the proposed transaction, including the potential requirement to make a termination payment; and

Jefferson-Pilot's ability to attract and retain key personnel.

The possibility of significant costs and delays resulting from seeking regulatory approvals necessary for completion of the proposed merger and the possibility of not completing the merger if these approvals are not obtained, including any approval by a state insurance regulatory authority.

The Jefferson-Pilot board of directors, in reaching its decision to approve the merger agreement and the plan of merger contained therein, also considered the interests that certain Jefferson-Pilot executive officers and directors may have with respect to the merger in addition to their interests as Jefferson-Pilot shareholders generally and the fact that certain provisions of Indiana law, the LNC certificate of incorporation and bylaws and the LNC shareholders rights plan may be viewed as having anti-takeover effects with respect to transactions not approved by the LNC board of directors (see the section entitled "Comparison of Shareholder Rights and Corporate Governance Matters" beginning on page 116).

The Jefferson-Pilot board of directors concluded that the positive aspects of the merger significantly outweighed the negative factors.

This discussion of the information and factors considered by the Jefferson-Pilot board of directors includes all the material positive and negative factors considered by the Jefferson-Pilot board of directors, but it is not intended to be exhaustive and may not include all of the factors considered by the Jefferson-Pilot board of directors. The Jefferson-Pilot board of directors did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the merger agreement and the merger are advisable and in the best interests of Jefferson-Pilot and its shareholders. Rather, the Jefferson-Pilot board of directors viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it. In addition, individual members of the Jefferson-Pilot board of directors may have given differing weights to different factors.

In considering the recommendation of the Jefferson-Pilot board of directors with respect to the merger agreement and the merger, you should be aware that certain Jefferson-Pilot directors and executive officers have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of Jefferson-Pilot shareholders generally. See the section entitled "Interests of Directors and Executive Officers in the Merger" beginning on page 83.

## **Opinions of Financial Advisors**

LNC engaged Goldman Sachs and Lehman Brothers as its financial advisors and Jefferson-Pilot engaged Lazard and Morgan Stanley in connection with the merger. A summary of their respective opinions and related financial analyses appears below.

### *Opinions of LNC's Financial Advisors*

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Descriptions of the fairness opinions of LNC's financial advisors, Goldman Sachs and Lehman Brothers, in connection with the merger are set forth below. These descriptions are qualified in their entirety by reference to the full text of the opinions included in this joint proxy statement/prospectus as Annexes C and D, respectively. You can read the opinions in their entirety for a discussion of the assumptions made, procedures followed, matters considered and limitations on the reviews undertaken by Goldman Sachs and Lehman Brothers in rendering their respective opinions.

***Opinion of Goldman Sachs.*** Goldman Sachs rendered its opinion to LNC's board of directors that, as of October 9, 2005 and based upon and subject to the factors and assumptions set forth therein, the consideration in the aggregate to be paid by LNC pursuant to the merger agreement is fair from a financial point of view to LNC.



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The full text of the written opinion of Goldman Sachs, dated October 9, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex C. Goldman Sachs provided its opinion for the information and assistance of LNC's board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of LNC's common stock should vote with respect to the issuance of LNC common stock in connection with the merger.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to shareholders and Annual Reports on Form 10-K of LNC and Jefferson-Pilot for the five years ended December 31, 2004;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of LNC and Jefferson-Pilot;

Statutory Statements filed by certain insurance subsidiaries of each of LNC and Jefferson-Pilot with the insurance departments of the states under the laws in which they are organized, respectively, for the three years ended December 31, 2004 and the quarterly periods ended March 31, 2005 and June 30, 2005;

certain other communications from LNC and Jefferson-Pilot to their respective shareholders;

an independent report prepared by Milliman, Inc., dated October 5, 2005, which is referred to as the Milliman Report, relating to certain actuarial and financial matters of Jefferson-Pilot; and

certain internal financial analyses and forecasts for Jefferson-Pilot prepared by its management, as reviewed and approved for use in connection with Goldman Sachs' opinion by the management of LNC, certain internal financial analyses and forecasts for LNC prepared by its management and certain financial analyses and forecasts for the resulting company on a pro forma basis prepared by the managements of LNC and Jefferson-Pilot (which reflect certain adjustments to the basis for reporting under U.S. GAAP), including certain cost savings and operating synergies projected by the managements of LNC and Jefferson-Pilot to result from the merger, which are referred to as the Synergies and collectively referred to as the Forecasts.

Goldman Sachs also held discussions with members of the senior managements of LNC and Jefferson-Pilot regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition, and future prospects of LNC and Jefferson-Pilot. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of LNC common stock and the shares of Jefferson-Pilot common stock, compared certain financial and stock market information for LNC and Jefferson-Pilot with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the life insurance industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed with the consent of LNC that the Forecasts, including the Synergies, were reasonably prepared by the managements of LNC and

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Jefferson-Pilot, as the case may be, on a basis reflecting the best currently available estimates and judgments of the managements of LNC and Jefferson-Pilot, as the case may be. Goldman Sachs also discussed the Milliman Report with the management of LNC and management agreed with the appropriateness of the use of and reliance on the Milliman

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Report in the performance of Goldman Sachs analysis. Goldman Sachs is not an actuary and its services did not include any actuarial determination or evaluation by Goldman Sachs or any attempt to evaluate actuarial assumptions and Goldman Sachs has relied on LNC's actuaries with respect to reserve adequacy. In that regard, Goldman Sachs made no analysis of, and expressed no opinion as to, the adequacy of the insurance and investment contract liabilities of LNC or the policy liabilities of Jefferson-Pilot. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any derivative or off-balance-sheet assets and liabilities) of LNC or Jefferson-Pilot or any of their respective subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without adverse effect on LNC or Jefferson-Pilot or on the expected benefits of the merger in any way meaningful to Goldman Sachs analysis. Goldman Sachs' opinion does not address the underlying business decision of LNC to engage in the merger, nor did Goldman Sachs express any opinion as to the prices at which shares of LNC common stock will trade at any time.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to LNC in connection with, and has participated in certain of the negotiations leading to, the merger contemplated by the merger agreement. Goldman Sachs expects to participate in any bridge loan facility entered into by LNC in connection with the merger, as well as to participate in one or more securities offerings, which may include long-term debt, preferred stock or other securities including stock purchase units or a combination of these, that may be undertaken by LNC in lieu of or to replace such bridge loan facility. If such an offering occurs within twelve months of the completion of the merger, Goldman Sachs will be offered the opportunity to participate in such offering upon customary terms. In addition, Goldman Sachs has provided and is providing certain investment banking and other services to LNC, including having acted as exclusive financial advisor to LNC in connection with the sale of its life reinsurance division to Swiss Re Life & Health America Inc., a wholly owned subsidiary of Swiss Reinsurance Company, in December 2001. Goldman Sachs has also provided certain investment banking services to Jefferson-Pilot from time to time, including having acted as a co-manager of the offering of Floating Rate Extendible Notes due 2011 (aggregate principal amount \$300 million) of Jefferson-Pilot in January 2004 and as a co-manager of the offering of Senior Floating Rate Notes due 2008 (aggregate principal amount \$300 million) of Jefferson-Pilot Life Funding Trust I, a special purpose vehicle formed by Jefferson-Pilot, in May 2005. Goldman Sachs also may provide investment banking services to LNC and Jefferson-Pilot in the future. In connection with the above-described services Goldman Sachs received, and may receive, compensation.

Goldman, Sachs & Co. is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman, Sachs & Co. and its affiliates may provide such services to LNC, Jefferson-Pilot and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of LNC and Jefferson-Pilot for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

The LNC board of directors selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement, dated June 30, 2005, LNC engaged Goldman Sachs to act as its financial advisor in connection with the merger. Pursuant to the terms of this engagement letter, LNC has agreed to pay Goldman Sachs a transaction fee of \$15,000,000, a principal portion of which is payable upon consummation of the merger. LNC has agreed to pay Goldman Sachs a fee of approximately \$10,000,000 upon receipt of any break-up, termination or similar fee in connection with the merger. In addition, LNC has agreed to reimburse Goldman Sachs for its expenses, including reasonable attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

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***Opinion of Lehman Brothers.*** On October 9, 2005, Lehman Brothers rendered its opinion to the LNC board of directors that as of such date and, based upon and subject to the matters stated in its opinion, from a financial point of view, the consideration to be paid by LNC in the merger was fair to LNC.

**The full text of the written opinion of Lehman Brothers, dated October 9, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken by Lehman Brothers in connection with the opinion, is attached, to this joint proxy statement/prospectus as Annex D and is incorporated herein by reference. Lehman Brothers provided its advisory services and opinion for the use and benefit of the LNC board of directors in connection with its consideration of the merger. Lehman Brothers' opinion is not intended to be and does not constitute a recommendation to any shareholders as to how that shareholder should vote or act with respect to the proposed merger or any other matter described in this joint proxy statement/prospectus. Lehman Brothers was not requested to opine as to, and its opinion does not in any manner address, LNC's underlying business decision to proceed with or effect the merger. The following is a summary of Lehman Brothers' opinion and the methodology that Lehman Brothers used to render its opinion. This summary of Lehman Brothers' opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Lehman Brothers reviewed and analyzed, among other things:

the merger agreement and the specific terms of the merger;

publicly available information concerning LNC that Lehman Brothers believed to be relevant to its analysis, including LNC's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005;

publicly available information concerning Jefferson-Pilot that Lehman Brothers believed to be relevant to its analysis, including Jefferson-Pilot's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005;

financial and operating information with respect to the businesses, operations and prospects of LNC furnished to Lehman Brothers by the management of LNC, including financial projections of LNC prepared by management of LNC;

financial and operating information with respect to the businesses, operations and prospects of Jefferson-Pilot furnished to Lehman Brothers by the management of Jefferson-Pilot, including financial projections of Jefferson-Pilot prepared by management of Jefferson-Pilot;

published estimates of third party research analysts with respect to the future financial performance of each of LNC and Jefferson-Pilot;

the trading histories of LNC common stock and Jefferson-Pilot common stock from October 2004 to October 2005 and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of LNC and Jefferson-Pilot with each other and with those of other companies that Lehman Brothers deemed relevant;

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the amounts and timing of the cost savings and operating synergies expected by the management of LNC to result from a combination of the businesses of LNC and Jefferson-Pilot, which is referred to as the Expected Cost Savings;

the relative contributions of LNC and Jefferson-Pilot to the current and future financial performance of the resulting company on a pro forma basis;

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the potential pro forma impact of the merger on the current financial condition and the future financial performance of LNC as prepared by the managements of LNC and Jefferson-Pilot, including the effect of the Expected Cost Savings and the purchase accounting adjustments to the basis for reporting under U.S. GAAP, which are referred to as the Purchase Accounting Adjustments; and

the Milliman Report.

In addition, Lehman Brothers had discussions with the managements of LNC and Jefferson-Pilot concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and also undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of such information. Lehman Brothers further relied upon the assurances of the managements of LNC and Jefferson-Pilot that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of LNC, upon advice of LNC, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of LNC as to the future financial performance of LNC and that LNC will perform substantially in accordance with such projections. With respect to the financial projections of Jefferson-Pilot, upon advice of LNC and Jefferson-Pilot, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Jefferson-Pilot as to the future financial performance of Jefferson-Pilot and that Jefferson-Pilot will perform substantially in accordance with such projections. In addition, upon the advice of LNC, Lehman Brothers assumed that the amounts and timing of the Expected Cost Savings and the Purchase Accounting Adjustments were reasonable and that the Expected Cost Savings will be realized substantially in accordance with such estimates and the Purchase Accounting Adjustments will be recorded substantially in accordance with such estimates. In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of LNC or Jefferson-Pilot and did not make or obtain any evaluations or appraisals of the respective assets or liabilities of LNC or Jefferson-Pilot other than the Milliman Report. Lehman Brothers discussed the Milliman Report with the management of LNC and management agreed with the appropriateness of the use of and reliance on the Milliman Report in the performance of Lehman Brothers' analysis. Furthermore, Lehman Brothers is not an actuary and its services did not include actuarial determinations or evaluations by Lehman Brothers or an attempt to evaluate actuarial assumptions. In that regard, Lehman Brothers made no analyses of, and expressed no opinion as to, the adequacy of the policy and other insurance reserves of LNC or Jefferson-Pilot and have relied upon information furnished to it by LNC and Jefferson-Pilot as to the adequacy of such reserves. Lehman Brothers' opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of Lehman Brothers' opinion.

As compensation for its services in connection with the merger, LNC paid Lehman Brothers \$2,000,000 upon the delivery of Lehman Brothers' opinion. Compensation of \$15,000,000 will be payable on completion of the merger against which the amounts paid for the opinion will be credited. LNC has agreed to pay Lehman Brothers a fee of approximately \$10,000,000 upon receipt of any breakup, termination or similar fee in connection with the merger. In addition, LNC has agreed to reimburse Lehman Brothers for reasonable out-of-pocket expenses incurred in connection with the merger and to indemnify Lehman Brothers for certain liabilities that may arise out of its engagement by LNC and the rendering of the Lehman Brothers' opinion. Lehman Brothers expects to participate in any bridge loan facility entered into by LNC in connection with the merger, as well as to participate in one or more securities offerings, which may include preferred stock, debt, long-term or other securities including stock purchase units, or a combination of these, that may be undertaken by LNC in lieu of or to replace such bridge loan facility. If such offering occurs within twelve months of the completion of the merger, Lehman Brothers will be offered the opportunity to participate in such offering upon customary term. Lehman Brothers in the past has rendered investment banking services to LNC and Jefferson-Pilot and received

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customary compensation for such services upon customary terms. In the ordinary course of its business, Lehman Brothers actively trades in the debt or equity securities of LNC and Jefferson-Pilot for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. LNC selected Lehman Brothers as its financial advisor because its investment banking professionals have substantial experience in transactions similar to the merger.

**Financial Analyses of LNC's Financial Advisors**

The following is a summary of the material financial analyses presented by Goldman Sachs and Lehman Brothers to the LNC board of directors in connection with providing their opinions to the LNC board of directors. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs and Lehman Brothers. The order of analyses described does not represent relative importance or weight given to those analyses by Goldman Sachs or Lehman Brothers. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' and Lehman Brothers' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 7, 2005, and is not necessarily indicative of current market conditions.

*Historical Exchange Ratio Analysis.* Goldman Sachs and Lehman Brothers calculated the daily ratios of the LNC common stock price to the Jefferson-Pilot common stock price from October 7, 2004 to October 7, 2005. In addition, Goldman Sachs and Lehman Brothers calculated the average historical ratios of shares of LNC common stock to shares of Jefferson-Pilot common stock based on the prices of shares of LNC common stock and Jefferson-Pilot common stock for the thirty-day, three-month and one-year periods ended October 7, 2005, calculating such ratios to include a 0% premium and 11% premium. The following table sets forth the results of this analysis:

<u>Period</u>	<u>Exchange Ratio</u>	
	<u>0% Premium</u>	<u>11% Premium</u>
As of October 7, 2005	1.0012x	1.1113x
Thirty-day average ended October 7, 2005	0.9832x	1.0913x
Three-month average ended October 7, 2005	1.0088x	1.1197x
One-year average ended October 7, 2005	1.0646x	1.1817x
<u>Merger</u>		1.0906x

Source: FactSet Research Systems Inc. (FactSet).

*Historical Trading Analysis.* Goldman Sachs and Lehman Brothers compared the historical public market trading performance of LNC, Jefferson-Pilot and Jefferson-Pilot's insurance operations (excluding its communications business) to the historical public market trading performance of certain selected companies in the life insurance industry. Although none of the selected companies is directly comparable to LNC, Jefferson-Pilot and Jefferson-Pilot's insurance operations, the companies included were chosen because they are companies with operations

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that for purposes of analysis may be considered similar to certain operations of LNC, Jefferson-Pilot and Jefferson-Pilot's insurance operations. The companies selected were:

MetLife, Inc.

Prudential Financial, Inc.



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Genworth Financial, Inc.

Principal Financial Group, Inc.

Nationwide Financial Services, Inc.

Torchmark Corporation

Protective Life Insurance Company

AmerUS Group Co.

Goldman Sachs and Lehman Brothers considered historical data with respect to the trading prices for the common stock of LNC, Jefferson-Pilot and the selected companies for the thirty-day, three-month and one-year periods ended October 7, 2005, and their relative stock performances during the same periods. The results of these analyses are summarized as follows:

Period	Share Price Increase/(Decrease)		
	Jefferson-Pilot	LNC	Selected Companies
Thirty-days ended October 7, 2005	2.2%	(0.1)%	(1.1)%
Three-months ended October 7, 2005	0.0%	6.9%	2.0%
One-year ended October 7, 2005	2.0%	7.9%	19.3%

Source: FactSet.

Goldman Sachs and Lehman Brothers also calculated the average common stock price for the thirty-day, three-month and one-year periods ended October 7, 2005, as a multiple of their respective: (a) estimated next twelve months (NTM) earnings and (b) book value, which is the value of common equity reported in financial statements, excluding accumulated other comprehensive income (AOCI), for each of LNC, Jefferson-Pilot and the selected companies. The results of these analyses are summarized as follows:

Period	Average Price/NTM Earnings		
	Jefferson-Pilot	LNC	Selected Companies
As of October 7, 2005	12.4x	11.3x	12.2x
Thirty-day average ended October 7, 2005	12.2x	11.5x	12.3x
Three-month average ended October 7, 2005	12.4x	11.2x	12.4x
One-year average ended October 7, 2005	12.3x	10.6x	12.0x

Source: FactSet.

Period	Average Price/Book Value (excluding AOCI)		
	Jefferson-Pilot	LNC	Selected Companies
As of October 7, 2005	2.05x	1.60x	1.53x
Thirty-day average ended October 7, 2005	2.03x	1.62x	1.53x
Three-month average ended October 7, 2005	2.03x	1.59x	1.51x
One-year average ended October 7, 2005	2.06x	1.54x	1.49x

Source: FactSet and SNL Financial.

Finally, Goldman Sachs and Lehman Brothers calculated the average common stock price for the thirty-day, three-month and one-year periods ended October 7, 2005, as a multiple of: (a) estimated next twelve months (NTM) earnings per share and (b) trailing quarterly book value (excluding AOCI) per share for Jefferson-Pilot's insurance operations as compared to the selected companies. The earnings, book values and equity values with respect to the insurance operations of Jefferson-Pilot were derived by subtracting the earnings, book values and the equity values for the communications operations of Jefferson-Pilot from the corresponding earnings, book

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values and equity values for the operations of Jefferson-Pilot as a whole. The earnings and book value information for the communications operation were provided by the management of Jefferson-Pilot or taken from the public filings of Jefferson-Pilot. The results of these analyses are summarized as follows:

Period	Average Price/NTM Earnings	
	Jefferson-Pilot Insurance	Selected Companies*
As of October 7, 2005	11.4x	12.2x
Thirty-day average ended October 7, 2005	11.2x	12.3x
Three-month average ended October 7, 2005	11.3x	12.4x
One-year average ended October 7, 2005	11.3x	12.0x

\* Source: FactSet.

Period	Average Price/Book Value (excluding AOCI)	
	Jefferson-Pilot Insurance	Selected Companies*
As of October 7, 2005	1.75x	1.53x
Thirty-day average ended October 7, 2005	1.73x	1.53x
Three-month average ended October 7, 2005	1.73x	1.51x
One-year average ended October 7, 2005	1.75x	1.49x

\* Source: FactSet and SNL Financial.

*Comparable Companies Analysis.* Goldman Sachs and Lehman Brothers calculated valuation multiples implied by the transaction with respect to the insurance operations of Jefferson-Pilot and compared those valuation multiples to comparable valuation multiples of the selected companies. The valuation multiples for each company were calculated by dividing the equity value, in each case, by: (a) expected earnings for the years 2005 and 2006 and (b) book value (excluding AOCI) as of June 30, 2005. As discussed, the estimated earnings, book value and the range of equity values with respect to the insurance operations of Jefferson-Pilot were derived by subtracting certain financial information and the range of equity values (discussed below) for the communications operations of Jefferson-Pilot from the corresponding financial information and the equity value for the operations of Jefferson-Pilot as a whole, in each case using information provided by the management of Jefferson-Pilot and the public filings of Jefferson-Pilot. The results of these analyses are summarized as follows:

	Jefferson-Pilot Insurance		Selected Companies*	
	Low	High	Low	High
Equity Value/2005E Earnings	12.7x	13.4x	10.6x	16.4x
Equity Value/2006E Earnings	12.6x	13.3x	10.1x	15.1x
Equity Value/Book Value (ex. AOCI)	1.91x	2.01x	1.19x	2.04x

\* Source: FactSet, SNL Financial and company filings as of June 30, 2005.

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Goldman Sachs and Lehman Brothers also calculated and compared various financial multiples and ratios with respect to the radio, television and sports programming components of the communications operations of Jefferson-Pilot with various other public companies in the communications industry. The comparison of financial multiples and ratios for the communications operations of Jefferson-Pilot as a whole were derived by aggregating the comparisons for its radio, television and sports programming components on a separate basis. Goldman Sachs and Lehman Brothers calculated the enterprise value, which is the market value of common equity plus the book value of debt, as a multiple of estimated 2005 and 2006 year earnings before interest, taxes and depreciation and amortization, which is referred to as EBITDA. The estimated EBITDA attributable to the communications operations of Jefferson-Pilot and its components were determined using information provided by the management of Jefferson-Pilot. The same multiples were calculated with respect to other public companies in the communications industry using information, as of June 30, 2005, provided by FactSet. The results of these analyses are summarized as follows:

	Enterprise Value/EBITDA			
	Jefferson-Pilot Communications		Selected Companies*	
	Low	High	Low	High
<b>Radio</b>				
2005E EBITDA	11.2x	13.7x	11.2x	16.1x
2006E EBITDA	10.2x	12.4x	10.1x	14.1x
<b>Television</b>				
2005E EBITDA	10.5x	12.3x	10.9x	12.5x
2006E EBITDA	9.4x	11.0x	9.3x	11.0x
<b>Sports Programming</b>				
2005E EBITDA	6.1x	8.1x	10.9x	12.5x
2006E EBITDA	5.5x	7.3x	9.3x	11.0x
<b>Jefferson-Pilot Communications- Total</b>				
2005E EBITDA	10.7x	12.9x	11.1x	14.6x
2006E EBITDA	9.7x	11.6x	9.8x	12.8x

\* For Television and Sports Programming comparison: Gray Television, Inc., Hearst-Argyle Television, Inc., LIN TV Corp., Nexstar Broadcasting Group, Inc. and Sinclair Broadcast Group, Inc.

For Radio Comparison: Beasley Broadcast Group, Inc., Citadel Broadcasting Corporation, Clear Channel Communications Inc., Cox Radio, Inc., Cumulus Media Inc., Emmis Communications Corporation, Entravision Communications Corporation, Entercom Communications Corp., Radio One, Inc., Regent Communications, Inc. and Spanish Broadcasting System, Inc.

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*Comparable Transactions Analysis.* Goldman Sachs and Lehman Brothers conducted a comparable transactions analysis to assess how similar transactions were valued. Goldman Sachs and Lehman Brothers reviewed certain publicly available information related to comparable transactions to calculate the amount of the premiums paid by acquirers to the acquired companies' shareholders. Goldman Sachs and Lehman Brothers selected and analyzed the following transactions in the financial institutions and health insurance industries which were valued in excess of \$5 billion and announced since 2000.

<u>Date Announced</u>	<u>Acquiror</u>	<u>Target</u>
July 6, 2005	UnitedHealth Group Incorporated	PacifiCare Health Systems, Inc.
June 30, 2005	Bank of America Corporation	MBNA Corporation
June 6, 2005	Washington Mutual, Inc.	Providian Financial Corporation
June 21, 2004	Wachovia Corporation	SouthTrust Corporation
May 7, 2004	SunTrust Banks, Inc.	National Commerce Financial Corporation
May 4, 2004	Royal Bank of Scotland Group plc	Charter One Financial, Inc.
April 26, 2004	UnitedHealth Group Incorporated	Oxford Health Plans, Inc.
February 15, 2004	North Fork Bancorporation, Inc.	Greenpoint Financial Corp.
January 22, 2004	Regions Financial Corporation	Union Planters Corporation
January 14, 2004	J. P. Morgan Chase & Co.	Bank One Corporation
November 17, 2003	The St. Paul Companies, Inc.	Travelers Property Casualty Corp.
October 27, 2003	Anthem, Inc.	Wellpoint Health Networks Inc.
October 27, 2003	Bank of America Corporation	FleetBoston Financial Corporation
May 21, 2002	Citigroup Inc.	Golden State Bancorp Inc.
July 30, 2001	General Electric Company	Heller Financial, Inc.
May 11, 2001	American International Group, Inc.	American General Corporation
April 15, 2001	First Union Corporation	Wachovia Corporation
October 4, 2000	Firststar Corporation	U.S. Bancorp
October 2, 2000	FleetBoston Financial Corporation	Summit Bancorp

For each of the transactions included in the previous table, Goldman Sachs and Lehman Brothers calculated the premiums paid by the acquirer by comparing the per share purchase price in each transaction to the historical stock price of the acquired company as of one-day, one-month and three-months prior to the announcement date. Goldman Sachs and Lehman Brothers also calculated a premium for the proposed merger by comparing the stock price of LNC and Jefferson-Pilot as of October 7, 2005, and the average stock prices during the period between September 7, 2005 and October 7, 2005, with the historical stock prices of LNC and Jefferson-Pilot as of one-day, one-month and three-months prior to October 7, 2005. The results of these analyses are summarized as follows:

	<u>3-Month Market Premium</u>	<u>1-Month Market Premium</u>	<u>1-Day Market Premium</u>
<b>Proposed merger</b>			
Average prices 9/7/05 - 10/7/05	11.4%	11.0%	10.2%
LNC/JP prices on 10/7/05	10.1%	9.7%	8.9%

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**Selected transactions**

Mean	26.7%	23.1%	16.5%
Median	23.1%	24.0%	15.1%

Source: FactSet, SNL Financial and Securities Data Company.

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Goldman Sachs and Lehman Brothers also analyzed certain information relating to the following selected transactions in the life insurance industry since May 11, 2001:

<u>Date Announced</u>	<u>Acquiror</u>	<u>Target</u>
May 11, 2001	American International Group, Inc.	American General Corporation
December 17, 2001	Sun Life Financial Services of Canada Inc.	Clarica Life Insurance Company
February 17, 2003	Great-West Lifeco, Inc.	The Canada Life Assurance Company
September 28, 2003	Manulife Financial Corporation	John Hancock Financial Services, Inc.
January 31, 2005	MetLife, Inc.	Travelers Insurance Company

Using information provided by FactSet, SNL Financial and other sources for each of the selected transactions, Goldman Sachs and Lehman Brothers calculated: (a) purchase price as a multiple of last twelve months (LTM) earnings, (b) purchase price as a multiple of current year estimated earnings, (c) purchase price as a multiple of book value (excluding AOCI) and (d) estimated forward return on equity (ROE). The same analysis was conducted using LTM earnings, book value and a range of equity values attributable to the insurance operations of Jefferson-Pilot for purposes of comparing the selected transactions to the proposed merger. As discussed, the earnings, book value and the range of equity values with respect to the insurance operations of Jefferson-Pilot were derived by subtracting certain financial information and the range of equity values for the communications operations of Jefferson-Pilot from the corresponding financial information and the equity value for the operations of Jefferson-Pilot as a whole. The following table presents the results of this analysis:

	Purchase Price/Equity Value as			
	Multiple of			
	<u>LTM Earnings</u>	<u>Current Year Earnings</u>	<u>Book Value (ex. AOCI)</u>	<u>Forward ROE</u>
<b>Selected transactions</b>				
High	18.1x	16.0x	2.82x	17.6%
Mean	13.9x	14.1x	2.04x	15.7%
Median	12.8x	14.1x	1.71x	15.7%
Low	8.6 x	12.1x	1.53x	13.9%
<b>Proposed merger</b>				
JP Insurance	12.1-12.7x	12.7-13.4x	1.91-2.01x	15.0%

*Pro Forma EPS and Return on Average Equity Accretion/Dilution Analyses.* Goldman Sachs and Lehman Brothers performed a pro forma analysis of the financial impact of the merger on LNC's earnings per share (EPS) for the years 2006, 2007 and 2008, using:

certain estimates of earnings as provided by the managements of LNC and Jefferson-Pilot and IBES, which reflect certain adjustments to the basis for reporting under U.S. GAAP;

pre-tax projected cost savings and pre-tax integration costs for the resulting company as provided by the managements of LNC and Jefferson-Pilot; and

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estimates of certain future financing costs and the execution of the contemplated repurchases by LNC of its common stock following the completion of the merger.

Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be accretive to LNC's EPS in 2006, 2007 and 2008. Taking into account additional estimated pre-tax integration costs as well as certain pre-tax projected cost savings, the proposed merger would be dilutive to LNC's EPS in 2006 and accretive to LNC's EPS in 2007 and 2008.



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Goldman Sachs and Lehman Brothers also performed a pro forma analysis of the financial impact of the merger on LNC's return on average equity, which is referred to as ROAE, using the same assumptions and estimates of earnings, pre-tax projected cost savings and pre-tax integration costs for the resulting company as provided by the managements of LNC and Jefferson-Pilot and IBES.

Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be dilutive to LNC's ROAE in 2006 and become less dilutive in 2007 and 2008. After taking into account additional estimated pre-tax integration costs and certain pre-tax projected cost savings, the proposed merger would be dilutive to LNC's ROAE in 2006 and become less dilutive in 2007 and 2008.

### *General*

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Goldman Sachs and Lehman Brothers' opinions. In arriving at its fairness determination, each of Goldman Sachs and Lehman Brothers considered the results of all of its analyses as a whole and did not attribute any particular weight to any factor or analysis considered by it. Rather, each of Goldman Sachs and Lehman Brothers made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to LNC or Jefferson-Pilot or the contemplated merger.

Goldman Sachs and Lehman Brothers prepared these analyses for purposes of providing their respective opinions to LNC's board of directors as to the fairness from a financial point of view of the consideration to be paid by LNC in the merger. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of LNC, Jefferson-Pilot, Goldman Sachs, Lehman Brothers or any other person assumes responsibility if future results are materially different from those forecasted.

The consideration to be paid in the merger was determined through arms'-length negotiations between LNC and Jefferson-Pilot and was approved by LNC's board of directors. Goldman Sachs and Lehman Brothers provided advice to LNC during these negotiations. Goldman Sachs and Lehman Brothers did not, however, recommend any specific amount of consideration to LNC or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the merger.

As described above, Goldman Sachs' and Lehman Brothers' opinions to LNC's board of directors were one of many factors taken into consideration by LNC's board of directors in making its determination to approve the merger. The foregoing summary does not purport to be a complete description of the analyses performed by each of Goldman Sachs and Lehman Brothers in connection with its fairness opinion and is qualified in its entirety by reference to the written opinions of Goldman Sachs and Lehman Brothers attached to this joint proxy statement/prospectus as Annexes C and D, respectively.

### *Opinions of Jefferson-Pilot's Financial Advisors*

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The full text of the written opinions of Lazard and Morgan Stanley, each dated October 9, 2005, which set forth the assumptions made, procedures followed, matters considered and limitations on the reviews undertaken in connection with the opinions, are attached to this joint proxy statement/prospectus as Annexes E and F, respectively. The summaries of the opinions of Lazard and Morgan Stanley set forth in this joint proxy statement/prospectus are qualified in their entirety by reference to the full text of such opinions. We urge you to read the

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full text of the opinions in their entirety. Each of Lazard and Morgan Stanley provided its opinion for the information and assistance of Jefferson-Pilot's board of directors in connection with its consideration of the proposed merger. The opinions of Lazard and Morgan Stanley do not constitute a recommendation as to how any shareholder should vote with respect to the proposals set forth in this joint proxy statement/prospectus and do not address the election any shareholders might make regarding the consideration.

### ***Opinion of Lazard***

Under a letter agreement as of September 1, 2005, Jefferson-Pilot confirmed the retention of Lazard to act as its investment banker in connection with various possible strategic alternatives then under consideration by Jefferson-Pilot. As part of this engagement, Jefferson-Pilot requested that Lazard evaluate the fairness, from a financial point of view, to the holders of the outstanding shares of Jefferson-Pilot common stock (other than LNC and its affiliates) of the merger consideration to be paid to such holders pursuant to the merger. Lazard has delivered to Jefferson-Pilot's board of directors a written opinion, dated October 9, 2005, that, as of that date, based on and subject to certain assumptions, factors and qualifications set forth therein, the merger consideration to be paid to the holders of Jefferson-Pilot common stock in the merger is fair, from a financial point of view, to such holders (other than LNC and its affiliates).

The full text of the Lazard opinion is attached to this joint proxy statement/prospectus as [Annex E](#) and is incorporated into this joint proxy statement/prospectus by reference. The description of the Lazard opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the Lazard opinion set forth in this joint proxy statement/prospectus as [Annex E](#). You are urged to read the Lazard opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lazard in connection with the opinion.

Lazard's written opinion was for the benefit of and was rendered to Jefferson-Pilot's board of directors in connection with its consideration of the merger. In rendering its written opinion, Lazard analyzed the merger as a strategic business combination not involving a sale of control of Jefferson-Pilot. Lazard's written opinion does not address the merits of the underlying decision by Jefferson-Pilot to engage in the merger or the relative merits of the merger as compared to other transactions or business strategies that might have been available to Jefferson-Pilot and does not constitute an opinion or recommendation as to how any shareholder should vote on any matter relating to the merger. Lazard's opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of the Lazard opinion. Subsequent developments may affect the conclusion expressed in Lazard's opinion and Lazard assumes no responsibility for advising any person of any change in any matter affecting its opinion or for updating or revising its opinion based on circumstances or events occurring after the date of the opinion. The following is only a summary of the Lazard opinion. You are urged to read the entire opinion.

In the course of performing its review and analyses in rendering its opinion, Lazard:

reviewed the financial terms and conditions of the merger agreement;

analyzed certain publicly available financial statements and historical business information relating to Jefferson-Pilot and LNC, respectively;

reviewed various internal financial forecasts and other financial and operating data prepared by the managements of Jefferson-Pilot and LNC, respectively, with respect to the businesses and prospects of Jefferson-Pilot and LNC, respectively, the strategic objectives of each, and their estimates of synergies and other anticipated strategic, financial and operational benefits of

the merger to the resulting company;

held discussions with members of the senior managements of Jefferson-Pilot and LNC with respect to the businesses and prospects of Jefferson-Pilot and LNC, respectively, the strategic objectives of each, and their estimates of synergies and other anticipated strategic, financial and operational benefits of the merger to the resulting company;

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compared the financial performance of Jefferson-Pilot and LNC and the prices and trading activity of Jefferson-Pilot common stock and LNC common stock with that of certain other publicly traded companies Lazard believed to be generally comparable with Jefferson-Pilot and LNC, respectively, and their securities;

reviewed the potential pro forma impact of the merger on the resulting company's financial results;

reviewed the financial terms, to the extent publicly available, of certain business combinations involving companies in lines of businesses Lazard believed to be generally comparable to those of Jefferson-Pilot and LNC, and in other industries generally;

reviewed the historical stock prices and trading volumes activity of Jefferson-Pilot common stock and LNC common stock; and

conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard relied upon the accuracy and completeness of the information provided to it and did not assume any responsibility for and did not conduct any independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities of Jefferson-Pilot or LNC or any of their respective subsidiaries, or concerning the solvency or fair value of any of the foregoing entities, and Lazard was not furnished with any such evaluation or appraisal. Lazard did not rely upon or receive any valuation of Jefferson-Pilot or LNC prepared by any independent third party, including actuarial appraisals of Jefferson-Pilot or LNC. Lazard is not an actuarial firm and its services did not include actuarial determinations or evaluations or an attempt to evaluate actuarial assumptions. With respect to financial forecasts, including projected synergies and other anticipated strategic, financial and operational benefits of the merger, Lazard assumed that they had been reasonably prepared on bases reflecting the best available estimates and judgments of the managements of Jefferson-Pilot and LNC as to the future financial performance of Jefferson-Pilot, LNC and the resulting company, respectively. Lazard assumes no responsibility for and expresses no view as to any such forecasts or the assumptions on which they were based.

In rendering its opinion, Lazard assumed that the merger would be consummated on the terms described in the merger agreement, including, among other things, that the merger would be treated as a reorganization under Section 368(a) of the Code and that the merger would be consummated without any waiver of any material terms or conditions. In addition, Lazard assumed that obtaining the necessary regulatory and third-party approvals for the merger would not have an adverse effect on Jefferson-Pilot, LNC or the resulting company, or on the contemplated benefits of the consummation of the merger.

Lazard did not express any opinion as to the price at which shares of Jefferson-Pilot common stock or LNC common stock might trade subsequent to the announcement of the merger or as to the price at which shares of LNC common stock might trade subsequent to the consummation of the merger.

Lazard has provided investment banking services to LNC on a transaction which was not consummated for which LNC has agreed to pay Lazard a fee of \$50,000. In addition, in the course of their respective businesses, affiliates of Lazard and LFCM Holdings LLC (an entity owned in large part by managing directors of Lazard) may from time to time effect transactions and hold securities, including derivative securities, of Jefferson-Pilot or LNC for their own accounts and for the accounts of clients and customers, and, accordingly, may hold a long or short position in such securities.

The following is a brief summary of the material financial and comparative analyses that Lazard deemed to be appropriate for this type of transaction and that were performed by Lazard in connection with rendering its opinion. The summary of Lazard's analyses described below is not a complete description of the analyses underlying Lazard's opinion. The preparation of a fairness opinion is a complex analytical process

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involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances, and, therefore, is not readily susceptible to summary

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description. In arriving at its opinion, Lazard considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it; rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses. The financial analyses summarized below include information presented in tabular format. In order to fully understand Lazard's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lazard's financial analyses.

*Public Market Comparison.* Lazard reviewed and compared certain financial information of Jefferson-Pilot, LNC and the companies listed below, which were chosen for comparison purposes through a review of publicly traded life insurance companies of similar operating characteristics and size:

Prudential Financial, Inc.

MetLife, Inc.

Genworth Financial, Inc.

Principal Financial, Inc.

Torchmark Corporation

Nationwide Financial Services, Inc.

Protective Life Insurance Company

In general, financial data used were as of June 30, 2005, and market data used were as of October 7, 2005. In the course of its analysis, Lazard calculated the following items as a multiple of share price for each of the companies: (i) 2005 estimated EPS based on median estimates from IBES; (ii) 2006 estimated EPS based on median IBES estimates; (iii) reported GAAP book value as of June 30, 2005; and (iv) GAAP book value adjusted to exclude accumulated other comprehensive income as of June 30, 2005, which is referred to as adjusted book value. Lazard then compared the mean and median multiples from the selected life insurance companies (excluding Jefferson-Pilot and LNC) to the multiples resulting from the merger. In performing this comparison, Lazard calculated a per share merger consideration of \$55.48, based on a 1.0906 exchange ratio, a \$55.96 cash election, and a 76%/24% proration of the merger consideration between stock and cash. The results of this analysis are summarized as follows:

<u>Jefferson- Pilot /LNC</u>	<u>Trading</u>	<u>Public Life</u>			<u>Nation-</u>				
<u>Merger</u>		<u>Companies (Excl.</u>	<u>Prudential</u>	<u>Gen-</u>	<u>Principal</u>	<u>Torch-</u>	<u>wide</u>	<u>Protective</u>	
		<u>Jefferson-</u>	<u>Financial</u>	<u>MetLife</u>	<u>worth</u>	<u>Financial</u>	<u>mark</u>	<u>Financial</u>	<u>Life</u>
		<u>Pilot &amp; LNC)</u>							

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	Jefferson-											
	Pilot	LNC	Mean	Median								
<b>Market Data:</b>												
Current Share Price (10/7/05)	\$ 55.48 <sup>(a)</sup>	\$ 50.79	\$ 50.73		\$ 65.08	\$ 48.34	\$ 30.88	\$ 46.74	\$ 52.59	\$ 39.27	\$ 42.53	
FD Equity Market Capitalization	\$ 7,510	\$ 6,848	\$ 8,912		\$ 33,822	\$ 36,888	\$ 14,616	\$ 13,190	\$ 5,551	\$ 6,039	\$ 2,995	
<b>Share Price as a Multiple of:</b>												
2005E EPS	13.5x	12.3x	11.6x	12.6x	11.9x	14.1x	11.4x	12.5x	16.4x	11.4x	10.6x	11.9x
2006E EPS	13.0x	11.9x	11.3x	11.6x	11.0x	12.2x	10.9x	11.4x	15.1x	10.5x	10.1x	11.0x
Reported Book Value	1.84x	1.69x	1.38x	1.39x	1.42x	1.49x	1.42x	1.08x	1.79x	1.59x	1.11x	1.29x
Adjusted Book Value	2.24x	2.05x	1.61x	1.62x	1.62x	1.65x	1.62x	1.28x	2.23x	1.83x	1.19x	1.51x

(a) Based on 1.090 exchange ratio for stock election and \$55.96 for cash election and 76% stock proration and 24% cash proration.



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*Sum-of-the-Parts Analysis.* Lazard performed a sum-of-the-parts analysis of Jefferson-Pilot by determining trading reference ranges for each of Jefferson-Pilot's constituent insurance, radio/sports broadcasting, television broadcasting and corporate operations by using certain financial forecasts for fiscal year 2006 provided by Jefferson-Pilot management and other publicly available financial forecast information for fiscal year 2006.

In the case of Jefferson-Pilot's insurance operations, Lazard assumed a reference multiple range of 10.0x to 11.5x estimated net operating earnings. In the case of Jefferson-Pilot's radio/sports broadcasting operations, Lazard assumed a reference multiple range of 9.5x to 11.0x 2006 estimated cash flow for the radio/sports broadcasting operations, which is referred to as Radio/Sports Broadcast Cash Flow. In the case of Jefferson-Pilot's television broadcasting operations, Lazard assumed a reference trading multiple range of 9.0x to 9.5x estimated cash flow for the television broadcasting operations for fiscal year 2006, which is referred to as Television Broadcast Cash Flow. In the case of Jefferson-Pilot's corporate operations, Lazard assumed a reference trading multiple range of 8.0x to 10.0x estimated net operating earnings.

In deriving a reference multiple range for Jefferson-Pilot's insurance net operating earnings, Lazard reviewed the trading statistics of the publicly traded life insurers listed above, particularly those companies whose earnings are derived primarily from the sale of life insurance and annuity products in the United States.

In deriving a reference multiple range for Jefferson-Pilot's Radio/Sports Broadcast Cash Flow, Lazard reviewed the trading statistics of the following publicly traded radio broadcasting companies:

												<b>Summary</b>	
												<b>Statistics</b>	
	<b>Clear</b>		<b>Radio</b>			<b>Cox</b>		<b>Spanish</b>				<b>Mean</b>	<b>Median</b>
	<b>Channel</b>	<b>Emmis</b>	<b>Citadel</b>	<b>One</b>	<b>Entercom</b>	<b>Radio Broadcasting</b>	<b>Salem</b>	<b>Beasley</b>	<b>Saga</b>	<b>Regent</b>			
<b>Market Data:</b>													
Current Share Price (10/7/05)	\$ 31.61	\$ 20.86	\$ 13.79	\$ 12.79	\$ 30.47	\$ 14.76	\$ 7.00	\$ 18.21	\$ 14.08	\$ 13.21	\$ 5.21		
Enterprise Value	24,257	2,541	2,283	2,242	1,906	1,931	963	774	479	424	313		
<b>Enterprise Value as a Multiple of:</b>													
<i>Broadcast Cash-Flow:</i>													
2005E	10.3x	11.0x	12.1x	11.3x	9.9x	10.7x	13.7x	10.1x	11.9x	8.3x	10.6x	10.9x	10.7x
2006E	9.3	10.9	11.3	10.4	9.2	10.0	12.2	9.4	10.9	7.7	10.0	10.1	10.0

In deriving a reference multiple range for Jefferson-Pilot's estimated 2006 Television Broadcast Cash Flow, Lazard reviewed the trading statistics of the following publicly traded television broadcasting companies:

								<b>Summary</b>	
								<b>Statistics</b>	
	<b>Hearst</b>							<b>Mean</b>	<b>Median</b>
	<b>Gray</b>	<b>Argyle</b>	<b>Liberty</b>	<b>LIN</b>	<b>Nexstar</b>	<b>Sinclair</b>	<b>Young</b>		
<b>Market Data:</b>									
Current Share Price (10/7/05)			\$ 10.05	\$ 25.32	\$ 46.81	\$ 13.22	\$ 5.30	\$ 8.61	\$ 3.07
Enterprise Value			1,146	3,264	876	1,328	783	2,293	739

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### Enterprise Value as a Multiple of:

#### *Broadcast Cash-Flow:*

2005E	9.4x	11.5x	10.5x	11.2x	8.5x	10.9x	17.8x	11.4x	10.9x
2006E	8.4	9.4	8.6	9.5	7.8	8.8	10.8	9.0	8.8

Based on the implied trading reference ranges for each of these constituent operations, Lazard calculated implied trading reference ranges of Jefferson-Pilot as a whole, and such trading reference ranges were subsequently utilized to calculate the implied price per share trading reference ranges of Jefferson-Pilot common stock. The high and low price per share values of Jefferson-Pilot resulting from the sum-of-the-parts analysis were compared to LNC's stock price of \$50.73 as of October 7, 2005, the last trading day before the transaction

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with LNC was announced, to calculate a range of implied exchange ratios, assuming a 100% stock transaction. These ranges were then compared to the agreed exchange ratio of 1.0906 in the merger, assuming an all-stock transaction. The results of this analysis are summarized as follows (in millions, except per share amounts):

	Reference Trading Range			
	Total		Per Share	
Equity Value	\$ 6,068	\$6,959	\$44.54	\$51.61
Implied Exchange Ratio Based on LNC Share Price of \$50.73 <sup>(a)</sup>			0.878	1.017
Implied Exchange Ratio in the LNC/Jefferson-Pilot Merger			1.0906	

(a) For 100% stock transaction.

*Contribution Analysis.* Lazard analyzed the relative potential contributions of each of Jefferson-Pilot and LNC to the resulting company for (i) the latest twelve months operating income as if the companies had been combined; (ii) the estimated operating income for 2005 and 2006, based on median IBES forecasts and the forecasts of the managements of Jefferson-Pilot and LNC; (iii) book value; (iv) adjusted book value; and (v) market capitalization (based on the fully diluted common shares of each company outstanding as of October 7, 2005). In determining the potential contribution of each company, Lazard did not take into account any operating, financial or accounting impacts resulting from the merger, any cost savings or other benefits projected by Jefferson-Pilot and LNC to be realized from the merger, or any other pro forma impacts of the merger. Lazard then used the relative potential contributions of each of Jefferson-Pilot and LNC to compute an implied exchange ratio for each item listed above, which was then compared with the exchange ratio for the proposed merger. The results of this analysis are summarized as follows:

	Contribution		Implied
	Jefferson-Pilot	LNC	Exchange
			Ratio
<b>Income Statement:</b>			
Latest Twelve Months Operating Income	43%	57%	0.968
2005E Operating Income IBES Median	42%	58%	0.953
2006E Operating Income IBES Median	42%	58%	0.949
2005E Operating Income Management	40%	60%	0.880
2006E Operating Income Management	40%	60%	0.881
<b>Balance Sheet:</b>			
Book Value	39%	61%	0.828
Adjusted Book Value	38%	62%	0.793
Market Capitalization <sup>(a)</sup>	43%	57%	1.001
<b>LNC / Jefferson-Pilot Merger<sup>(b)</sup></b>	<b>46%</b>	<b>54%</b>	<b>1.0906</b>

(a) Based on common shares outstanding.

(b) Assuming an all-stock transaction. Jefferson-Pilot shareholders would receive 46% of the value allocated in the transaction regardless of the mix of consideration.

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*Selected Precedent Transactions Analysis.* Lazard reviewed 17 precedent merger transactions involving companies in the financial services industry since 1995 where the smaller company was allocated at least 40% of the resulting company board of directors and/or the shareholders of the smaller combined company owned at least 40% of the pro forma resulting company. These transactions are referred to as the financial services transactions. Lazard calculated the premium implied by the exchange ratio in each of the financial services transactions to the closing stock prices for the parties in the financial services transactions on the day prior to the announcement of the transaction and calculated the resulting ownership percentages of the constituent shareholders in the resulting company. Lazard then compared the results of this analysis to corresponding data for the proposed merger. The results of this analysis are summarized as follows:

Date	Merger Partners	Equity Deal Value (\$BN)	One-day Premium	% Cash	Ownership %	Board (%)	Super-Majority Provision	Chairman	CEO	Name	HQ City	
2/15/04	North Fork/GreenPoint	\$ 6.4	14%	0%	55% /45%	67% /33%(a)	No	North Fork	North Fork	North Fork	North Fork	
1/22/04	Regions/Union Planters	6.0	0	0	59/41	50/50	Yes(b)	Regions(c)	Regions(c)	Regions	Regions	
1/14/04	JPMorgan/Bank One	58.7	15	0	58/42	50/50	Yes	JPMorgan	JPMorgan(c)	JPMorgan	JPMorgan(d)	
11/17/03	Travelers/ St. Paul	8.4	0	0	66/34	52/48	Yes	Travelers(c)	St. Paul	Mix	St. Paul	
10/27/03	Anthem/ WellPoint	16.4	20	24	47/53	58/42	Yes(b)	WellPoint(e)	Anthem	WellPoint	Anthem	
4/15/01	First Union/ Wachovia	13.6	7	0	73/27	50/50	Yes	Wachovia(e)	First Union	Wachovia	First Union	
10/4/00	Firststar/ U.S. Bancorp	21.2	21	0	50/50	56/44	No	U.S. Bancorp	Firststar	U.S. Bancorp	U.S. Bancorp	
3/14/99	Fleet/ Bank Boston	16.3	13	0	62/38	55/45	Yes	Fleet(c)	Fleet(c)	Mix	Same	
11/23/98	UNUM/ Provident	4.9	5	0	58/42	53/47	Yes	UNUM	UNUM(c)	Mix	Provident	
7/1/98	Star Banc/ Firststar	7.4	44	0	49/51	56/44	No	Firststar	Star Banc	Firststar	Firststar	
6/8/98	Norwest/ Wells Fargo	34.6	9	0	47/53	50/50	No	Wells Fargo	Norwest	Wells Fargo	Wells Fargo	
4/13/98	NationsBank/ B of A	66.6	0	0	54/46	55/45	No	Nations-Bank(c)	Nations-Bank(c)	New	Nations-Bank	
4/13/98	Bank One/ First Chicago	29.5	6	0	60/40	50/50	No	First Chicago	Bank One	Bank One	First Chicago	
4/6/98	Travelers/ Citicorp	82.5	8	0	50/50	50/50	No	Co-Chairmen	Co-CEOs	New	Same	
2/5/97	Dean Witter/ Morgan Stanley	10.7	11	0	55/45	50/50	Yes	Dean Witter	Dean Witter	Mix	Same	
8/28/95	Chemical/ Chase Manhattan	11.4	7	0	58/42	57/43	No	Chemical	Chemical	New	Same	
7/11/95	First Chicago/ NBD	5.1	3	0	50/50	50/50	No	First Chicago(c)	NBD	Mix	First Chicago	
<b>Mean</b>		<b>11%</b>										
<b>Median</b>		<b>8%</b>										
<b>LNC / Jefferson-Pilot</b>		<b>\$ 7.5</b>	<b>9%(f)</b>	<b>24%</b>	<b>61% / 39%(g)</b>	<b>53% / 47%</b>	<b>Yes</b>	<b>LNC</b>	<b>LNC(h)</b>	<b>LNC</b>	<b>LNC(i)</b>	

(a) Post-announcement board of directors changed 72% / 28%.

(b) Provision existed prior to merger.

(c) Succession commitment to other party.

(d) LOB HQ Bank One.

(e) Succession commitment to other party.

(f) Implied premium based on estimated value of the merger consideration as of October 7, 2005.

(g) Includes cash consideration.

(h) Jefferson-Pilot CEO will have core operations of resulting company reporting to him.

(i) Core Jefferson-Pilot operations to be headquartered in current Jefferson-Pilot location.

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Lazard also reviewed publicly available financial information relating to seven other merger transactions in other industries with similar characteristics as the financial services transactions. These transactions are referred to as the other industry transactions. Lazard calculated the premium implied by the exchange ratio in each of the other industry transactions to the closing stock prices for the parties in the merger transactions on the day prior to the announcement of the transaction and calculated the resulting ownership percentages of the constituent shareholders in the resulting company. Lazard then compared the results of this analysis to corresponding data for the merger. The results of this analysis are summarized as follows:

<u>Ann. Date</u>	<u>Transaction</u>	<u>Equity Value</u>	<u>Price/Adj. BV<sup>(a)</sup></u>	<u>Price/FY1 EPS</u>	<u>Form of Consideration</u>	<u>Premium to Unaffected Share Price</u>	<u>Pro Forma Target ownership</u>	<u>Target as % of Pro Forma Board</u>
<b>2001 and Prior Transactions:</b>								
4/3/01	AIG/American General	\$ 23.6	2.85x	15.9x	Stock	20%	11%	5%
4/28/00	ING/Reliastar	5.0	2.37	15.4	Cash	75%	0%	0%
2/18/99	AEGON/Trans-america	9.7	2.58	19.4	Stock/Cash	35%	11%	8%
7/8/97	ING/Equitable of Iowa	2.2	2.71	17.0	Stock/Cash	19%	2%	NA
<b>Post-2001 Transactions:</b>								
1/31/05	MetLife/Travelers Life	\$ 11.5	1.54x	NA	Cash	NA	NA	NA
9/25/03	Manulife/John Hancock	11.0	1.67	12.1x	Stock	19%	42%	26%
9/17/03	AXA/MONY	1.5	0.77	NM	Cash	6%	0%	0%
	<b>LNC/Jefferson-Pilot</b>	<b>\$ 7.5</b>	<b>2.24x</b>	<b>13.5x</b>	<b>Stock/Cash</b>	<b>9%</b>	<b>39%<sup>(b)</sup></b>	<b>47%</b>

(a) Excludes accumulated other comprehensive income.

(b) Includes impact of cash consideration.

*Pro Forma Merger Analysis.* Lazard performed a pro forma analysis of the financial impact of the merger on Jefferson-Pilot's and LNC's estimated earnings per share for calendar years 2006 through 2008, using median IBES earnings estimates, and making certain adjustments to the basis for reporting under U.S. GAAP, pre-tax cost savings and pre-tax integration costs as provided by the managements of LNC and Jefferson-Pilot, as well as estimates of certain future financing costs and the execution of the contemplated repurchases by LNC of its common stock.

Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be accretive to both Jefferson-Pilot's and LNC's EPS in 2006, 2007 and 2008. Taking into account additional estimated pre-tax integration costs as well as certain pre-tax projected cost savings, the proposed merger would be accretive to Jefferson-Pilot's EPS in each of 2006, 2007 and 2008, but dilutive to LNC's EPS in 2006 and accretive to LNC's EPS in 2007 and 2008.

Lazard also performed a pro forma analysis of the financial impact of the merger on LNC's ROAE using the same assumptions and estimates of earnings, pre-tax projected cost savings and pre-tax integration costs for the resulting company as provided by the managements of LNC and Jefferson-Pilot and IBES.

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Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be dilutive to LNC's ROAE in 2006 and become

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less dilutive in 2007 and 2008. After taking into account additional estimated pre-tax integration costs and certain pre-tax projected cost savings, the proposed merger would be dilutive to LNC's ROAE in 2006 and become less dilutive in 2007 and 2008.

*Other Analyses.* Based on assumptions provided by the managements of Jefferson-Pilot and LNC as to the amount of pre-tax cost savings generated by the merger and the expected annual recognition thereof, as well as the pre-tax implementation costs, Lazard calculated the capitalized value of the after-tax fully-phased-in cost savings based a multiple of 10.0x to 11.0x fully-phased-in annual cost-savings, net of after-tax implementation costs. Lazard also calculated the present value of after-tax cost savings, net of after-tax implementation costs, at discount rates of 9% to 10.5% and assuming a 2% perpetuity growth rate beyond fiscal year 2008. Lazard then subtracted the excess of (x) the fully diluted aggregate merger consideration as of October 7, 2005 and (y) Jefferson-Pilot's fully diluted market capitalization as of the same date (the difference of (x) and (y) which is referred to as the dollar premium) from both the net capitalized value of the after-tax cost savings and the net present value of the after-tax cost savings. Lazard then multiplied the resulting differences by the amount of Jefferson-Pilot shareholders' pro forma ownership in the resulting company to determine the portion of after-tax cost savings, net of implementation costs and net of the dollar premium (which is referred to as the net cost savings value), implied by the merger consideration that could inure to Jefferson-Pilot shareholders.

Lazard noted that based on this illustrative mathematical analysis, the sum of (a) the dollar premium and (b) the net cost savings value that could inure to Jefferson-Pilot shareholders could result in an amount that represents an 11.5% to 13.9% premium to the fully diluted market capitalization of Jefferson-Pilot as of October 7, 2005, although there can be no guarantees as to the prices at which the shares of Jefferson-Pilot or LNC common stock will trade at any time.

*General.* Lazard's opinion and financial analyses were not the only factors considered by Jefferson-Pilot's board of directors in their evaluation of the merger and should not be viewed as determinative of the views of Jefferson-Pilot's board of directors or Jefferson-Pilot's management. Lazard has consented to the inclusion of and references to its opinion in this joint proxy statement/prospectus.

The consideration to be paid in the merger was determined through arm's-length negotiations between Jefferson-Pilot and LNC and was approved by Jefferson-Pilot's board of directors. Lazard provided advice to Jefferson-Pilot during these negotiations. Lazard did not, however, recommend any specific amount of consideration to Jefferson-Pilot or its board or that any specific amount of consideration constituted the only appropriate consideration for the merger.

Under the terms of Lazard's engagement, \$1,500,000 was payable to Lazard when Lazard provided Jefferson-Pilot's board of directors with its opinion with respect to the fairness of the consideration to be paid pursuant to the merger agreement. Jefferson-Pilot has agreed to pay Lazard a fee of \$17,500,000 upon the closing of the merger. Jefferson-Pilot has agreed to pay Lazard a fee of \$4,500,000 upon receipt of any termination or similar fee in connection with the merger. If Jefferson-Pilot effects a repurchase of or a public sale or private placement of equity, preferred debt or debt securities in connection with the merger, Jefferson-Pilot has agreed to discuss the possibility of retaining Lazard's assistance with such transaction on mutually agreeable terms.

Jefferson-Pilot has agreed to reimburse Lazard for all its expenses incurred in performing its services, including the reasonable fees and expenses of Lazard's legal counsel and other professional advisors. In addition, Jefferson-Pilot has agreed to indemnify Lazard against certain liabilities, including liabilities under the federal securities laws, relating to or arising out of Lazard's engagement.

Lazard is an internationally recognized investment banking and advisory firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private

placements, leveraged buyouts, and valuations for real estate, corporate and other purposes. Lazard was selected to act as investment banker to



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Jefferson-Pilot because of its expertise and its reputation in investment banking and mergers and acquisitions and its independence with respect to the merger and the transactions contemplated by the merger agreement.

***Opinion of Morgan Stanley.*** Under a letter agreement dated October 6, 2005, Jefferson-Pilot confirmed the retention of Morgan Stanley to provide a financial opinion in connection with a contemplated merger transaction with LNC. Morgan Stanley was selected by Jefferson-Pilot's board of directors as a financial advisor based on Morgan Stanley's qualifications, experience, reputation and its knowledge of the business and affairs of Jefferson-Pilot. At a meeting of the Jefferson-Pilot board of directors on October 9, 2005, Morgan Stanley delivered to Jefferson-Pilot's board of directors an oral opinion, subsequently in writing as of that same date that, as of that date, based on and subject to certain assumptions, limitations and qualifications set forth therein, the consideration to be paid to the holders of Jefferson-Pilot common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders (other than LNC and its affiliates).

**The full text of the Morgan Stanley opinion is attached to this joint proxy statement/prospectus as Annex F and is incorporated into this joint proxy statement/prospectus by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We urge you to read the entire opinion carefully. Morgan Stanley's opinion is directed to Jefferson-Pilot's board of directors and addresses only the fairness from a financial point of view of the consideration to be received by holders of shares of Jefferson-Pilot common stock, other than LNC and its affiliates, pursuant to the merger agreement as of the date of the opinion. The opinion does not address any other aspects of the transaction and does not constitute a recommendation to any holder of Jefferson-Pilot common stock as to how the shareholders should vote at the special meeting or the election such holder should make with respect to the consideration.**

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of Jefferson-Pilot and LNC, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Jefferson-Pilot and LNC prepared by the managements of Jefferson-Pilot and LNC, respectively;

reviewed certain financial forecasts prepared by the managements of Jefferson-Pilot and LNC, respectively;

discussed the past and current operations and financial condition and the prospects of Jefferson-Pilot and LNC, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Jefferson-Pilot and LNC, respectively;

reviewed the pro forma impact of the merger on certain of LNC's financial metrics;

reviewed the reported prices and trading activity for Jefferson-Pilot common stock and LNC common stock;

compared the financial performance of Jefferson-Pilot and LNC and the prices and trading activity of Jefferson-Pilot common stock and LNC common stock with that of certain other publicly-traded companies comparable with Jefferson-Pilot and LNC, respectively, and their securities;

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reviewed the financial terms, to the extent publicly available, of certain comparable merger transactions;

discussed with the senior managements of Jefferson-Pilot and LNC, respectively, the strategic rationale and objectives of the merger and certain strategic, financial and operational benefits anticipated from the merger to the resulting company;

reviewed the merger agreement and certain related documents; and

performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

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In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to it by Jefferson-Pilot and LNC for the purposes of its opinion. With respect to the financial forecasts, including certain strategic, financial and operational benefits anticipated from the merger provided to it by the managements of Jefferson-Pilot and LNC, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the then-best available estimates and judgments of the future financial performance of Jefferson-Pilot and LNC. Additionally, Morgan Stanley did not rely on any valuation of Jefferson-Pilot or LNC prepared by an independent third party, including actuarial appraisals of Jefferson-Pilot or LNC. Morgan Stanley assumed that the merger would be consummated in accordance with the terms of the merger agreement, including, among other things, that the merger would be treated as a reorganization pursuant to Section 368(a) of the Code, without material modification, waiver or delay, and that the final version of the merger agreement would not vary materially from the last draft delivered to it by Jefferson-Pilot prior to the delivery of the opinion. Morgan Stanley further assumed that in the course of obtaining any regulatory or third party approvals, consents and agreements in connection with the merger, no modification, delay, limitation, restriction or condition will be imposed that would have an adverse affect on LNC or Jefferson-Pilot or the contemplated benefits of the consummation of the merger. In addition, Morgan Stanley has relied without independent verification on the assessments by the managements of LNC or Jefferson-Pilot of the strategic rationale and objective of the merger. It has not made any independent valuation or appraisal of the assets or liabilities of Jefferson-Pilot or LNC, nor has it been furnished with any such appraisals. Morgan Stanley is not an actuarial firm and its services did not include actuarial determinations or evaluations by it or an attempt to evaluate any actuarial assumptions. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Morgan Stanley's opinion did not address the relative merits of the merger as compared to other business strategies that may have been available to Jefferson-Pilot or LNC or either company's underlying business decision to enter into the merger agreement.

The following is a brief summary of the material analyses that Morgan Stanley performed in connection with rendering its opinion. Although each analysis was provided to the Jefferson-Pilot board of directors, in connection with arriving at its opinion, Morgan Stanley considered all of its analysis as a whole and did not attribute any particular weight to any analysis described below. The financial analyses summarized below include information presented in tabular format. In order to fully understand Morgan Stanley's financial analyses, the tables must be read together with the text of each summary. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Morgan Stanley's financial analyses.

*Historical Multiple Analysis.* To provide a historical perspective of Jefferson-Pilot's public market valuation in the months and years prior to the merger, Morgan Stanley compared Jefferson-Pilot's share price to (i) the average next twelve months EPS estimates available at the time (Price to NTM Earnings Ratio) as well as to (ii) Jefferson-Pilot's available reported GAAP book value per share (Price to Book Value Multiple). This analysis was conducted on a weekly basis for the time period beginning December 31, 1999 and ending October 7, 2005; EPS projections were obtained from IBES and GAAP book value per share data was obtained from FactSet.

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Morgan Stanley also calculated the following multiples:

<b>Period</b>	<b>Price to NTM Earnings Multiple</b>	<b>Price to Book Value Multiple</b>
Closing price on October 7, 2005	12.0x	1.69x
Period Ending October 7, 2005		
1 month average	11.9x	1.67x
3 month average	11.9x	1.67x
6 month average	11.9x	1.71x
1 year average	12.0x	1.73x
3 year average	11.9x	1.72x
5 year average	12.6x	1.87x

*Public Market Metrics.* To provide perspective on Jefferson-Pilot and LNC versus companies that share certain characteristics with both companies, Morgan Stanley reviewed and compared certain financial information of Jefferson-Pilot and LNC with the companies listed below, which are also publicly traded life insurance companies of similar operating characteristics and size, which are referred to as Comparable Companies or Peers.

Genworth Financial, Inc.

The Hartford Financial Services Group, Inc.

Manulife Financial Corporation

MetLife, Inc.

Nationwide Financial Services, Inc.

Prudential Financial, Inc.

Sun Life Financial Inc.

Torchmark Corporation

Morgan Stanley calculated the following items as a multiple of the October 7, 2005 share price for each of the Comparable Companies: (i) share price versus 2005 estimated EPS, based on latest available average IBES estimates (2005 P/E Ratio); (ii) share price versus 2006 estimated EPS

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based on latest available average IBES estimates (2006 P/E Ratio); and (iii) share price versus June 30, 2005 reported GAAP book value per share adjusted to exclude accumulated other comprehensive income (Price/Adjusted BVPS Ratio). Additionally, Morgan Stanley assessed the latest available median IBES long term EPS growth estimates for each of the selected companies (IBES L/T EPS Growth) and compared these growth rates to the respective 2005 P/E Ratio for each company (2005 PEG Ratio).

The results of this analysis are summarized as follows:

	<u>Jefferson- Pilot</u>	<u>Lincoln</u>	<u>Manulife</u>	<u>Prudential</u>	<u>Sun Life</u>	<u>Genworth</u>	<u>MetLife</u>	<u>Torchmark</u>	<u>Nationwide</u>	<u>Hartford</u>
<b>Share Price as a Multiple of:</b>										
2005E EPS	12.3x	11.7x	14.5x	14.0x	13.2x	12.5x	11.5x	11.4x	10.6x	9.9x
2006E EPS	11.9x	11.3x	12.5x	12.2x	11.8x	11.2x	10.9x	10.6x	10.0x	9.3x
Adj. BVPS	2.1x	1.6x	2.1x	1.6x	1.6x	1.3x	1.4x	1.8x	1.2x	1.6x
<b>IBES L/T EPS Growth</b>	9.0%	12.0%	13.6%	14.0%	11.5%	11.5%	10.0%	10.1%	9.6%	11.0%
<b>2005 PEG Ratio</b>	1.4x	1.0x	1.1x	1.0x	1.2x	1.1x	1.2x	1.1x	1.1x	0.9x

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For each of these metrics, Morgan Stanley noted that LNC's ratio/measurement was consistent with the median of the Comparable Companies. Regarding Jefferson-Pilot, Morgan Stanley noted that its 2005 P/E Ratio and 2006 P/E Ratio were slightly higher than the median of the Peers and that Jefferson-Pilot's Price/Adjusted BVPS Ratio was above those of the Comparable Companies, with the exception of one, to which it was equal. Morgan Stanley also noted that Jefferson-Pilot's IBES L/T EPS Growth estimate was below that of any of its peers and that Jefferson-Pilot's 2005 PEG Ratio was higher than that of any of its peers.

Morgan Stanley also determined that as a result of this analysis the reference ranges that it would use in its analysis were approximately 10.5x-12.0x for the 2005 P/E Ratio and 10.0x-11.5x for the 2006 P/E Ratio, which is referred to as the Reference P/E Ranges of Comparable Companies.

*Premium to Recent Trading Values.* To calculate the premium being received by Jefferson-Pilot shareholders, Morgan Stanley compared the merger consideration to the closing share price of Jefferson-Pilot common stock on October 7, 2005, the last trading day prior to the meeting of the Jefferson-Pilot board of directors to approve the merger, as well as to the Jefferson-Pilot common stock price at various intervals leading up to October 7, 2005. In performing this comparison, Morgan Stanley calculated an implied per share merger consideration of \$55.48, based on a 1.0906 exchange ratio, a \$55.96 cash election, and a 76%/24% proration of the merger consideration between stock and cash, which is referred to as the Transaction Value.

Morgan Stanley observed the following:

<u>Period Ending on October 7, 2005</u>	<u>Stock Price</u>	<u>Premium to \$55.48</u>
Closing Price on October 7, 2005	\$ 50.79	9.2%
10-Day Average	\$ 50.82	9.2%
1 Month Average	\$ 50.41	10.1%
3 Month Average	\$ 50.24	10.4%
52-week High	\$ 52.79	5.2%

*Analysis of Transaction Multiples.* Morgan Stanley calculated the multiples of per share consideration implied by the Transaction Value to 2005 EPS, NTM EPS and 2006 EPS, in each case based upon IBES average estimates. Morgan Stanley also calculated the multiple of per share consideration to Jefferson-Pilot's June 30, 2005 GAAP book value per share and Adjusted BVPS.

Morgan Stanley observed the following:

<u>Multiple of Per Share Consideration to</u>	<u>IBES/Actual</u>
LTM EPS	13.4x
2005 Estimated EPS	13.5x
NTM EPS	13.1x
2006 Estimated EPS	13.0x
6/30/05 Book Value Per Share	1.8x
6/30/05 Adjusted BVPS	2.2x

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*Control Premium Analysis.* Morgan Stanley analyzed the premiums paid in comparable precedent financial services transactions that share some characteristics with the merger. In conducting this analysis, Morgan Stanley compared publicly available statistics for selected merger transactions involving companies in the financial services industry since 1995 in which the smaller company was allocated at least 40% of the resulting company board of directors and/or the shareholders of the smaller combined company owned at least 40% of the pro forma resulting company, which are referred to as Comparable Financial Services Transactions.

The following is a list of the reviewed transactions (listed acquirer/target):

North Fork / GreenPoint (2/15/2004)

Regions / Union Planters (1/22/2004)

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JPMorgan / Bank One (1/14/2004)

Travelers / St. Paul (11/17/2003)

Anthem / WellPoint (10/27/2003)

First Union / Wachovia (4/15/2001)

Firststar / U.S. Bancorp (10/4/2000)

Fleet / Bank Boston (3/14/1999)

UNUM / Provident (11/23/1998)

Norwest / Wells Fargo (6/8/1998)

NationsBank / Bank of America (4/13/1998)

Bank One / First Chicago (4/13/1998)

Travelers / Citicorp (4/6/1998)

Dean Witter / Morgan Stanley (2/5/1997)

Chemical / Chase Manhattan (8/28/1995)

First Chicago / NBD (7/11/1995)

For each transaction noted above, Morgan Stanley reviewed the implied premium paid based upon the stock price one day prior to announcement and selected a reference range for premiums paid in the Comparable Financial Services Transactions of 0% to 20%. Morgan Stanley then applied this premium range (0%-20%) to the values implied by the following metrics to arrive at suggested hypothetical valuation ranges for Jefferson-Pilot: (i) Jefferson-Pilot's trading value as of October 7, 2005; (ii) Reference P/E Ranges of Comparable Companies; and (iii) price to book multiple for Jefferson-Pilot implied by a regression analysis of the projected return on equity rates for the Comparable Companies versus their Price/Adjusted BVPS multiples (P/BV vs. ROE Regression).

Morgan Stanley's calculations are summarized below:



<u>Baseline Valuation Methodology</u>	<u>Transaction Premium Range</u>	<u>Implied Transaction Valuation Range</u>
		(in millions)
i. Closing Price on October 7, 2005	0% - 20%	\$6,845 - \$8,214
ii. Reference P/E Ranges of Comparable Companies	0% - 20%	\$5,700 - \$7,900
iii. P/BV vs. ROE Regression	0% - 20%	\$6,600 - \$8,000

Morgan Stanley noted that the aggregate consideration offered for Jefferson-Pilot implied by the Transaction Value price as of October 7, 2005 was \$7.51 billion.

*Precedent Transaction Multiples Analysis.* Morgan Stanley reviewed publicly available financial information relating to seven acquisitions in the life insurance industry since 1997.

The following is a list of the reviewed transactions (listed acquirer / target):

MetLife / Travelers Life (1/31/2005)

Manulife /John Hancock (9/25/2003)

AXA / MONY (9/17/2003)

AIG / American General (4/3/2001)

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ING / Reliastar (4/28/2000)

AEGON / Transamerica (2/18/1999)

ING / Equitable of Iowa (7/8/1997)

For each of these transactions, Morgan Stanley calculated the ratio of equity purchase price to estimated earnings for the twelve-month period following the announcement of the transaction (Price to NTM Earnings Transaction Multiple). Morgan Stanley selected a range of Price to NTM Earnings Transaction Multiples for its analysis of approximately 11.5x to 14.0x (Selected Transaction Multiple Range). The Selected Transaction Multiple Range suggested a value of \$6.5 billion to \$7.9 billion for Jefferson-Pilot. Morgan Stanley noted that the aggregate consideration offered for Jefferson-Pilot implied by the Transaction Value price as of October 7, 2005 was \$7.51 billion.

*Capitalization of Cost Savings Based Analysis.* Based on assumptions provided by the respective management teams of Jefferson-Pilot and LNC as to the amount of pre-tax cost savings generated by the merger, Morgan Stanley calculated the capitalized value of the after-tax cost savings by applying a multiple of 11.0x to fully-phased-in annual after-tax cost-savings projected. This calculation resulted in a value of \$1,287 million (Capitalized Value of Cost Savings). Morgan Stanley then added a range of 0% to 100% of this amount to the values implied by the following metrics to arrive at suggested hypothetical valuation ranges for Jefferson-Pilot: (i) Jefferson-Pilot's trading value as of October 7, 2005; (ii) Reference P/E Ranges of Comparable Companies; and (iii) price to book multiple for Jefferson-Pilot implied by the P/BV vs. ROE Regression analysis.

The following table illustrates the various valuation levels calculated in this manner:

<b>Baseline Valuation Methodology</b>	<b>0%-100% of</b>	
	<b>Capitalized Value of Cost Saving</b>	<b>Implied Transaction Valuation Range</b>
		<b>(in millions)</b>
i. Closing Price on October 7, 2005	\$0-\$1,287	\$6,845 - \$8,132
ii. Reference P/E Ranges of Comparable Companies	\$0-\$1,287	\$5,700 - \$7,900
iii. P/BV vs. ROE Regression	\$0-\$1,287	\$6,600 - \$7,900

Morgan Stanley noted that the aggregate consideration offered for Jefferson-Pilot implied by the Transaction Value price as of October 7, 2005 was \$7.51 billion.

*Pro Forma Merger Analysis.* Morgan Stanley performed a pro forma analysis of the financial impact of the merger on Jefferson-Pilot's and LNC's estimated EPS for years 2006 through 2008, using median IBES earnings estimates, and making certain adjustments for the pre-tax cost savings and pre-tax integration costs as provided by the managements of LNC and Jefferson-Pilot, as well as estimates of certain future financing costs and the execution of the contemplated repurchases by LNC of its common stock.

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Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be accretive to both Jefferson-Pilot's and LNC's EPS in 2006, 2007 and 2008. Taking into account additional estimated pre-tax integration costs as well as certain pre-tax projected cost savings, the proposed merger would be accretive to Jefferson-Pilot's EPS in each of 2006, 2007 and 2008, but dilutive to LNC's EPS in 2006 and accretive to LNC's EPS in 2007 and 2008.

Morgan Stanley also performed a pro forma analysis of the financial impact of the merger on LNC's ROAE using the same assumptions and estimates of earnings, pre-tax projected cost savings and pre-tax integration costs for the resulting company as provided by the managements of LNC and Jefferson-Pilot and IBES.

Based on this analysis, taking into account the effect of certain pre-tax projected cost savings, but excluding estimated pre-tax integration costs, the proposed merger would be dilutive to LNC's ROAE in 2006 and become

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less dilutive in 2007 and 2008. After taking into account additional estimated pre-tax integration costs and certain pre-tax projected cost savings, the proposed merger would be dilutive to LNC's ROAE in 2006 and become less dilutive in 2007 and 2008.

In connection with the review of the merger by Jefferson-Pilot's board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, the range of valuations resulting from any particular analysis described above should therefore not be taken to be Morgan Stanley's view of the actual value of Jefferson-Pilot or the resulting company.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Jefferson-Pilot and LNC. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by these estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the consideration to be received by holders of shares of Jefferson-Pilot common stock (other than LNC and its affiliates) pursuant to the merger agreement, and in connection with the delivery by Morgan Stanley of its opinion, dated October 9, 2005, to the Jefferson-Pilot board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of Jefferson-Pilot common stock might actually trade.

The merger consideration was determined through arm's length negotiations between Jefferson-Pilot and LNC and was approved by Jefferson-Pilot's board of directors. Morgan Stanley did not recommend any specific merger consideration to Jefferson-Pilot or its board of directors or that any specific merger consideration constituted the only appropriate consideration for the merger.

In addition, Morgan Stanley's opinion and its presentation to Jefferson-Pilot's board of directors was only one of many factors taken into consideration by Jefferson-Pilot's board of directors in deciding to approve the merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Jefferson-Pilot's board of directors with respect to the merger consideration or of whether Jefferson-Pilot's board of directors would have been willing to agree to different consideration. The foregoing summary describes the material analyses performed by Morgan Stanley but does not purport to be a complete description of the analyses performed by Morgan Stanley.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, state and other purposes.

In the ordinary course of Morgan Stanley's trading and brokerage activities, Morgan Stanley or its affiliates may at any time hold long or short positions, may trade or otherwise effect transactions, for its own account or for the account of customers in the equity and other securities of Jefferson-Pilot or any of the other parties involved in the merger or their respective affiliates, commodities or currencies and, accordingly, may at any time hold a long or short position in such securities or indebtedness for any such account. In addition, Morgan Stanley and its affiliates may from time to time act as a counterparty to either Jefferson-Pilot or LNC and may receive compensation for such activities.



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Under the terms of its engagement letter, Morgan Stanley was retained to provide Jefferson-Pilot with a financial opinion in connection with the merger. For such opinion, Jefferson-Pilot agreed to pay Morgan Stanley a fee of \$3,500,000 upon delivery of its opinion, which fee has become payable. Jefferson-Pilot has also agreed to reimburse Morgan Stanley for its reasonable fees and expenses incurred in performing its services. In addition, Jefferson-Pilot has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to, arising out of or in connection with Morgan Stanley's engagement. In the past, Morgan Stanley and its affiliates have, in the ordinary course of business, provided financial advisory and financing services for Jefferson-Pilot, LNC and their respective affiliates and have received fees for such services. Morgan Stanley and its affiliates may also provide financial advisory and financing services to Jefferson-Pilot, LNC and their respective affiliates in the future for which they may receive compensation.

### **Interests of Directors and Executive Officers in the Merger**

Certain members of the LNC and Jefferson-Pilot boards of directors and executive officers of LNC and Jefferson-Pilot, in their capacities as such, have certain interests in the merger that are in addition to or different from their interests as LNC and Jefferson-Pilot shareholders generally. Both LNC's and Jefferson-Pilot's board of directors were aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby.

#### ***LNC's Board of Directors After the Merger***

Upon completion of the merger, LNC will amend its bylaws to increase the size of the board of directors of the resulting company and to enact certain other corporate governance and supermajority provisions, which are detailed in this section. LNC's board of directors at the effective time at the merger will consist of eight former LNC directors and seven former Jefferson-Pilot directors. The lead director is expected to be David A. Stonecipher, current Chairman of the Board of Jefferson-Pilot.

Under the merger agreement, LNC will amend its bylaws effective upon the completion of the merger. For a period of 30 months after completion of the merger, the amended bylaws will require LNC to:

have an initial board of directors comprising eight directors who are members of LNC's board of directors on the effective date of the merger, who are referred to as former LNC directors, and seven directors who are members of Jefferson-Pilot's board of directors on the effective date of the merger, who are referred to as former Jefferson-Pilot directors;

have three classes of directors serving staggered three year terms, with two former Jefferson-Pilot directors and three former LNC directors as members of the class of LNC directors having terms that expire at the annual meeting of LNC shareholders in 2006, three former Jefferson-Pilot directors and two former LNC directors as members of the class of LNC directors having terms that expire at the annual meeting of LNC shareholders in 2007, and two former Jefferson-Pilot directors and three former LNC directors as members of the class of LNC directors having terms that expire at the annual meeting of LNC shareholders in 2008;

have a lead director designated by a majority vote of the former Jefferson-Pilot directors, who will have such duties and responsibilities as may be set forth in LNC's corporate governance guidelines;

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provide a majority of former LNC directors on the corporate governance committee with the exclusive authority to recommend to the board of directors individuals to fill vacant former LNC directorships and individuals to be nominated by the board of directors for shareholder approval to fill former LNC directorships and allow only such individuals and individuals properly nominated by the shareholders to be eligible to fill former LNC directorships for the period prior to LNC's 2007 Annual Shareholder's meeting;

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provide a majority of former Jefferson-Pilot directors on the corporate governance committee with exclusive authority to recommend to the board of directors individuals to fill vacant former Jefferson-Pilot directorships and individuals to be nominated by the board of directors for shareholder approval to fill former Jefferson-Pilot directorships and allow only such individuals and individuals properly nominated by the shareholders to be eligible to fill former Jefferson-Pilot directorships for the period prior to LNC's 2007 Annual Shareholders meeting;

have each LNC board committee consist of an equal number of former LNC and former Jefferson-Pilot directors, a majority of former LNC directors having the exclusive authority to recommend former LNC directors to serve on any committee and a majority of former Jefferson-Pilot directors having exclusive authority to recommend former Jefferson-Pilot directors to serve on any committee;

have the chairman of each of the compensation committee and the corporate governance committee selected from among the former Jefferson-Pilot directors;

have the chairman of each of the audit committee and the development committee selected from among the former LNC directors;

have the chairman of other committees of the board of directors allocated evenly among former LNC and former Jefferson-Pilot directors;

provide that if the board of directors determines to decrease the number of members comprising the board of directors at any time prior to the 2007 shareholders meeting to (y) an even number of directors, then the board of directors will be comprised of an equal number of former LNC directors and former Jefferson-Pilot directors or (z) an odd number of directors, then the number of former LNC directors on the board of directors will be greater than the number of former Jefferson-Pilot directors on the board of directors by one; and

receive the vote of 70% of the directors to:

1. remove Jon Boscia as chairman and CEO of LNC, to elect a new chairman or CEO or to modify the duties and responsibilities of either position;
2. remove any director;
3. with respect to any election of directors occurring at or after the 2007 annual shareholders meeting:

elect any director to fill a vacancy or newly created directorship or nominate 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

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 merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving LNC or any of its significant subsidiaries (as defined by Rule 1-02 of Regulation S-X) or any purchase or sale of 20% or more of the consolidated assets (including stock of any subsidiary) of LNC and its subsidiaries, or any sale of its voting securities that would result in any person beneficially owning securities representing 20% or more of LNC's total voting power or the voting power of any of its significant subsidiaries ;

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7. alter, amend or repeal any of the foregoing provisions of the bylaws; or
8. alter, amend or repeal LNC's corporate governance guidelines, except to the extent necessary to make such guidelines consistent with the bylaws.

A form of LNC's bylaws, which will become effective upon the completion of the merger, is attached to this joint proxy statement/prospectus as Annex B.

LNC's non-employee 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 non-employee directors' account under the directors' deferred compensation plan. LNC non-employee directors may also elect to defer the cash component of their annual retainer in various phantom investment options, including the LNC stock unit account option, available under the non-employee directors' deferred compensation plan. Amounts notionally invested into phantom investment options are credited with earnings or losses as if the deferred amounts had been actually invested in either LNC common stock (payable only in stock), or in any of the investment options also available under the LNC's Employee's Savings and Profit-Sharing Plan. All amounts deferred under the non-employee directors' deferred compensation plan are payable only upon the non-employee director's retirement or resignation from LNC's board of directors.

Chairs of LNC board committees 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.

*LNC's Executive Officers after the Merger*

The following sets forth the current position of each individual and the expected position of each individual effective upon the completion of the merger:

<u>Name and Age</u>	<u>Current Position</u>	<u>Expected Position with LNC after the Merger</u>
Jon A. Boscia, 53	Chairman, Chief Executive Officer and Director, LNC	Chairman, Chief Executive Officer and Director
Dennis R. Glass, 56	President, Chief Executive Officer and Director, Jefferson-Pilot	President, Chief Operating Officer and Director
Charles C. Cornelio, 46	Executive Vice President - Technology and Insurance, Jefferson-Pilot	Senior Vice President, Shared Services/IT
Frederick J. Crawford, 42	Senior Vice President and Chief Financial Officer, LNC	Senior Vice President and Chief Financial Officer
Robert W. Dineen, 56	Chief Executive Officer and President, Lincoln Financial Advisors, LNC	President, Lincoln Financial Advisors
Jude T. Driscoll, 42	Chief Executive Officer and President of Lincoln National Investment Company and Delaware Management Holdings, Inc., LNC	President, Delaware Investments

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Mark E. Konen, 46	Executive Vice President Jefferson-Pilot	Life and Annuity,	President, Individual Markets
Barbara S. Kowalczyk, 54	Senior Vice President, Corporate Development, LNC		Senior Vice President, Corporate Development
Warren H. May, 51	Executive Vice President Distribution, Jefferson-Pilot	Marketing and	President, Lincoln Financial Distributors

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<u>Name and Age</u>	<u>Current Position</u>	<u>Expected Position with LNC after the Merger</u>
Elizabeth L. Reeves, 51	Senior Vice President, Chief Human Resources Officer, LNC	Senior Vice President, Chief Human Resources Officer
Dennis L. Schoff, 46	Senior Vice President, General Counsel, LNC	Senior Vice President, General Counsel
Theresa M. Stone, 61	Executive Vice President and Chief Financial Officer, Jefferson-Pilot, and President, Jefferson-Pilot Communications Company	President, Communications Company
Michael Tallett-Williams, 52	Chief Executive Officer and Managing Director, Lincoln National (UK), LNC	Chief Executive Officer and Managing Director, Lincoln National (UK)
Westley V. Thompson, 50	Chief Executive Officer and President, Lincoln Financial Distributors, LNC	President, Employer Markets

Information about the current LNC and Jefferson-Pilot executive officers can be found in each company's Annual Report on Form 10-K for the year ended December 31, 2004, which are incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 143.

***Effect of Merger on Executive Employment Agreements and Severance Arrangements***

Jefferson-Pilot has entered into an employment agreement with Dennis R. Glass, its Chief Executive Officer and a member of its board of directors. If Mr. Glass's employment is terminated without good cause or if he resigns for good reason (as specified in the agreement), he will receive a lump sum payment equal to the annual base salary and 50% of the maximum bonus and long term incentive plan payments that he would have received if his employment had continued until March 1, 2008, and he will be eligible for immediate retirement with benefits computed as if his employment had continued until March 1, 2008. As the merger is reasonably likely to be viewed as a change of control under Mr. Glass's employment agreement, assuming Mr. Glass's employment was terminated without good cause or he resigned as of December 31, 2005, Mr. Glass would have been entitled to received \$4,203,333 in salary and bonus, \$630,500 in long-term incentive payments and \$[ \* ] per month in retirement benefits beyond the benefits already accrued under Jefferson-Pilot's retirement plans (he can elect to take his retirement benefits in the form of a lump sum). However, he would not receive duplicative payments under these provisions and under the Executive Change in Control Severance Plan described below.

Jefferson-Pilot has established an Executive Change in Control Severance Plan, or severance plan, which provides for the payment of severance benefits to its current executive officers and certain other officers following a change of control. Payments under the severance plan are triggered in the event of certain qualifying terminations of employment, including the termination of an officer's employment without cause or disability or by the officer with good reason (as those terms are defined in the severance plan) in connection with or within two years following a change in control. Good reason includes any reduction in salary and benefits, or any significant reduction in annual bonus and long term incentive plan payments except for variations related to corporate and business unit performance. Cause includes willful misconduct or conviction for a felony.

If a qualifying termination occurs, the severance plan provides for lump sum severance payments equal to two times (three times for Mr. Glass) the sum of the executive officer's annual base salary at termination or, if higher, at the beginning of the year in which the change in control occurred, and the higher of the accrued or target annual bonuses and long term incentive plan payments averaged over the immediately preceding three full years. An additional amount also would be paid to cover any applicable excise tax on all benefits received as the result of a change in control and any income taxes imposed on this excise tax payment, so that the net amount retained by the officer would equal the amount he or she would have received absent any such excise tax. The



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severance plan also provides for certain other benefits including continued employee benefits coverage and pension accruals and early vesting of executive supplemental retirement benefits if a qualifying termination occurs.

The executive officers who participate in the severance plan have been offered and are expected to accept positions with the resulting company except for Donald L. McDonald, Executive Vice President and Chief Investment Officer. Accordingly, we do not expect that any payments will be made to executive officers under the severance plan, other than to Mr. McDonald. However, if these executive officers were subject to qualifying terminations, the amounts payable as of December 31, 2004 (excluding any tax gross up) would have been \$1,009,000 to Mr. Cornelio, \$6,849,000 to Mr. Glass, \$1,102,000 to Mr. Konen, \$1,453,000 to Mr. May, \$1,314,000 to Mr. McDonald and \$2,091,000 to Ms. Stone. These six executive officers received salary increases averaging approximately 7% in 2005, and bonuses and long-term incentive plan targets and ranges are expressed as a percentage of salary. The data excludes Robert D. Bates, Executive Vice President and President-Benefit Partners, who we expect to retire when he reaches age 65 in September 2006.

**Effect of Merger on Option Awards**

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

The table below shows the number of shares covered by Jefferson-Pilot stock options held by the directors and executive officers of Jefferson-Pilot as of December 6, 2005 and the total number of substitute LNC stock options these directors and executive officers would receive in substitution for these Jefferson-Pilot stock options upon completion of the merger.

Name	Jefferson-Pilot Stock Options Pre-Merger	Weighted Average Exercise Price	LNC Stock Options Post- Merger	Weighted Average Exercise Price
<b>Executive Officers</b>				
Robert D. Bates	228,326	47.89	249,015	43.08
Charles C. Cornelio	191,750	45.98	209,125	41.46
Dennis R. Glass	1,091,875	44.46	1,190,800	40.12
Mark E. Konen	188,958	44.52	206,082	40.13
Warren H. May	140,000	46.94	152,684	42.36
Donald L. McDonald	38,000	48.52	41,443	44.13
Theresa M. Stone	422,500	44.05	460,779	39.68
<b>Directors</b>				
William H. Cunningham	67,686	42.05	73,822	37.86
Robert G. Greer	67,686	42.05	73,822	37.86
George W. Henderson, III	60,093	44.12	65,541	39.74
Gary C. Kelly	3,588	49.45	3,914	45.00
Elizabeth Valk Long	26,161	46.98	28,533	42.43
William P. Payne	67,686	42.05	73,822	37.86

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Patrick S. Pittard	69,375	43.75	75,664	39.43
Donald S. Russell, Jr.	60,093	44.12	65,541	39.74
David A. Stonecipher	2,852,500	40.97	3,110,937	37.02
Isaiah Tidwell	3,490	49.45	3,807	45.00

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The table above includes unvested options aggregating 752,001 for these executives and 59,528 for these directors, with a weighted average exercise price of \$49.75 per share.

LNC's option plans will not be affected by the merger.

### ***Indemnification and Directors' and Officers' Insurance***

LNC has agreed that from and after the merger LNC will assume, to the fullest extent permitted by law, all rights to indemnification and exculpation in favor of current and former directors, officers, and employees of Jefferson-Pilot and its subsidiaries, from liabilities and expenses for acts or omissions occurring at or prior to the effective time of the merger (including advancement of expenses), as provided in their respective certificates of incorporation, by-laws, indemnification agreements and resolutions of Jefferson-Pilot's board of directors. These obligations of LNC will survive the merger and continue in full force and effect in accordance with their terms.

LNC has agreed to maintain in effect, for a period of six years after the effective time of the merger, the current Jefferson-Pilot directors' and officers' liability insurance policies covering acts or omissions occurring at or prior to the effective time of the merger with respect to those persons who are currently covered by Jefferson-Pilot's directors' and officers' liability insurance policies (or substitute policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions which are no less advantageous than the Jefferson-Pilot policies). If the annual premiums of Jefferson-Pilot exceed 350% of the annual premiums paid by Jefferson-Pilot at the date of the merger agreement for the insurance, LNC will be obligated only to obtain a policy with the maximum coverage available for a cost not exceeding 350% of the current annual premiums of Jefferson-Pilot. LNC may also self-insure for directors' or officers' liability so long as its senior debt ratings by Standard & Poor's and Moody's Investors Services, Inc. are no lower than its ratings on the date of the merger agreement of A- and A3.

### **Accounting Treatment**

The merger will be accounted for as a business combination using the purchase method of accounting. LNC will be the acquirer for financial accounting purposes.

### **No Dissenters' Rights**

No holders of record of LNC or Jefferson-Pilot capital stock will be entitled to dissenters' rights in connection with the merger.

### **Delisting and Deregistration of Jefferson-Pilot Common Stock**



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If the merger is completed, Jefferson-Pilot common stock will be delisted from the NYSE and will be deregistered under the Exchange Act and Jefferson-Pilot will no longer be required to file periodic and other reports with the SEC. The Jefferson-Pilot shareholders will become LNC shareholders and their rights as shareholders will be governed by applicable Indiana law and by LNC's articles of incorporation and amended bylaws. See "Comparison of Shareholder Rights and Corporate Governance Matters" beginning on page 116.

### **Regulatory Approvals Required for the Merger**

#### *Antitrust*

Under the HSR Act and the rules promulgated under that act by the FTC, the merger may not be completed until notifications have been given and information furnished to the FTC and the Antitrust Division of the DOJ, and until the specified waiting period has expired or been terminated. LNC and Jefferson-Pilot each filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ on November 4, 2005. The waiting period expired on December 5, 2005. At any time before or after completion of

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the merger, the FTC or the Antitrust Division of the DOJ could take any action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin completion of the merger or seeking divestiture of substantial assets of LNC or Jefferson-Pilot. The merger is also subject to review under state antitrust laws and could be the subject of challenges by private parties under the antitrust laws.

### ***Insurance Regulations***

The insurance laws and regulations of all 50 U.S. states and the District of Columbia generally require that, prior to the acquisition of an insurance company, either through the acquisition of or merger with the insurance company or a holding company of that insurance company, the acquiring company must obtain approval from the insurance commissioner of the insurance company's state of domicile or, in certain jurisdictions, where such insurance company is commercially domiciled. Accordingly, the necessary applications have been made with the insurance commissioners of Nebraska, New Jersey, New York and North Carolina, the states of domicile or commercial domicile of Jefferson-Pilot's U.S. insurance company subsidiaries.

In addition, the insurance laws and regulations of certain states require that, prior to an acquisition of an insurance company doing business in or licensed by that state (or the acquisition of its holding company), a notice filing disclosing certain market share data in the applicable jurisdiction must be made and an applicable waiting period must expire or be terminated. These filings have been made in Alaska, Delaware, Indiana, Maryland and South Carolina. Additionally, applications or notifications will be filed with certain foreign regulatory authorities in connection with the merger.

### ***Federal Communications Commission***

Under the Communications Act of 1934, before completion of the merger, the FCC must approve the transfer to Merger Sub and, consequently, to LNC, of control of Jefferson-Pilot and those subsidiaries of Jefferson-Pilot that hold FCC licenses and authorizations. The FCC must determine whether LNC and Merger Sub are qualified to control these licenses and authorizations and whether the transfer is consistent with the public interest, convenience and necessity. LNC and Jefferson-Pilot expect to file transfer of control applications with the FCC by mid-December 2005.

### ***Other Regulatory Authorities***

Applications or notifications are being filed with certain state and foreign regulatory authorities and with self-regulatory organizations, including the National Association of Securities Dealers, in connection with acquisitions or changes in control of subsidiaries of LNC and Jefferson-Pilot, including broker-dealers and investment advisers, that may be deemed to result from the merger.

### ***Obtaining Regulatory Approvals***

Although LNC and Jefferson-Pilot do not expect that any of the foregoing regulatory authorities will raise any significant concerns in connection with their review of the merger, there can be no assurance that LNC and Jefferson-Pilot will obtain all required regulatory approvals, or that

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those approvals will not include terms, conditions or restrictions that may have an adverse effect on LNC or Jefferson-Pilot.

Other than the filings described above, neither LNC nor Jefferson-Pilot is aware of any regulatory approvals required to be obtained, or waiting periods that must expire, to complete the merger. If they discover that other approvals or waiting periods are necessary, they will seek to comply with them. If any additional approval or action is needed, however, LNC or Jefferson-Pilot may not be able to obtain it, as is the case with respect to other necessary approvals. Even if LNC and Jefferson-Pilot do obtain all necessary approvals, conditions may be placed on any such approval that could cause either LNC or Jefferson-Pilot to abandon the merger.

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**Federal Securities Laws Consequences; Resale Restrictions**

All shares of LNC common stock that will be distributed to Jefferson-Pilot shareholders in the merger will be freely transferable, except for restrictions applicable to affiliates of Jefferson-Pilot and except that resale restrictions may be imposed by securities laws in non-U.S. jurisdictions insofar as subsequent trades are made within these jurisdictions. Persons who are deemed to be affiliates of Jefferson-Pilot may resell shares of LNC common stock received by them only in transactions permitted by the resale provisions of Rule 145 of the rules and regulations promulgated under the Securities Act or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of Jefferson-Pilot generally include executive officers, directors and holders of more than 10% of the outstanding shares of Jefferson-Pilot. The merger agreement requires Jefferson-Pilot to use all reasonable efforts to cause each of its directors and executive officers who Jefferson-Pilot believes may be deemed to be affiliates of Jefferson-Pilot to execute a written agreement to the effect that those persons will not sell, assign or transfer any of the shares of LNC common stock issued to them in the merger unless that sale, assignment or transfer has been registered under the Securities Act, is in conformity with Rule 145 or is otherwise exempt from the registration requirements under the Securities Act.

This joint proxy statement/prospectus does not cover any resales of the shares of LNC common stock to be received by Jefferson-Pilot shareholders in the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

**Certain Litigation Relating to the Merger**

In October 2005, a purported shareholder class action lawsuit was filed in state court in North Carolina naming Jefferson-Pilot, most of the individual members of its board of directors and LNC as defendants. The complaint alleges that certain defendants have breached their fiduciary duties by entering into the merger agreement. The complaint seeks, among other things, unspecified compensatory damages. Jefferson-Pilot and LNC believe that the lawsuit is without merit and plan to defend against it vigorously.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain material United States federal income tax considerations of the merger limited solely to U.S. holders (as defined below) of LNC common stock, LNC Series A preferred stock or Jefferson-Pilot common stock who hold their stock as a capital asset as such term is defined pursuant to Section 1221 of the Code, and all references to holders or shareholders should be interpreted accordingly. This summary is based on the Code, Treasury regulations issued under the Code, and administrative rulings and court decisions in effect as of the date of this joint proxy statement/prospectus, all of which are subject to change at any time, possibly with retroactive effect. Any such change, which may or may not be retroactive, could alter the tax consequences described below and could adversely affect Jefferson-Pilot shareholders.

This section does not discuss all of the United States federal income tax considerations that may be relevant to a particular U.S. holder in light of its particular circumstances or to U.S. holders subject to special treatment under the United States federal income tax laws, including, without limitation: brokers or dealers in securities or foreign currencies; traders in securities that use a mark-to-market method of accounting for securities holdings; shareholders who are subject to the alternative minimum tax provisions of the Code; tax-exempt organizations; shareholders who are not U.S. holders (as defined below); expatriates; shareholders treated as partnerships for United States federal income tax purposes or investors in such entities; shareholders that have a functional currency other than the U.S. dollar; banks, mutual funds, financial institutions or insurance companies; shareholders who acquired Jefferson-Pilot capital stock in connection with stock option or stock purchase plans or in other compensatory transactions; shareholders who hold Jefferson-Pilot stock as part of an integrated investment, including a straddle, hedge or other risk reduction strategy, or as part of a conversion transaction or constructive sale; shareholders who acquired their shares through Jefferson-Pilot's 401(k) plan, deferred compensation plan or other retirement plan; or shareholders whose Jefferson-Pilot stock is qualified small-business stock for purposes of Section 1202 of the Code. This summary does not address United States federal income tax considerations applicable to holders of options or warrants to purchase LNC common stock, LNC Series A preferred stock or Jefferson-Pilot common stock, if any, or holders of debt instruments convertible into LNC common stock, LNC Series A preferred stock or Jefferson-Pilot common stock. If a partnership holds LNC common stock, LNC Series A preferred stock or Jefferson-Pilot common stock, the tax treatment of a partner will depend on the status of the partners and the activities of the partnership. If a U.S. holder is a partner in a partnership holding LNC common stock, LNC Series A preferred stock or Jefferson-Pilot common stock, the U.S. holder should consult its tax advisors.

For purposes of this discussion and subject to the exclusions and exceptions set forth above the term "U.S. holder" means:

a citizen or resident of the United States;

a corporation created or organized under the laws of the United States or any of its political subdivisions;

a trust that (i) is subject to the supervision of a court within the United States and the control of one or more United States persons or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

This summary does not address the tax consequences of any transaction other than the merger. In addition, no information is provided with respect to the tax consequences of the merger under applicable state, local or non-United States laws. **JEFFERSON-PILOT SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES OF THE MERGER.**

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The obligation of LNC to consummate the merger is conditioned on its receipt of an opinion of LeBoeuf Lamb, dated as of the closing date of the merger, to the effect that, on the basis of the facts, assumptions,

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representations and covenants set forth or referred to therein, for United States federal income tax purposes, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and that LNC, Merger Sub and Jefferson-Pilot will each be a party to the transaction as described in and pursuant to Section 368(b) of the Code. In addition, the obligation of Jefferson-Pilot to consummate the merger is conditioned on its receipt of an opinion of King & Spalding, dated as of the closing date of the merger, to the effect that, on the basis of the facts, assumptions, representations and covenants set forth or referred to therein, for United States federal income tax purposes, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and that LNC, Merger Sub and Jefferson-Pilot will each be a party to the transaction within the meaning of Section 368(b) of the Code. Although the merger agreement allows each of LNC and Jefferson-Pilot to waive this condition to closing, neither LNC nor Jefferson-Pilot currently anticipates doing so.

In addition, in connection with the filing of the registration statement of which this document forms a part, LeBoeuf Lamb and King & Spalding have each delivered to LNC and Jefferson-Pilot, respectively, its opinion that, for United States federal income tax purposes, the merger will qualify as a reorganization under Section 368(a) of the Code and that LNC, Merger Sub and Jefferson-Pilot will each be a party to the transaction as described in and pursuant to Section 368(b) of the Code. Such opinions and the opinions set forth above have been rendered on the basis of certain assumptions, including assumptions regarding the absence of changes in existing facts and that the merger will be completed in accordance with this joint proxy statement/prospectus and the merger agreement. These opinions also have been (and with respect to the opinions described above, will be) rendered on the basis of certain representations and covenants, including those contained in officers certificates of LNC and Jefferson-Pilot, all of which must be true and accurate in all respects as of the effective date of the registration statement and must continue to be true and accurate in all respects as of the effective time of the merger. If any of those assumptions or representations is inaccurate, incomplete or untrue or any of the covenants are breached, the conclusions contained in the opinions referred to in this paragraph or stated below could be affected.

Neither the tax opinions referred to in the preceding two paragraphs nor the discussion that follows will be binding on the IRS or any court and no rulings will be sought from the IRS regarding the tax treatment of the merger. Accordingly, there can be no certainty that the IRS will not challenge the conclusions set forth in any of the opinions stated or referred to herein or that a court would not sustain such a challenge.

### **United States Federal Income Tax Consequences to LNC Shareholders Who Do Not Hold Any Jefferson-Pilot Common Stock**

Because holders of LNC common stock and LNC Series A preferred stock will retain their shares in the merger, holders of LNC common stock and LNC Series A preferred stock will not recognize gain or loss upon the merger.

### **United States Federal Income Tax Consequences to Jefferson-Pilot Shareholders if the Merger is Consummated as Currently Anticipated**

The following discussion assumes, consistent with the opinions provided by LeBoeuf Lamb and King & Spalding, that the exchange of Jefferson-Pilot common stock for LNC common stock pursuant to the merger will constitute a reorganization within the meaning of Section 368(a) of the Code.

#### ***Exchange of Jefferson-Pilot Common Stock Solely for Cash***

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A holder of Jefferson-Pilot common stock who receives only cash in the merger will recognize capital gain or loss in an amount equal to the difference between the cash received and the holder's adjusted tax basis in the Jefferson-Pilot common stock. Tax gain or loss must be calculated separately for each identifiable block of Jefferson-Pilot common stock exchanged in the merger. This gain or loss will generally be long-term or short-term capital gain or loss, depending upon whether the holder of Jefferson-Pilot common stock held the shares for



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more than one year at the effective time of the merger. If, however, the holder constructively owns shares of Jefferson-Pilot common stock that are exchanged for shares of LNC common stock in the merger or owns shares of LNC common stock actually or constructively after the merger, the consequences to that holder may be similar to the consequences described below under the heading *Exchange of Jefferson-Pilot Common Stock for LNC Common Stock and Cash*, except that the amount of consideration, if any, deemed to be a dividend, as discussed therein, may not be limited to the amount of that holder's taxable gain.

### ***Exchange of Jefferson-Pilot Common Stock Solely for LNC Common Stock***

A holder of Jefferson-Pilot common stock who receives only LNC common stock in the merger will not recognize taxable gain or loss on the exchange, except to the extent such holder receives a cash payment in lieu of fractional shares, as described in more detail below. Such holder's adjusted tax basis in the LNC common stock received (and deemed to be received with respect to fractional shares) will equal the holder's adjusted tax basis in the Jefferson-Pilot shares exchanged in the merger. The holding period, for tax purposes, of LNC common stock received in the merger (and deemed to be received with respect to fractional shares) will include the time period that such holder of Jefferson-Pilot common stock held his/her shares exchanged in the merger.

### ***Exchange of Jefferson-Pilot Common Stock for a Combination of LNC Common Stock and Cash***

A holder of Jefferson-Pilot common stock who receives cash (excluding cash received in lieu of fractional shares) and LNC common stock in the merger will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the sum of the fair market value of the LNC common stock and the amount of cash received by such holder (excluding any cash received in lieu of fractional shares) in exchange for such holder's Jefferson-Pilot common stock over the holder's tax basis in the Jefferson-Pilot common stock and (ii) the amount of cash received by the holder in exchange for Jefferson-Pilot common stock (excluding any cash received in lieu of fractional shares). No loss will be recognized by holders of Jefferson-Pilot common stock in the merger, except, possibly, in connection with the receipt of cash in lieu of fractional shares, as discussed below. For this purpose, gain or loss must be calculated separately for each identifiable block of Jefferson-Pilot common stock surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares.

JEFFERSON-PILOT SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE MANNER IN WHICH CASH AND LNC COMMON STOCK SHOULD BE ALLOCATED AMONG DIFFERENT BLOCKS OF JEFFERSON-PILOT COMMON STOCK.

The gain, if any, recognized on the exchange will be capital gain unless the receipt of cash by the holder of Jefferson-Pilot common stock has the effect of a distribution of a dividend, in which case the gain will be treated as ordinary dividend income to the extent of the holder's ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes. See *Possible Dividend Treatment of Cash Received* for a more thorough discussion. Capital gain recognized by a holder of Jefferson-Pilot common stock will be long-term capital gain if the holder's holding period of the Jefferson-Pilot common stock is more than one year at the effective time of the merger.

The aggregate tax basis of the LNC common stock received (including fractional shares deemed received and redeemed as described below) will be equal to the aggregate tax basis of the Jefferson-Pilot common stock surrendered, reduced by the amount of cash the holder of Jefferson-Pilot common stock receives (excluding any cash received in lieu of fractional shares), and increased by the amount of gain that the holder of Jefferson-Pilot common stock recognizes, but excluding any gain or loss from the deemed receipt and redemption of fractional shares described below.

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The holding period of LNC common stock received by a holder of Jefferson-Pilot common stock in the merger (including fractional shares deemed received and redeemed as described below) will include the holding period of the holder's Jefferson-Pilot common stock.

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The computation of gain and whether such gain is long-term capital gain, short-term capital gain or dividend income is complex and subject to the facts and circumstances of each Jefferson-Pilot shareholder. For example, Jefferson-Pilot shareholders may have differing tax bases or holding periods in respect of their shares of Jefferson-Pilot common stock. ACCORDINGLY, WE URGE ALL HOLDERS OF JEFFERSON-PILOT COMMON STOCK TO CONSULT THEIR TAX ADVISOR PRIOR TO THE EXCHANGE FOR PURPOSES OF DETERMINING THE TAX CONSEQUENCES TO SUCH HOLDER RESULTING FROM THE MERGER.

### ***Cash in Lieu of Fractional Shares***

Cash received by a holder of Jefferson-Pilot common stock in lieu of fractional shares will be treated as if the holder received the fractional shares in the merger and then received the cash in a redemption of the fractional shares by LNC. The holder generally will recognize gain or loss equal to the difference between the amount of the cash received in lieu of fractional shares and the portion of the holder's adjusted tax basis in the Jefferson-Pilot common stock that is allocable to the fractional shares. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the holding period for such shares of Jefferson-Pilot common stock is more than one year at the effective time of the merger. Under the circumstances described in the section entitled *Possible Dividend Treatment of Cash Received*, the receipt of cash in lieu of fractional shares could also be taxed as of a dividend.

### ***Possible Dividend Treatment of Cash Received***

In determining whether a holder's receipt of cash has the effect of a distribution of a dividend, the holder will be treated as if it first exchanged all of its LNC common stock for Jefferson-Pilot common stock and then LNC immediately redeemed a portion of the LNC common stock for the cash that the holder actually received pursuant to the merger agreement, which is referred to as the deemed redemption. Generally, the gain recognized in the deemed redemption will be treated as a capital gain if the deemed redemption is (1) substantially disproportionate with respect to the holder or (2) not essentially equivalent to a dividend. The deemed redemption will generally be substantially disproportionate with respect to a holder if the percentage of the outstanding stock of LNC that is actually and constructively owned by the holder immediately after the deemed redemption is less than 80 percent of the percentage of the LNC common stock the holder is deemed actually and constructively to have owned immediately before the deemed redemption. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder's particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder's deemed percentage stock ownership of LNC. In general, that determination requires a comparison of (1) the percentage of the outstanding stock of LNC that the holder is deemed actually and constructively to have owned immediately before the deemed redemption and (2) the percentage of the outstanding stock of LNC that is actually and constructively owned by the holder immediately after the deemed redemption. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder's option to purchase such stock in addition to the stock actually owned by the holder.

With respect to determining if a redemption is not essentially equivalent to a dividend, the IRS has ruled that a shareholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that shareholder has any reduction in its percentage stock ownership under the above analysis. Accordingly, the gain recognized in the exchange by such a shareholder would be treated as capital gain and not a dividend. Amounts received with respect to fractional shares may be subject to these rules since such amounts are also treated as received in a deemed redemption of LNC common stock.

BECAUSE OF THE HIGHLY COMPLEX AND FACT-SPECIFIC NATURE OF THESE RULES, EACH HOLDER OF JEFFERSON-PILOT COMMON STOCK IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR AS TO THE APPLICATION OF THESE RULES TO THE PARTICULAR FACTS RELEVANT TO SUCH HOLDER, INCLUDING THE AMOUNT, IF ANY, OF SUCH HOLDER'S CONSTRUCTIVE STOCK OWNERSHIP.



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### ***Taxation of Capital Gain, Capital Loss and Dividends***

Capital gain recognized by an individual holder of Jefferson-Pilot common stock in connection with the merger will be subject to a maximum United States federal income tax rate of 15% if the individual's holding period for the Jefferson-Pilot common stock is more than one year at the effective time of the merger. The deductibility of capital losses is subject to limitations for both individual and non-individual holders of the Jefferson-Pilot common stock. Dividend income recognized in the merger by a Jefferson-Pilot shareholder that is an individual may be subject to tax at a maximum rate of 15% provided that a minimum holding period and certain other requirements are satisfied.

### **Backup Withholding**

Backup withholding may apply with respect to the cash consideration received by a holder of Jefferson-Pilot common stock in the merger unless the holder provides proof of an applicable exception or furnishes its taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules.

A holder of Jefferson-Pilot common stock who does not provide LNC (or the exchange agent) with its correct taxpayer identification number may be subject to penalties imposed by the IRS. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's United States federal income tax liability, provided that the holder furnishes certain required information to the IRS.

### **Reporting Requirements**

U.S. holders of Jefferson-Pilot common stock receiving LNC common stock in the merger will be required to attach to their United States federal income tax returns for the taxable year in which the merger occurs a statement, and maintain a permanent record, of certain facts relating to the exchange of stock in connection with the merger, including the holder's adjusted tax basis in the Jefferson-Pilot common stock transferred to LNC, the fair market value of the LNC common stock received and the amount of cash received by such holder, if any, pursuant to the merger.

**THE FOREGOING DISCUSSION OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE MERGER. TAX MATTERS ARE VERY COMPLICATED AND THE TAX CONSEQUENCES OF THE MERGER TO YOU WILL DEPEND UPON THE FACTS OF YOUR PARTICULAR SITUATION. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, WE URGE YOU TO CONSULT WITH YOUR TAX ADVISOR REGARDING THE APPLICABILITY TO YOU OF THE RULES DISCUSSED ABOVE AND THE PARTICULAR TAX EFFECTS TO YOU OF THE MERGER, INCLUDING THE APPLICATION OF STATE, LOCAL AND FOREIGN TAX LAWS.**

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**THE MERGER AGREEMENT**

*The following is a summary of certain material provisions of the merger agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A and is incorporated into this joint proxy statement/prospectus by reference. This summary is subject and qualified in its entirety by reference to the merger agreement. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you.*

The merger agreement has been included to provide you with information regarding its terms and we recommend that you read it in its entirety. It has not been included to provide any other factual information about us. Factual information about us can be found elsewhere in this joint proxy statement/prospectus and in other public filings each of us makes with the SEC. You should read the merger agreement, included in this joint proxy statement/prospectus as Annex A, in conjunction with the disclosures in our filings with the SEC incorporated by reference into this joint proxy statement/prospectus. See **Where You Can Find More Information** beginning on page 143.

The terms of the merger agreement are intended to govern the contractual rights and relationships, and to allocate risks, between LNC and Jefferson-Pilot with respect to the merger. The representations and warranties made by LNC and Jefferson-Pilot to one another were negotiated between the parties for the principal purpose of setting forth their respective rights and obligations regarding closing of the merger if events or circumstances change, and we do understand that, while not expected, these changes could nevertheless occur. Moreover, the representations and warranties are themselves specifically qualified in a number of important respects set forth below and we urge you to consider those qualifications as you read the representations and warranties in the merger agreement:

First, some of the representations and warranties that deal with the business and operations of LNC and Jefferson-Pilot are qualified to the extent that any inaccuracy would not reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on the party making the representation and warranty. The materiality standard described in the merger agreement may differ from what may be viewed as material by you.

Second, none of the representations or warranties will survive the closing of the merger and they therefore cannot be the basis for any claims (except if willfully false) among the parties to the merger agreement after the closing, nor will the parties be able to assert the inaccuracy of the representations and warranties as a basis for refusing to close unless all inaccuracies as a whole would reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on the party that made the representations and warranties. Otherwise, for purposes of the merger agreement, the representations and warranties will be deemed to have been sufficiently accurate such that the parties may not determine to not close the merger on this basis.

Third, the assertions embodied in certain representations and warranties are qualified by information contained in confidential disclosure letters that the parties exchanged in connection with signing the merger agreement. Investors are not third-party beneficiaries under the merger agreement and should not rely on such representations and warranties as characterizations of the actual state of facts or circumstances, since they were only made as of the date of the merger agreement and are modified in important part by the underlying disclosure letters. Moreover, information concerning the subject matter of such representations and warranties may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in LNC's and Jefferson-Pilot's public disclosures.

**Structure of the Merger**

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The merger agreement provides for the merger of Jefferson-Pilot into Merger Sub. At the effective time of the merger, the separate corporate existence of Jefferson-Pilot will cease and Merger Sub will continue as the surviving entity and a direct wholly owned subsidiary of LNC.

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### **Consideration To Be Received in the Merger**

**Conversion of Jefferson-Pilot Common Stock.** At the effective time of the merger, each issued and outstanding share of Jefferson-Pilot common stock will be converted into the right to receive either (i) 1.0906 fully paid, nonassessable shares of LNC common stock, which is referred to as the per share stock consideration, or (ii) \$55.96 in cash, which is referred to as the per share cash consideration, subject to the election and allocation procedures described below. However, each share of Jefferson-Pilot common stock held by Jefferson-Pilot as treasury shares or owned by LNC (excluding trading account shares and trust account shares and any shares of Jefferson-Pilot common stock owned by any subsidiary of LNC or Jefferson-Pilot) will be canceled and no exchange will be made with respect to such shares.

**Fractional Shares.** LNC will not issue any fractional shares of LNC common stock in the merger. Instead, a Jefferson-Pilot shareholder who otherwise would have received a fraction of a share of LNC common stock will receive an amount in cash. This cash amount will be determined by multiplying the fraction of a share of LNC common stock to which each holder would otherwise be entitled by the closing price of LNC common stock on the NYSE on the last trading day immediately before the merger.

### **Elections**

**Overview.** Jefferson-Pilot shareholders will be entitled to elect to receive the per share stock consideration for all or a portion of their shares of Jefferson-Pilot common stock or to elect to receive the per share cash consideration for all or a portion of their shares of Jefferson-Pilot common stock. Regardless of the election made by a Jefferson-Pilot shareholder, the actual mix of cash consideration and stock consideration received by a Jefferson-Pilot shareholder will be subject to possible adjustment as described below. The amount of cash consideration and stock consideration received by any Jefferson-Pilot shareholder will depend on the elections made by all Jefferson-Pilot shareholders.

**Form of Election.** Holders of record of shares of Jefferson-Pilot common stock on the record date for the Jefferson-Pilot shareholders meeting will have received a form of election together with this joint proxy statement/prospectus. An election made by a Jefferson-Pilot shareholder for cash consideration, stock consideration or a combination of both will be deemed effective when the form of election is properly completed, signed and submitted to the exchange agent by the election deadline, and accompanied by either (i) certificates representing shares of Jefferson-Pilot common stock, duly endorsed in blank, or in another form acceptable for transfer on the books of Jefferson-Pilot, or (ii) in the case of shares held in book entry form, any additional documents specified in the form of election along with such other documents as the exchange agent may reasonably require.

The election deadline will be the date that is ten business days prior to the date that LNC and Jefferson-Pilot estimate, in good faith, will be the closing date of the merger. The election deadline will be announced in a press release and posted on [www.lfg.com](http://www.lfg.com), [www.jpfinancial.com](http://www.jpfinancial.com) and [www.lfgjpmrger.com](http://www.lfgjpmrger.com) on or before January 15, 2006 (unless LNC and Jefferson-Pilot otherwise agree). In the event that LNC and Jefferson-Pilot are unable to agree on an estimated closing date, the election deadline will be the date that is twenty business days after the date of the Jefferson-Pilot special meeting.

You can change or revoke your election at any time on or before the election deadline by submitting a new properly completed form of election to the exchange agent. The exchange agent must receive this new form on or before the election deadline. If your Jefferson-Pilot common stock is held in street name through a broker, bank or other nominee, your broker, bank or other nominee may have a deadline to make your original election of cash, LNC common stock or a combination of cash and LNC common stock or to change or revoke your election that is earlier than the election deadline.



**Non-Election.** If a Jefferson-Pilot shareholder does not complete a form of election, if the shareholder's form of election is not received by the exchange agent by the election deadline or if the shareholder's form of election is improperly completed or is not signed, then the shares held by that shareholder that were not subject to a valid election will be deemed to be non-election shares. Non-election shares will be converted into the right to receive

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cash consideration, stock consideration or a combination of both depending on the number of shares of Jefferson-Pilot common stock subject to valid cash elections and stock elections made by other Jefferson-Pilot shareholders.

Promptly after the effective time of the merger, each record holder of shares of Jefferson-Pilot common stock who has not properly made an election to receive cash and/or shares of LNC common stock will be sent a letter of transmittal and instructions for effecting the surrender of the shares in exchange for shares of LNC common stock and/or cash consideration.

***Election Adjustments.*** The allocation among Jefferson-Pilot shareholders of the right to receive stock consideration or cash consideration in the merger will be made as follows:

If the number of shares of Jefferson-Pilot common stock for which elections to receive the per share cash consideration were made, which are referred to as cash election shares, is less than or equal to the number reached by dividing \$55.96 into \$1.8 billion, or 32,165,832, which is referred to as the cash conversion number, then the following adjustment provisions shall apply:

- (i) Each cash election share will be converted into the right to receive the per share cash consideration;
- (ii) The exchange agent will then allocate on a prorated basis, from among the holders of non-election shares, a sufficient number of non-election shares so that the sum of that number and the cash election shares equals the cash conversion number; provided that if the total number of cash election shares and non-election shares is less than the cash conversion number, then all non-election shares will be treated as cash election shares; and
- (iii) If the sum of the cash election shares and non-election shares is less than the cash conversion number, then the exchange agent will allocate, on a prorated basis, from among the holders of stock election shares, a sufficient number of stock election shares to be converted into the right to receive the per share cash consideration so that the sum of such number of cash election shares so converted, the cash election shares and the non-election shares will equal the cash conversion number, and all remaining stock election shares will be converted into the right to receive the per share stock consideration.

If the number of cash election shares is greater than the cash conversion number, then the following adjustment provisions will apply:

- (i) Each stock election share and non-election share will be converted into the right to receive the per share stock consideration; and
- (ii) The exchange agent will then allocate, on a prorated basis, from among the holders of cash election shares, a sufficient number of cash election shares to be converted into the right to receive the per share stock consideration so that the number of cash election shares minus the number of cash election shares that have been converted into the right to receive the per share stock consideration is equal to the cash conversion number, and all remaining cash election shares will be converted into the right to receive the per share cash consideration.

## **Exchange of Shares**

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As of the effective time of the merger, LNC will deposit with an exchange agent designated by LNC and reasonably acceptable to Jefferson-Pilot the shares of LNC common stock (in certificate form, or at LNC's option, in book entry form) to be issued in the merger and an amount in cash representing the cash consideration to be paid in the merger and payments required to be made in lieu of fractional shares of LNC common stock. After the effective time of the merger, with respect to Jefferson-Pilot shareholders who surrendered their shares to the exchange agent along with:

- (i) a properly made election to receive cash consideration or stock consideration and such other documents as the exchange agent may reasonably require, or
- (ii) a properly executed letter of transmittal and such other documents as the exchange agent may reasonably require,

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will be entitled to receive in exchange therefor a certificate representing that number of whole shares of LNC common stock and/or the cash consideration which such holder has the right to receive in respect of the certificate(s) surrendered, and the certificate(s) so surrendered will be cancelled.

If there is a transfer of ownership of Jefferson-Pilot common stock which is not registered in the transfer records of Jefferson-Pilot, a certificate representing the proper number of shares of LNC common stock may be issued or, as applicable, the cash consideration may be paid, to a transferee if the Jefferson-Pilot certificate representing such Jefferson-Pilot common stock is presented to the exchange agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid.

No dividends or other distributions declared or made with respect to LNC common stock after the effective time of the merger will be paid with respect to unsurrendered certificates representing shares of Jefferson-Pilot common stock and no cash in lieu of fractional shares will be paid with respect to Jefferson-Pilot common stock represented by Jefferson-Pilot stock certificates which have not been properly surrendered. At the time when stock certificates representing Jefferson-Pilot common stock are properly surrendered, the holder thereof will be entitled to receive, without interest and in addition to the merger consideration, (i) the amount of any dividends or other distributions with a record date after the effective time of the merger paid prior to proper surrender with respect to such whole shares of LNC common stock which the holder of such Jefferson-Pilot stock certificates is entitled to receive, and (ii) the amount of dividends or other distributions with a record date after the effective time of the merger, but prior to surrender as described above and a payment date subsequent to proper surrender.

## **Representations and Warranties**

The merger agreement contains substantially similar representations and warranties made by LNC and Jefferson-Pilot to each other. The representations and warranties relate to, among other things:

corporate organization and other similar matters;

capital structure;

authorization, execution, delivery, performance and enforceability of the merger agreement and related matters;

noncontravention of law and agreements and receipt of consents and approvals from governmental entities and third parties with respect to the merger agreement and related matters;

documents filed with the SEC, the accuracy and sufficiency of information contained in those documents, and the conformity of financial statements with applicable accounting principles, and the absence of undisclosed financial liabilities;

compliance with applicable laws and reporting requirements and possession of all permits, licenses and regulatory or other approvals required to conduct business;

sufficiency of internal controls;

absence of material pending or threatened legal proceedings;

filing of tax returns, payment of taxes and other tax matters;

validity, effect and absence of defaults under material contracts;

matters relating to employees, the Employee Retirement Income Security Act of 1974 and employment agreements;

ownership of subsidiaries;

absence of agreements with, or undertakings made to, regulators which materially restrict the conduct or management of business or which relate to capital adequacy, credit or risk management policies;

absence of certain material changes or events and conduct of business in the ordinary course since June 30, 2005;

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approval of the merger and related transactions by the board of directors and the vote necessary by shareholders to approve the merger and related transactions;

ownership of and title to real and other property;

ownership and validity of intellectual property;

brokers' fees;

receipt of fairness opinions from financial advisors;

membership and good standing of broker-dealer subsidiaries with the NASD and proper registration of broker-dealer subsidiaries;

eligibility under the Investment Company Act of 1940, which is referred to as the Investment Company Act, and the Investment Advisers Act of 1940, which is referred to as the Investment Advisers Act;

satisfaction of state anti-takeover statutory requirements;

amendment of shareholder rights agreements so as to render them inapplicable to the merger agreement and the transactions contemplated by it;

proper filing of financial and other reports with the appropriate insurance regulatory authorities and conformity of financial statements which are included in statutory accounting principles statements with statutory accounting principles (SAP);

compliance of insurance contracts, agreements, forms and policies with applicable insurance laws and regulations;

accuracy of information supplied in actuarial analyses;

entering into risk management instruments in conformity with applicable investment policies;

entitlement to take full credit in its SAP statements for reinsurance, coinsurance or excess insurance ceded pursuant to certain arrangements;

the application of the Bank Holding Company Act of 1956 and the Federal Deposit Insurance Act; and

the full force and effect of licenses from the FCC and operation of broadcast stations in compliance with the FCC licenses, the Communications Act of 1934 and the rules and regulations of the FCC (applicable to Jefferson-Pilot only).

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Significant portions of the representations and warranties of the parties in the merger agreement are qualified as to materiality or material adverse effect. For purposes of the merger agreement, material adverse effect means, with respect to LNC or Jefferson-Pilot, as the case may be, an event, change or effect that is or is reasonably likely to have a material adverse effect on the financial condition, properties, assets, liabilities, businesses or results of operations of such party and its subsidiaries taken as a whole or on the ability of such party to perform its obligations under the merger agreement on a timely basis, excluding, however, any such event, change or effect that arises out of or in connection with or resulting from:

changes in prevailing interest rates, currency exchange rates or other economic or monetary conditions in the United States or elsewhere;

changes in United States or foreign securities markets, including changes in price levels or trading volumes;

changes or events affecting the insurance industry generally so long as such changes or events do not have a materially disproportionate effect on Jefferson-Pilot or LNC or their respective subsidiaries, as the case may be;

actions or omissions of LNC or Jefferson-Pilot, as the case may be, taken with the prior written consent of the other or required under the merger agreement;

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any outbreak or escalation of major hostilities in which the United States is involved or any act of terrorism within the United States or directed against its facilities or citizens wherever located;

the execution and delivery of the merger agreement or the consummation of the transactions contemplated thereby or the announcement thereof; or

any change in such party's stock price or trading volume in and of itself.

## **Principal Covenants and Agreements**

***Conduct of Business of LNC and Jefferson-Pilot Pending the Merger.*** Except as otherwise expressly contemplated or permitted by the merger agreement or the LNC and Jefferson-Pilot disclosure letters or with the prior written consent of the other party, LNC and Jefferson-Pilot and their respective subsidiaries have agreed to carry on their respective businesses in the usual, regular and ordinary course, consistent with past practice, including using all reasonable efforts to preserve intact their present business organizations, maintain their rights, franchises, licenses and other authorizations issued by governmental entities and preserve their relationships with employees, customers, suppliers and others having business dealings with them so that their goodwill and ongoing businesses will not be impaired in any material respect at the effective time of the merger. LNC and Jefferson-Pilot and their respective subsidiaries have also agreed to refrain from doing, or making any commitment to do, any of the prohibited actions described below during the period commencing on the date of the merger agreement and continuing until the effective time of the merger:

enter into any new material line of business;

discharge, settle or satisfy any non-insurance claim, liability or obligation other than in the ordinary course of business for amounts not in excess of \$5,000,000 in the aggregate;

enter into, amend or terminate any material reinsurance, coinsurance, modified coinsurance or any similar contract, whether as reinsurer or reinsured;

alter or amend in any material respect their existing underwriting, claim handling, loss control, investment, actuarial, financial reporting or accounting practices, guidelines or policies or any material assumption underlying an actuarial practice or policy, except as required by generally accepted accounting principles or applicable statutory accounting principles or the local equivalent in the applicable jurisdictions;

incur or commit to any capital expenditures or any obligations or liabilities in connection therewith other than capital expenditures and obligations and liabilities incurred or committed to in the ordinary course of business consistent with past practice;

enter into, terminate or make any change to any existing material lease, contract or agreement, except in the ordinary course of business consistent with past practice;

hire any new employee with a base salary or guaranteed monetary compensation in excess of \$200,000 per year;



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declare or pay any dividends on or make other distributions in respect of any of their capital stock, except regular quarterly cash dividends (with usual declaration and record dates and consistent with past dividend policy) and dividends by a wholly owned subsidiary;

split, combine or reclassify any of their capital stock or issue or authorize or propose the issuance in respect of, in lieu of or in substitution for, shares of their capital stock, or repurchase, redeem or otherwise acquire any shares of their capital stock or any securities convertible into or exercisable for their capital stock (except for trading account shares and trust account shares in the ordinary course of business or pursuant to permitted exceptions);

issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of their capital stock of any class, any voting debt, any stock appreciation rights, or any securities convertible into or

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exercisable or exchangeable for, or any rights, warrants or options to acquire any such shares or voting debt or enter into any agreement with respect to the foregoing, other than the issuance of common stock upon the exercise or settlement of stock options under stock plans and the issuance of additional stock options or stock-based awards granted in the ordinary course consistent with past practice or, in LNC's case, in order to finance the transactions contemplated by the merger agreement;

amend or propose to amend their respective articles of incorporation or bylaws other than as contemplated by the merger agreement;

acquire or dispose or agree to acquire or dispose of any business organization (or division thereof) or any material assets, or in the case of Jefferson-Pilot, any of its equity interest in Bank of America Corporation, or, other than activities in the ordinary course of business consistent with past practice, sell, lease, assign, encumber or otherwise dispose of or agree to sell, lease, assign, encumber or otherwise dispose of any assets (including capital stock of subsidiaries and indebtedness of others);

incur, create or assume any long-term indebtedness for borrowed money (or modify any of the material terms of such outstanding long-term indebtedness), guarantee any such long-term indebtedness or issue or sell any long-term debt securities or warrants or rights to acquire any of their own long-term debt securities or guarantee any long-term debt securities of others, other than in replacement of existing or maturing debt or, in LNC's case, in order to finance the transactions contemplated by the merger agreement;

intentionally take any action that would or reasonably might be expected to, result in (1) any representations and warranties set forth in the merger agreement being or becoming untrue, (2) any conditions to the merger not being satisfied, (3) a violation of any provision of the merger agreement or, (4) unless required by law, an adverse effect on the ability of the parties to obtain any of the requisite regulatory approvals without imposition of certain conditions or restrictions;

change their methods of accounting in effect at June 30, 2005, except as required by changes in generally accepted accounting principles, unless their independent auditors concur with such changes;

take or cause to be taken any action which would reasonably be expected to disqualify the merger as a reorganization within the meaning of Section 368(a) of the Code;

enter into, adopt, amend (except for such amendments as may be required by law or to comply with Section 409A of the Code) or terminate certain benefit plans, or any other employee benefit plan or any agreement, arrangement, plan or policy between them and one or more of their directors or officers;

issue new or additional awards or grants, pay any new or additional compensation or benefits, or increase in any manner current compensation or benefits, of any director, officer, agent, independent contractor or employee, with the exception of required contributions, distributions, grants or awards under the terms of plans and arrangements in effect as of June 30, 2005, and normal increases in compensation in the ordinary course of business;

provide, with respect to the grant of any stock option, restricted stock, restricted stock unit or other equity-related award granted on or after the date of the merger agreement, that the vesting of any such stock option, restricted stock, restricted stock unit or other equity-related award will accelerate or otherwise be affected by the occurrence of any of the transactions contemplated by the merger agreement, except, in the case of Jefferson-Pilot, with respect to job eliminations or terminations without cause occurring within two years of the effective time of the merger;

adopt a plan, or allow any significant subsidiary (as defined in Rule 1-02 of Regulation S-X of the Exchange Act) to adopt a plan, of complete or partial liquidation, or authorize such a liquidation or a dissolution, restructuring, recapitalization or

reorganization; or

make, change or revoke any material tax election or change their method of tax accounting, except to the extent required by changes in applicable law, generally accepted accounting principles, or statutory accounting principles.

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***Other Actions To Be Taken Pending the Merger.*** LNC and Jefferson-Pilot and their respective subsidiaries have agreed to do the following in an effort to consummate the merger:

use commercially reasonable efforts to procure any waivers, permits, assignments, consents or sublicenses required by third parties with respect to agreements that allow for termination or the payment of fees to such third party upon consummation of the merger; provided that the procurement of material third party consents by LNC or Jefferson-Pilot is subject to participation, cooperation and approval by the other party;

use commercially reasonable efforts to solicit and obtain the approval of the board of trustees, directors or similar governing body of (1) any management investment company, as defined under the Investment Company Act, or (2) any portfolio that is registered and for which any LNC or Jefferson-Pilot investment advisor, as applicable, acts as an investment advisor or sub-advisor (referred to in this joint proxy statement/prospectus as a Fund) to enter into any new investment advisory contracts with the applicable LNC or Jefferson-Pilot advisor to the extent required by and consistent with the applicable requirements of the Investment Company Act;

use all commercially reasonable efforts to solicit and obtain the approval of the board of trustees, directors or similar governing body of any Fund for which a broker-dealer subsidiary of LNC or Jefferson-Pilot serves as principal underwriter or distributor, to enter into new principal underwriting or distribution agreement with the applicable broker-dealer subsidiary of LNC or Jefferson-Pilot to the extent required by and consistent with the applicable requirements of the Investment Company Act;

use all commercially reasonable efforts to solicit and obtain the approval of the board of trustees, directors or similar governing body of any Fund to nominate or elect or solicit their respective shareholders with regard to the election of individuals as may be necessary to satisfy the conditions of Sections 15(f) and 16(b) of the Investment Company Act;

to the extent required by and consistent with all requirements of the Investment Company Act, as soon as reasonably practicable, inform clients and non-investment company advisory clients of the transactions contemplated by the merger agreement and, in compliance with the Investment Advisers Act and any other applicable law, request such clients' consent as may be necessary to effect the assignment of such clients' investment advisory agreements and any related agreements; and

LNC will cause the shares of LNC common stock to be issued in the merger and LNC common stock to be reserved for issuance upon exercise of the Jefferson-Pilot stock options to have been authorized for listing on the NYSE.

***Transition.*** In order to facilitate the integration of the operations of LNC and Jefferson-Pilot after the effective time of the merger, the parties have agreed to do the following:

consult and cooperate with each other in identifying strategic and operational matters to the extent such consultation and cooperation are not in violation of antitrust and other applicable laws;

make available office space at its facilities, where reasonably determined to be appropriate and necessary, for observation and review of operations and other matters, to the extent not in violation of applicable laws;

upon reasonable notice to the other party, permit review of operations and visits to facilities of the other party and its subsidiaries at all times as is reasonably necessary in order to accomplish the transition, subject to antitrust and other applicable laws;

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confer on a regular and frequent basis with the other party, report on operational matters and promptly advise each other orally and in writing of any change or event having, or which would reasonably be expected to have, a material adverse effect or which would cause a material breach of any of the representations, warranties or covenants in the merger agreement;

deliver to each other copies of all such reports promptly after the same are filed and allow the other party to review in advance, to the extent practicable, all information relating to the other party and any

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of their respective subsidiaries which appear in any filing made with or submitted to third parties or any governmental entities in connection with the transactions contemplated by the merger agreement; and

inform the other party promptly of the status of matters relating to completion of the transactions contemplated by the merger agreement.

***Reasonable Best Efforts.*** Jefferson-Pilot and LNC have agreed to, and to cause their respective subsidiaries to, use all reasonable best efforts:

to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements which may be imposed on the parties or their subsidiaries with respect to the merger and to consummate the transactions contemplated by the merger agreement as promptly as practicable;

to obtain (and to cooperate with the other party to obtain) any consent, authorization, order or approval of, or any exemption by, any governmental entity and/or any other public or private third party which is required to be obtained in connection with the merger and the transactions contemplated by the merger agreement; and

to cooperate in connection with any financing transaction undertaken by LNC to fund any portion of the cash consideration.

Notwithstanding the obligations described above, Jefferson-Pilot and LNC, as applicable, are not required to take any actions in connection with the above which would result in the following:

being required to hold separate or to divest any material businesses or assets; or

a condition or restriction which could reasonably be expected to have a material adverse effect after the effective time of the merger on the present or prospective consolidated financial condition, business or operating results of LNC.

***No Solicitation.*** The merger agreement provides that each of Jefferson-Pilot and LNC will not and will not allow any of its subsidiaries nor any of the officers and directors of it or its subsidiaries to, and will use its reasonable best efforts to cause its and its subsidiaries' employees, agents and representatives not to, directly or indirectly:

initiate, solicit, encourage or knowingly facilitate any inquiries or the making of any acquisition proposal;

participate in discussions with or provide any confidential information or data to any person relating to an acquisition proposal, or engage in any negotiations concerning an acquisition proposal, or knowingly facilitate any effort or attempt to make or implement an acquisition proposal; or

approve, adopt, recommend, or propose to approve, adopt or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase or share exchange agreement, option agreement or other similar agreement related to any acquisition proposal or propose or agree to do any of the foregoing.

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The merger agreement provides that the term acquisition proposal means, other than the transactions contemplated by the merger agreement, any proposal or offer with respect to:

a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving LNC, Jefferson-Pilot or any of their respective significant subsidiaries, as applicable;

any purchase or sale of 10% or more of the consolidated assets (including capital stock of subsidiaries) of LNC, Jefferson-Pilot or any of their respective subsidiaries taken as a whole, as applicable; or

any purchase or sale of, or tender or exchange offer for, voting securities of LNC or Jefferson-Pilot or any of their respective significant subsidiaries, as applicable, that, if consummated, would result in any person beneficially owning securities representing 10% or more of the total voting power of LNC or Jefferson-Pilot or any of their respective subsidiaries, as applicable.

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The merger agreement provides further that, notwithstanding the restrictions described above, at any time prior to their respective meeting of shareholders, the board of directors is permitted to engage in discussions and negotiations with, and provide nonpublic information (subject to certain confidentiality restrictions provided in the merger agreement) and/or data to, any person that has made a bona fide unsolicited written acquisition proposal. However, such discussions and negotiations may occur only if:

the Jefferson-Pilot or LNC board of directors, as applicable, determines in good faith by majority vote, after consultation with its financial and outside legal advisors, that a bona fide unsolicited written acquisition proposal (1) is, or is reasonably likely to be, a superior proposal (as defined below) and (2) the failure to take action in connection with the unsolicited written acquisition proposal would cause a violation of fiduciary duties under applicable law; and

written notice has been delivered to LNC or Jefferson-Pilot, as applicable, at least two business days in advance of engaging in any of the above described discussions.

In addition, each party to the merger agreement has agreed to notify, orally and confirmed in writing, the other party promptly (but in no event later than 24 hours) following:

receipt of any acquisition proposal;

receipt of any request for nonpublic information by any person that informs such party or any of its subsidiaries that it is considering making, or has made, an acquisition proposal, or any inquiry from any person seeking to have discussions or negotiations with such party relating to a possible acquisition proposal;

commencement of discussions or negotiations concerning any acquisition proposal; or

delivery of nonpublic information or data to such person making the acquisition proposal.

The merger agreement provides that, as of the date of execution, each of LNC and Jefferson-Pilot would do the following:

cease immediately and terminate, and cause their respective subsidiaries, and its and their officers, directors, agents, representatives and advisors to cease, any and all existing activities, discussions or negotiations with any third parties conducted prior to the date of the merger agreement with respect to any acquisition proposal;

refrain from releasing any third party from, or waiving any provisions of, any confidentiality or standstill agreement to which it or any of its subsidiaries is a party with respect to any acquisition proposal; and

use reasonable best efforts to promptly inform its and its subsidiaries' respective directors, officers, key employees, agents and representatives of the obligations undertaken with respect to the matters described above.

The merger agreement provides that the term "superior proposal" means, with respect to either LNC or Jefferson-Pilot, a bona fide written acquisition proposal which the board of directors of LNC or Jefferson-Pilot, as the case may be, concludes in good faith, after consultation with its financial advisors and outside legal advisor, and taking into account all legal, financial, regulatory and other aspects of the proposal and the



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person making the proposal (including any break up fees, expense reimbursement provisions and conditions to consummation), is:

more favorable to the LNC or Jefferson-Pilot shareholders, as the case may be, from a financial point of view, than the merger and the other transactions contemplated by the merger agreement; and

fully financed or reasonably capable of being fully financed, reasonably likely to receive all required governmental approvals on a timely basis and otherwise reasonably capable of being completed on the terms proposed.

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For purposes of the meaning of superior proposal, the term acquisition proposal as used therein has the same meaning described above, except that (1) the reference to 10% or more of its total voting power is deemed to be a reference to a majority of its total voting power, (2) the reference to 10% or more of the consolidated assets will be deemed to be a reference to all or substantially all of the consolidated assets and (3) acquisition proposal will only be deemed to refer to a transaction involving LNC or Jefferson-Pilot, as the case may be.

### **Principal Conditions to Completion of the Merger**

The respective obligations of each party to effect the merger are subject to the satisfaction prior to the closing date of the merger of the following conditions, unless waived by both LNC and Jefferson-Pilot:

Jefferson-Pilot and LNC will have each obtained the required vote from their shareholders;

the shares of LNC common stock to be issued in the merger and LNC common stock to be reserved for issuance upon exercise of the Jefferson-Pilot stock options will have been authorized for listing on the NYSE;

other than the filing of the articles of merger, all authorizations, consents, orders or approvals of, or declarations or filings with, and all expirations of waiting periods required from, any governmental entity which are necessary for the consummation of the merger or those the failure of which to be obtained would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the parties to the merger agreement, will have been filed, have occurred or been obtained and all such approvals will be in full force and effect;

the registration statement of which this joint proxy statement/prospectus forms a part will have become effective under the Securities Act and no stop order or proceedings seeking a stop order will be initiated or, to the knowledge of LNC or Jefferson-Pilot, threatened by the SEC;

no temporary restraining order, preliminary or permanent injunction or order, or other legal restraint or prohibition preventing the consummation of the merger will be in effect and there will not be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the merger, by any governmental entity of competent jurisdiction which makes the consummation of the merger illegal; and

there will not be any action taken, or any statute, rule, regulation, order or decree enacted, entered, enforced or deemed applicable to the merger by any governmental entity of competent jurisdiction which imposes any condition or restriction upon LNC or Jefferson-Pilot or any of their respective subsidiaries which could reasonably be expected to have a material adverse effect after the effective time of the merger on the present or prospective consolidated financial condition, business or operating results of LNC.

In addition, individually, the respective obligations of each party to effect the merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of Jefferson-Pilot (with respect to LNC) and LNC and Merger Sub (with respect to Jefferson-Pilot) set forth in the merger agreement, disregarding all qualifications and exceptions therein relating to materiality or material adverse effect, will be true and correct as of the date of the merger agreement and (except to the extent such

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representations and warranties speak as of an earlier date) as of the closing date of the merger, subject to such exceptions as do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the other party;

the other party will have performed or complied with all agreements and covenants required to be performed by it under the merger agreement at or prior to the closing date of the merger and will have performed or complied in all material respects with all other obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger; and

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each party will have received a written opinion of counsel (reasonably satisfactory to it) to the effect that the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and the parties thereto will each be a party to the transaction as described in and pursuant to Section 368(b) of the Code.

### **Termination Events and Termination Fees**

*Termination Events Requiring Fees.* The merger agreement provides that it may be terminated by the parties, and, in the circumstances describes below, a party may be required to pay a fee for termination as follows:

if either party terminates the merger agreement because the board of directors of the other party (1) fails to recommend to its shareholders approval of the matters required for consummation of the transaction or (2) withdraws, modifies or qualifies (or proposes to withdraw, modify or qualify) such recommendation in any manner adverse to the other party or to the consummation of the merger, the non-terminating party must pay a fee of \$300,000,000;

if either party terminates the merger agreement because (1) the required vote of LNC or Jefferson-Pilot shareholders, as the case may be, has not been obtained upon a vote taken at the duly convened meeting of the Jefferson-Pilot or LNC shareholders, as the case may be, fails to call the required shareholders meeting or to prepare and mail this joint proxy statement/prospectus in the manner required under the merger agreement, (2) at or before the date of such meeting, an acquisition proposal with respect to such party has been publicly announced, and (3) within 12 months of the date of termination, such party executes any definitive agreement with respect to, or consummates, any acquisition transaction, the non-terminating party must pay a termination fee of \$300,000,000;

if either party terminates the merger agreement because (1) the other party breaches the merger agreement and does not cure such breach within sixty days of delivery of notice of the breach, thereby causing certain of the closing conditions to fail to be met, and (2) prior to termination an acquisition proposal with respect to the breaching party has been publicly announced, then the non-terminating party must pay a termination fee of \$100,000,000; further, if within 12 months of the date of termination of the merger agreement, the other party executes a definitive agreement with respect to, or consummates, any acquisition transaction, the non-terminating party must pay an additional termination fee of \$200,000,000.

The term acquisition transaction as used above means any proposal or offer with respect to, or transaction to effect, any merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction or any purchase or sale of all or substantially all of the consolidated assets (including stock of its subsidiaries) of it and its subsidiaries, taken as a whole, or any purchase or sale of, or tender or exchange offer for, its voting securities that, if consummated, would result in any person beneficially owning securities representing a majority of its total voting power or the voting power of any of its significant subsidiaries.

*Termination Events Not Requiring Fee.* The merger agreement also provides that it may be terminated under the following circumstances in which no fees will be payable:

by mutual written agreement of LNC and Jefferson-Pilot;

by either LNC or Jefferson-Pilot, upon written notice to the other, if:

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a governmental entity which must grant a requisite regulatory approval has denied approval of the merger and such denial has become final and unappealable; or

any governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger and such order, decree, ruling or other action has become final and unappealable (neither LNC nor Jefferson-Pilot may terminate the merger agreement under this provision if its failure to comply with any other provision of the merger agreement has been the cause of or has resulted in such action); or

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the merger has not been consummated on or before October 9, 2006 (provided that neither LNC nor Jefferson-Pilot may terminate the merger agreement under this clause if its failure to comply with any provision of the merger agreement has been the cause of, or has resulted in, the failure of the merger to occur on or before that date).

If the merger agreement is validly terminated, the merger agreement will become void without any liability or obligation on the part of any party unless the party is in breach thereof, in which event the breaching party may be subject to liabilities or damages arising out of its breach of the merger agreement.

The merger agreement may not be validly terminated by either LNC or Jefferson-Pilot, as applicable, in order to accept a superior proposal.

## **Dividends**

Each party has agreed to coordinate with the other the payment of dividends with respect to the LNC common stock and Jefferson-Pilot common stock and the record dates and payment dates of any such dividends with the intent that holders of LNC common stock and Jefferson-Pilot common stock will not receive two dividends, or fail to receive one dividend, for any single calendar quarter with respect to their shares of LNC common stock and/or Jefferson-Pilot common stock or any shares of LNC common stock that any such holder receives in exchange for such shares of Jefferson-Pilot common stock in the merger.

## **Community Commitments**

LNC and Jefferson-Pilot have agreed that it is the intent of the resulting company to engage in charitable giving and other charitable activities to the same or a greater degree as currently undertaken by LNC. After the effective time of the merger, LNC will use its reasonable best efforts (i) to honor and fulfill all charitable commitments made by Jefferson-Pilot prior to the execution of the merger agreement up to a limit not to exceed \$2,500,000 in the aggregate or five years in duration and (ii) each year for a period of five years, to engage in charitable giving in respect of the communities to which Jefferson-Pilot currently gives, at a level equal to the greater of \$2.5 million in aggregate per year or the level determined using LNC's charitable giving formula.

## **Corporate Governance**

The merger agreement requires that LNC amend its bylaws upon completion of the merger to effectuate the corporate governance changes described under *The Merger* *Interests of Directors and Executive Officers in the Merger* *LNC's Board of Directors After the Merger* beginning on page 83.

## **Alternate Transaction Structures**

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The merger agreement provides that, with the consent of Jefferson-Pilot, LNC may change the method of effecting the business combination in the merger agreement, provided that, including other things, this change does not alter the kind or amount of merger consideration to be received by Jefferson-Pilot shareholders or the tax consequences of the merger to the Jefferson-Pilot shareholders or delay the receipt of any required regulatory approval.

### **Fees and Expenses**

Whether or not the merger is consummated, all costs and expenses incurred in connection with the merger agreement will be paid by the party incurring such expense, except (1) as otherwise provided with respect to the payment of any termination fees as described above and (2) each of LNC and Jefferson-Pilot will pay 50% of any fees and expenses incurred in connection with the filing, printing and mailing of this joint proxy statement/prospectus and the registration statement of which this joint proxy statement/prospectus forms a part.

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### **Amendments; Waivers**

Any provision of the merger agreement may be amended or waived before the effective time if the amendment or waiver is in writing and signed, in the case of an amendment, by each party to the merger agreement or, in the case of a waiver, by each party against whom the waiver is to be effective, provided that, after the required approvals of the LNC and Jefferson-Pilot shareholders have been obtained, no amendment or waiver may be made or given that requires the approval of such shareholders unless such approval is obtained.

### **Governing Law**

The merger agreement is governed by and is to be interpreted in accordance with the laws of the State of Indiana.

## **INFORMATION ABOUT LNC**

For a detailed description of LNC's business, the latest financial statements of LNC, management's discussion and analysis of LNC's financial condition and results of operations, and other important information concerning LNC, please refer to LNC's Annual Report on Form 10-K for the year ended December 31, 2004, its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, June 30 and September 30, 2005, and other documents filed with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

### **Business**

LNC is a holding company, which operates multiple insurance and investment management businesses through subsidiary companies. LNC was organized under the laws of the state of Indiana in 1968 and maintains its principal executive offices in Philadelphia, Pennsylvania. Lincoln Financial Group is the marketing name for LNC and its subsidiary companies. At September 30, 2005, LNC had consolidated assets of \$122.1 billion and consolidated shareholders' equity of \$6.3 billion.

Through its business segments, LNC sells a wide range of wealth protection and accumulation products. These products include fixed annuities, variable annuities, universal life insurance, variable universal life insurance, term life insurance, other individual insurance coverages, retail mutual funds, 529 college savings plans and managed accounts. LNC has four business segments: (1) Lincoln Retirement, (2) Life Insurance, (3) Investment Management and (4) Lincoln UK. LNC also has an "Other Operations" category that includes the financial data for the operations of Lincoln Financial Advisors and Lincoln Financial Distributors, its retail and wholesale distributors, and for operations that are not directly related to the business segments, unallocated corporate items (such as, corporate investment income and interest expense on short-term and long-term borrowings), and the historical results of the former reinsurance segment, which was sold to Swiss Re in the fourth quarter of 2001, along with the ongoing amortization of deferred gain on the indemnity reinsurance portion of the transaction with Swiss Re.

*Lincoln Retirement.* The Lincoln Retirement segment, with principal operations in Fort Wayne, Indiana, and Hartford, Connecticut, and additional operations in Portland, Maine, and Arlington Heights, Illinois, provides tax-deferred investment growth and lifetime income



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opportunities for its clients by offering fixed and variable annuities. There are two lines of business within this segment, individual annuities and employer-sponsored markets.

*Life Insurance.* The Life Insurance segment, with principal operations in Hartford, Connecticut and additional operations in Fort Wayne, Indiana and Schaumburg, Illinois, focuses on the creation and protection of wealth for its clients through the manufacture of life insurance products. The Life Insurance segment offers both single and survivorship versions of universal life, variable universal life, and interest-sensitive whole life, as well as corporate owned universal and variable universal life insurance and term insurance. The segment also offers a linked-benefit product, which is a universal life insurance policy linked with riders that provide for long-term care costs.

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*Investment Management.* The Investment Management segment, with principal operations in Philadelphia, Pennsylvania, provides investment products and services to both individual and institutional investors through Delaware Management Holdings, Inc. and its affiliates, which is referred to as Delaware. Delaware offers a broad line of mutual funds, retirement plan services and other investment products, including managed accounts and 529 college savings plans for Hawaii and Pennsylvania, to retail investors.

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

LNC's revenues by segment for each of the last three years were as follows:

<u>Year Ended December 31</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(in millions)		
Revenue:			
Lincoln Retirement	\$ 2,128.0	\$ 1,985.1	\$ 1,985.5
Life Insurance	1,952.9	1,906.1	1,881.7
Investment Management	535.0	474.0	418.5
Lincoln UK	342.2	274.5	275.4
Segment Operating Revenue	4,958.1	4,639.7	4,561.1
Other Operations	852.3	668.3	696.0
Consolidating adjustments	(517.2)	(384.0)	(341.1)
Net realized investment results	76.8	356.4	(279.8)
Other	1.3	3.5	(0.7)
<b>Total</b>	<b>\$ 5,371.3</b>	<b>\$ 5,283.9</b>	<b>\$ 4,635.5</b>

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

**INFORMATION ABOUT JEFFERSON-PILOT**

For a detailed description of Jefferson-Pilot's business, the latest financial statements of Jefferson-Pilot, management's discussion and analysis of Jefferson-Pilot's financial condition and results of operations, and other important information concerning Jefferson-Pilot, please refer to Jefferson-Pilot's Annual Report on Form 10-K for the year ended December 31, 2004, its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, June 30 and September 30, 2005, and other documents filed with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

**Business**

Jefferson-Pilot is a financial services and broadcasting holding company. It was incorporated in North Carolina in 1968 and is headquartered at 100 North Greene Street, Greensboro, North Carolina 27401. Its subsidiaries provide products and services in four major businesses: (1) life insurance, (2) annuities and investment products, (3) group life, disability and dental insurance, and (4) broadcasting and sports programming production. At September 30, 2005, Jefferson-Pilot had consolidated assets of \$35.8 billion and consolidated shareholders' equity of \$3.8 billion.

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Jefferson-Pilot's principal life insurance subsidiaries are Jefferson-Pilot Life Insurance Company (established in 1903), along with Jefferson Pilot Financial Insurance Company and its wholly owned subsidiary, Jefferson Pilot LifeAmerica Insurance Company. Jefferson-Pilot Communications Company and its wholly owned subsidiaries conduct Jefferson-Pilot's broadcasting and sports programming operations. Jefferson Pilot Securities Corporation is a registered non-clearing broker/dealer.

*Individual Products.* Jefferson-Pilot's Individual Products segment markets individual life insurance policies through independent general agents, independent national account marketing firms, agency building general agents, home service agents, broker/dealers, banks and other strategic alliances. Individual Products include universal life and variable universal life, as well as traditional life products.

*Annuities and Investment Products.* The Annuity and Investment Products segment offers fixed annuity products, including equity indexed annuities, through most of the distribution channels discussed in Individual Products above as well as through financial institutions, investment professionals and annuity marketing organizations. Jefferson-Pilot's broker/dealer is also part of the Annuity and Investment Products segment and markets variable life insurance written by Jefferson-Pilot's insurance subsidiaries and other carriers and also sells other securities and mutual funds.

*Benefit Partners.* The Benefit Partners segment offers group life, disability and dental insurance to the employer marketplace. These products are marketed primarily through a national distribution system of regional group offices. These offices develop business through employee benefit brokers, third party administrators and other employee benefit firms.

*Communications.* The Communications segment consists of 18 radio and 3 television broadcasting stations located in selected markets in the Southeastern and Western United States and also produces syndicated sports programming.

Jefferson-Pilot also has a Corporate and Other segment that contains the activities of Jefferson-Pilot's parent company and passive investment affiliates, surplus of the life insurance subsidiaries not allocated to other segments, financing expenses on corporate debt, benefit plan net assets, goodwill related to insurance acquisitions, strategic initiatives intended to benefit the entire company and United States federal and state income taxes not otherwise allocated to business segments. Jefferson-Pilot includes all realized gains and losses on investments in the Corporate and Other segment and holds all defaulted securities in this segment.

**Revenues by Segment\***

Year Ended December 31	2004	2003	2002
	(in millions)		
Revenue by Segment*:			
Individual Products	\$ 1,780	\$ 1,774	\$ 1,737
Annuity and Investment Products	718	694	686
Benefits Partners	1,202	820	698
Communications	239	214	208
Corporate and Other	122	118	99
	4,061	3,620	3,428

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Realized investment gains (losses), before taxes	<u>41</u>	<u>(47)</u>	<u>(22)</u>
Total revenues	<u>\$ 4,102</u>	<u>\$ 3,573</u>	<u>\$ 3,406</u>

\* Revenues include net investment income earned on assets backing insurance liabilities and line surplus for each reportable segment.

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**DESCRIPTION OF LNC CAPITAL STOCK**

The following summary is a description of the material terms of LNC's capital stock. You should also refer to the applicable provisions of the Indiana Business Corporation Law, which is referred to as the IBCL, LNC's current bylaws, LNC's bylaws (to be amended at the completion of the merger) and LNC's articles of incorporation, including the certificates of designations pursuant to which the outstanding series of LNC's preferred stock is issued and outstanding for greater detail on provisions that may be important to you. See *Where You Can Find More Information* beginning on page 143. A copy of the form of LNC's bylaws, which will become effective upon completion of the merger, is attached to this joint proxy statement/prospectus as [Annex B](#).

**THE FOLLOWING DESCRIPTION OF LNC'S OUTSTANDING CAPITAL STOCK SHOULD BE READ CAREFULLY BY JEFFERSON-PILOT SHAREHOLDERS SINCE, AT THE EFFECTIVE TIME OF THE MERGER, MOST OUTSTANDING SHARES OF JEFFERSON-PILOT COMMON STOCK WILL BE CONVERTED INTO 1.0906 SHARES OF LNC COMMON STOCK.**

**Authorized and Outstanding Capital Stock**

Under LNC's articles of incorporation, the authorized capital stock of LNC is 810,000,000 shares, consisting of 800,000,000 shares of common stock and 10,000,000 shares of preferred stock. As of the close of business on the record date, LNC had outstanding [\*] shares of common stock, (including [\*] shares held in treasury) and had reserved approximately [\*] shares of LNC common stock for issuance upon conversion of the LNC Series A preferred stock and under various employee or director incentive, compensation or option plans. LNC currently has only one series of preferred stock outstanding, the LNC Series A preferred stock, of which there were [\*] shares issued and outstanding on the record date. All outstanding shares of LNC capital stock are duly authorized, validly issued, fully paid and non-assessable.

**Common Stock**

*Transfer Agent and Registrar.* LNC common stock is traded on the NYSE under the symbol LNC. The registrar and transfer agent is Mellon Investor Services LLC.

*Voting Rights.* Each holder of record of LNC common stock is entitled to one vote for each share of LNC common stock held on all matters submitted to a vote of the shareholders, including election of directors. Holders of LNC common stock do not have cumulative voting rights with respect to the election of directors or any other matter.

*Dividend Rights.* The holders of LNC common stock may receive cash dividends, if and when declared by LNC's board of directors out of funds legally available for that purpose, and subject to preferential rights of the holders of preferred stock or other special classes of stock.

*Liquidation Rights.* In the event of a liquidation, dissolution or winding up, holders of LNC common stock will be entitled to share ratably in all assets remaining after payments to creditors and after satisfaction of the liquidation preference, if any, of the holders of any preferred stock that

may at the time be outstanding.

*Preemptive Rights.* Holders of LNC common stock do not have any preemptive or similar equity rights.

### **Shareholders Rights Plan**

LNC has in place a shareholders rights plan, which is referred to as the Rights Plan, which could discourage unwanted or hostile takeover attempts that are not approved by LNC's board of directors. The Rights Plan permits holders of LNC common stock to purchase either shares of LNC common stock or shares of the acquirer

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at a discount to the market value in response to specified takeover events. These rights do not apply to the merger. The Rights Plan is expected to continue in effect after the merger until it expires on November 16, 2006 or is extended by LNC's board of directors.

*The Rights.* On November 6, 1986, LNC's board of directors declared a dividend of one common share purchase right, which is referred to as a Right or Rights, for each share of LNC common stock then outstanding and each share of LNC common stock issued thereafter. The Rights currently trade with the LNC common stock.

*Exercisability.* The Rights separate from the shares of LNC common stock upon the Distribution Date, which is the earlier of either (i) the tenth calendar day after the announcement that a person or group has acquired beneficial ownership of 15% or more of LNC's common stock or (ii) the tenth business day after a person commences, or announces an intention to commence, an offer the consummation of which will result in such person owning 15% or more of LNC's common stock, in both scenarios the persons are referred to as an Acquiring Person. After separation, each Right entitles its holder to purchase from LNC one common share at an Exercise Price of \$200.00, until the earlier of November 13, 2006, unless the Rights Plan is extended or the Rights are redeemed by LNC's board of directors. The Rights will begin trading separately following the Distribution Date.

*Flip-Over Events and Flip-In Events.* In the event that (i) LNC is acquired in a merger or other business combination, (ii) any person consolidates or merges with LNC and all or part of LNC's common stock is exchanged for securities, cash or property of any other person or (iii) 50% or more of LNC's consolidated assets or earning power are sold, which is referred to collectively as a Flip-Over Event, each Right will entitle its holder, other than the Acquiring Person, to purchase at the Exercise Price, upon exercise of the Right, common stock in the surviving corporation with a market value of two times the Exercise Price. In the event that a person acquires 15% or more of the outstanding LNC common stock, which is referred to as a Flip-In Event, alternatively, each Right will entitle its holder, other than the Acquiring Person, the right to purchase at the Exercise Price, upon exercise of the Right, LNC common stock with a market value of two times the Exercise Price.

*Exchange Option.* At any time after a person becomes an Acquiring Person, but before its acquisition of 50% or more of the LNC common stock, LNC's board of directors may exchange Rights, other than the Rights owned by the Acquiring Person, in whole or in part, at an exchange ratio of one share of LNC common stock per Right, subject to adjustment.

*Redemption.* Rights are redeemable in whole, but not in part, at \$0.01 per Right at anytime prior to the expiration of 10 calendar days from the date of the public announcement that a person or group has become an acquiring person. Until a Right is exercised, the holder of the Right will have no rights as a shareholder of LNC, including without limitation, the right to vote or to receive dividends.

The purchase price payable, and the number of shares of LNC common stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution:

in the event of a stock dividend on, or a subdivision, combination or reclassification of, LNC's common stock;

as a result of the grant to holders of LNC common stock of certain rights or warrants to subscribe for LNC common stock or convertible securities at less than the current market price of LNC common stock; or



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as a result of the distribution to holders of LNC common stock of evidences of indebtedness or assets (other than regular periodic cash dividends or dividends payable in LNC common stock) or of subscription rights or warrants, other than those referenced above.

With certain exceptions, no adjustment in the purchase price will be required until cumulative adjustments require an adjustment of at least 1% in the purchase price.

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The Rights Agreement will not prevent a takeover of LNC. However, the Rights Agreement may cause a substantial dilution to a person or group that acquires 15% or more of LNC's common stock unless LNC's board of directors first elects to redeem the Rights. Nevertheless, the Rights Agreement should not interfere with a transaction that the board of directors of LNC determines is in LNC's and its shareholders' best interest because the Rights can be redeemed prior to the completion of that transaction or the Rights Agreement can be amended in any manner prior to the Distribution Date.

The complete terms of the Rights are contained in the Rights Agreement. The foregoing description of the Rights and the Rights Agreement is qualified in its entirety by reference to the Rights Agreement. To obtain a copy of the Rights Agreement, please see "Where You Can Find More Information" beginning on page 143.

## **Preferred Stock**

*General.* LNC's board of directors is authorized by LNC's articles of incorporation to provide for the issuance of up to 10 million shares of preferred stock, in one or more series, and to fix by resolution and to the extent permitted by the IBCL, the relative rights, preferences and limitations of each series of preferred stock, including dividend, redemption, liquidation, sinking fund, conversion and other provisions in the resolutions or certificate establishing or designating the series, without a vote or any other action taken by LNC's shareholders.

*Shares Outstanding.* LNC has only one series of preferred stock outstanding, the LNC Series A preferred stock, of which there were [ \* ] shares issued and outstanding on the record date. All outstanding shares of LNC preferred stock are duly authorized, validly issued, fully paid and non-assessable.

### ***Series A Preferred Stock***

*Voting Rights.* Each holder of preferred stock of any series outstanding is entitled to one vote per share and to vote together, as a single class, with holders of LNC common stock on all matters submitted to a vote of the common shareholders.

*Special Voting Rights With Respect to Directors.* In the event that six or more quarterly dividends, whether or not consecutive, on any series of preferred stock are in default, the holders of any outstanding series of preferred stock as to which the default exists will be entitled, at the next annual meeting of shareholders, to vote as a class to elect two directors of LNC. This right will continue with respect to shares of cumulative preferred stock, including the LNC Series A preferred stock, until all accumulated and unpaid dividends on all such shares, the holders of which are entitled to vote at the previous special meeting of shareholders, have been paid or declared and set aside for payment and, with respect to shares of non-cumulative preferred stock, if any, until any non-cumulative dividends have been paid or declared and set apart for payment for four consecutive quarterly dividend periods on all such shares, the holders of which were entitled to vote at the previous annual meeting of shareholders.

*Other Special Voting Rights.* In addition, the approval of the holders of record of at least two-thirds of the outstanding shares of all series of preferred stock of LNC, voting as a class, will be required to take the following actions:

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amend LNC's articles of incorporation to create or authorize any stock ranking prior to or on a parity with the outstanding preferred stock with respect to the payment of dividends or distributions upon dissolution, liquidation or winding up;

to create or authorize any security convertible into shares of stock ranking prior to or on a parity with the outstanding preferred stock with respect to the payment of dividends or distributions upon dissolution, liquidation or winding up;

amend, alter, change or repeal any of the express terms of any outstanding preferred stock, or any series thereof, in any prejudicial manner (provided only holders of two-third of the outstanding shares of the series prejudiced by such change or repeal need consent to such action);

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merge or consolidate with another corporation where LNC is not the surviving entity, if the rights, preferences or powers of the preferred stock would be adversely affected or if securities would thereupon be authorized or outstanding which could not otherwise have been created without the approval of the preferred shareholders; or

authorize, or revoke a previously authorized, voluntary dissolution of LNC, approve any limitation of the terms of existence of LNC, or authorize the sale, lease, exchange or other disposition of all or substantially all of the property of LNC.

*Dividend Rights.* To the extent permitted by law, holders of LNC Series A preferred stock are entitled to receive, but only when and as declared by LNC's board of directors, cash dividends at the per annum rate of \$3.00 per share, payable \$0.75 per share quarterly. Dividends on the Series A preferred stock are cumulative.

*Liquidation:* Holders of LNC Series A preferred stock are entitled to a liquidation preference of \$80.00 per share, plus accrued dividends, before any assets may be distributed to holders of LNC common stock or any other stock ranking junior to the LNC Series A preferred stock.

*Redemption:* The LNC Series A preferred stock may be redeemed at any time at the option of LNC's board of directors, in whole or in part, at a redemption price of \$80.00 per share plus accrued but unpaid dividends.

*Conversion.* Each share of LNC Series A preferred stock is currently convertible at the option of the holder thereof into sixteen shares of LNC common stock, subject to certain further adjustments. There is no conversion rate adjustment for a merger.

## **Anti-Takeover Considerations**

In addition to the shareholder rights plan discussion above, Indiana law and LNC's articles of incorporation and bylaws contain a number of provisions which may have the effect of discouraging transactions that involve an actual or threatened change of control of LNC either before or after the merger. These provisions of LNC's articles of incorporation and bylaws include a classified board of directors, procedures for calling special meetings of shareholders, requirements for advance notice of shareholder-proposed business at annual meetings, the authorization of directors to fill vacancies on the board occurring between annual shareholders meeting, and the election of directors by a plurality of votes rather than cumulative voting. In addition, under Indiana law, directors may, in considering the best interests of a corporation, consider the effects of any action on stockholders, employees, suppliers and customers of the corporation and the communities in which offices and other facilities are located, and any other factors the directors consider pertinent. For a description of these provisions and the provisions available under Indiana law, please see [Comparison of Shareholder Rights and Corporate Governance Matters](#) below.

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**COMPARISON OF SHAREHOLDER RIGHTS AND CORPORATE GOVERNANCE MATTERS**

LNC is an Indiana corporation subject to the provisions of the IBCL. Jefferson-Pilot is a North Carolina corporation subject to the provisions of the North Carolina Business Corporation Act, or NCBCA. The rights of LNC shareholders are currently governed by LNC's articles of incorporation and bylaws and the IBCL. The rights of Jefferson-Pilot shareholders are currently governed by Jefferson-Pilot's articles of incorporation and bylaws and the NCBCA.

Following the completion of the merger, LNC's bylaws will be amended as set forth in the merger agreement and described in this joint proxy statement/prospectus. Certain key amendments to the LNC bylaw are highlighted below, however, for a complete explanation of amendments to the LNC bylaws, please see *The Merger - Interests of Directors and Executive Officers in the Merger - LNC's Board of Directors After the Merger* beginning on page 83. Upon completion of the merger, the rights of LNC shareholders and Jefferson-Pilot shareholders, who will become LNC shareholders, will be governed by LNC's articles of incorporation and amended bylaws and the IBCL.

The following description summarizes the material differences that may affect the rights of LNC and Jefferson-Pilot shareholders, as well as what those differences will be after the effective time of the merger, if applicable, because of the amendment to LNC's bylaws. However, the following description is not a complete statement of all of those differences, or a complete description of the specific provisions referred to in this summary. In addition, the identification of some of the differences in the rights of LNC and Jefferson-Pilot shareholders as material is not intended to indicate that other differences do not exist. Shareholders should read carefully the relevant provisions of the IBCL and the NCBCA and the articles of incorporation and bylaws of LNC as well as the articles of incorporation and bylaws of Jefferson-Pilot. See *Where You Can Find More Information* beginning on page 143. A copy of the form of LNC's bylaws, which will become effective upon completion of the merger, is attached to this joint proxy statement/prospectus as Annex B.

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	<b>Rights of LNC Shareholders</b>	<b>Rights of Jefferson-Pilot Shareholders</b>
<i>Authorized Capital Stock</i>	The authorized capital stock of LNC is 810,000,000 shares, consisting of 800,000,000 shares of common stock and 10,000,000 shares of preferred stock.	The authorized capital stock of Jefferson-Pilot is 370,000,000 shares, consisting of 350,000,000 shares of common stock and 20,000,000 shares of preferred stock.
<i>Dividends</i>	<p>As of the record date, LNC had outstanding [ * ] shares of LNC Series A preferred stock.</p> <p>Under the IBCL, a corporation may only pay dividends or make other distributions if, after giving effect to the distribution, (i) the corporation would be able to pay its debts as they become due in the usual course of business, and (ii) the corporation's total assets would be more than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.</p> <p><i>Common Stock:</i> Under the LNC articles of incorporation, holders of LNC common stock are entitled to receive dividends, when and as declared by the board of directors, only after all dividends accrued on all preferred stock or special classes of shares entitled to preferential dividends are paid or declared and set apart for payment.</p> <p><i>Preferred Stock:</i> For information on the dividend rights of holders of LNC Series A preferred stock see Description of LNC Capital Stock Preferred Stock beginning on page 114.</p>	<p>Jefferson-Pilot does not currently have any preferred stock issued.</p> <p>Under the NCBCA, a corporation may only pay dividends or make other distributions if, after giving effect to the distribution, (i) the corporation would be able to pay its debts as they become due in the usual course of business, and (ii) the corporation's total assets would be more than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.</p>
<i>Right to Call Special Meeting of Shareholders</i>	Under LNC's bylaws, a special meeting of the shareholders may be called by the board of directors. Under the IBCL, holders of all of the votes entitled to be cast on an issue may make a demand for a special shareholders' meeting.	Under Jefferson-Pilot's by-laws, a special meeting of the shareholders may be called by the board of directors. Under the NCBCA, shareholders of a public corporation do not have the right to call a shareholders' meeting.

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

*Notice of Shareholder Proposals*

Under LNC's bylaws, a shareholder may properly bring business before any annual meeting of shareholders if the shareholder gives timely notice of the proposed business.

Under Jefferson-Pilot's by-laws, proposals for shareholder action may be made only by a shareholder entitled to vote for the election of directors generally and only if written notice of the shareholder's intent to make a proposal or proposals is delivered or mailed to the secretary of Jefferson-Pilot not later than:

To be timely, a shareholder's notice must be delivered to or mailed and received at the principal office of LNC, not less than ninety days nor more than one hundred twenty days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before such anniversary date and ends thirty days after such anniversary date (an annual meeting date outside such period is referred to as an Other Annual Meeting Date), the shareholder notice will be given by the close of business on the later of:

(i) with respect to an annual meeting, ninety days in advance of the meeting; and

(ii) with respect to a special meeting, the close of business on the seventh day following the date on which notice of the meeting is given to shareholders.

(i) the date ninety days prior to such Other Annual Meeting Date; or

(ii) the tenth day following the date such Other Annual Meeting Date is first publicly announced or disclosed.

The notice must set forth:

(i) the name and address of the shareholder intending to make the proposal or proposals;

A shareholder's notice to the secretary must set forth as to each matter the shareholder proposes to bring before the meeting:

(i) a brief description of the business desired to be brought before the meeting, including the text of any proposal to be presented;

(ii) a written statement of the shareholder's proposal or proposals; and

(ii) the name and address, as they appear on the corporation's stock records, of the shareholder proposing such business;

(iii) a representation that the shareholder is a holder of record of stock of Jefferson-Pilot entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to make the proposal or proposals.

(iii) the class and number of shares of LNC beneficially owned by the shareholder; and

(iv) any interest of the shareholder in such business.

In no event will the adjournment of an annual meeting or special meeting, commence a new period for the giving of a shareholder's notice.





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	<u>Rights of LNC Shareholders</u>	<u>Rights of Jefferson-Pilot Shareholders</u>
<i>Nomination of Director Candidates by Shareholders</i>	<p>Under LNC's bylaws, a shareholder entitled to vote for the election of directors at the annual meeting may nominate persons for election to the board of directors. A shareholder must have given timely written notice, as described in <i>Notice of Shareholder Proposals</i> above, of the nomination to the secretary of the corporation.</p> <p>A shareholder's notice to the secretary must set forth:</p> <p>(i) the name and address, as they appear on the corporation's stock records, of the shareholder proposing such business; and</p> <p>(ii) the class and number of shares of the corporation which are beneficially owned by the shareholder.</p> <p>In addition, as to each person whom the shareholder proposes to nominate for election or re-election as a director, the notice must state:</p> <p>(i) the name, age, business address and residence address of such person;</p> <p>(ii) the principal occupation or employment of such person;</p> <p>(iii) the class and number of shares of the corporation which are beneficially owned by such person;</p> <p>(iv) any other information relating to such person that is required to be disclosed in solicitation of proxies for election of directors under the SEC's proxy rules, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including without limitation the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and</p>	<p>Under Jefferson-Pilot's articles of incorporation and by-laws, a shareholder entitled to vote in the election of directors generally may nominate one or more persons for election to the board of directors at a meeting only if written notice of the shareholder's intent to make a nomination is delivered or mailed to the secretary of Jefferson-Pilot not later than:</p> <p>(i) with respect to an annual meeting, ninety days in advance of the meeting, and</p> <p>(ii) with respect to a special meeting for the election of directors, the close of business on the seventh day following the date on which notice of the meeting is given to shareholders.</p> <p>The notice must set forth:</p> <p>(i) the name and address of the shareholder intending to make the nomination and of the person to be nominated;</p> <p>(ii) a representation that the shareholder is a holder of record of stock of Jefferson-Pilot entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to make the nomination;</p> <p>(iii) a description of all arrangements and understandings between the shareholder and each nominee and any other person (naming such person) pursuant to which the nomination is to be made;</p> <p>(iv) any other information relating to such person that is required to be disclosed in solicitation of proxies for election of directors under the SEC's proxy rules, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act; and</p>

(v) the qualifications of the nominee to serve as a director of the corporation.

(v) the nominee's consent to serve as a director if elected.

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

In the event of a special meeting of shareholders called for the purposes of electing one or more directors, the above required shareholder's notice for nominating a person or persons will be delivered to the LNC corporate secretary not later than the close of business on the tenth day following the day on which the date of the special meeting and either the names of the nominees proposed by the board of directors to be elected at such meeting or the number of directors to be elected, are publicly announced or disclosed.

In no event will the adjournment of an annual meeting or special meeting commence a new period for the giving of notice to shareholders as provided above.

*Number of Directors*

Under the IBCL, the board of directors of a corporation must consist of one or more individuals, with the number specified or fixed in accordance with the articles of incorporation or bylaws.

Under the NCBCA, the board of directors of a corporation must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or by-laws.

LNC's articles of incorporation provide that the number of directors may, from time to time, be fixed by the bylaws at any number not less than three and in the absence of a bylaw fixing the number of directors, the number will be 13.

Jefferson-Pilot's articles of incorporation provide that the board of directors must consist of no less than eleven and no more than fifteen directors, with the exact number to be established, from time to time, by the board of directors.

*Before the merger:* LNC's bylaws currently fix the number of directors at 12.

*After the merger:* LNC's bylaws will fix the number of directors at 15. For a description of the composition of the LNC board of directors following the consummation of the merger, please see "The Merger - Interests of Directors and Executive Officers in the Merger - LNC's Board of Directors After The Merger" beginning on page 83.

*Removal of Directors*

Under the IBCL, a director may be removed by the shareholders or directors, with or without cause, unless the articles of incorporation provide otherwise.

Under the NCBCA, shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause.

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

Under LNC's articles of incorporation, any or all members of the board of directors may be removed, with or without cause, at a meeting of shareholders called for that purpose by a vote of the holders of three-fourths of the shares of LNC outstanding and entitled to vote at an election of directors.

Subject to the NCBCA, under Jefferson-Pilot's articles of incorporation and by-laws, any or all members of the board of directors may be removed, with or without cause, by an affirmative vote of holders of 80% of the outstanding shares of Jefferson-Pilot. Any director may also be removed from office at any time, for cause, by the vote of a majority of the entire board of directors.

*Vacancies on the Board of Directors*

Under LNC's bylaws, and subject to the articles of incorporation, any vacancy occurring in the board of directors may be filled by a majority of the remaining directors, even if less than a quorum, or, at the discretion of the board of directors, any vacancy may be filled by a vote of the shareholders.

Under Jefferson-Pilot's articles of incorporation and by-laws, vacancies on the board of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy in a class will hold office for the remainder of the term of the class to which such director was appointed and until his successor has been elected and qualified.

*After the merger:* Upon completion of the merger and prior to the 2007 annual meeting of shareholders, the LNC bylaws will be amended to provide that directors who were directors of LNC or Jefferson-Pilot prior to completion of the merger and serving on LNC's Corporate Governance Committee after the merger will have the right to recommend qualified nominees to the board of directors to fill vacancies with respect to former LNC or Jefferson-Pilot directorships and the board of directors will not be able to fill vacancies with non-recommended candidates. See *The Merger - Interests of Directors and Executive Officers in the Merger - LNC's Board of Directors After the Merger* beginning on page 83.

*Director Liability*

Under the IBCL, a director is not liable for any action taken as a director, or any failure to act, unless the director has breached or failed to perform the duties of the director's office in compliance with the IBCL and the breach or failure to perform constitutes willful misconduct or recklessness. Subject to this standard, a director who votes for or assents to distributions in violation of the IBCL or LNC's articles of incorporation is personally liable to LNC for the amount of the illegal distribution and is entitled to contribution from the other directors who voted for or assented to such distribution and the shareholders who received the distribution.

Under the NCBCA, corporations may adopt provisions in their charter documents reducing or eliminating the liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except with respect to:

(i) acts or omissions that, at the time of the breach, the director knew or believed were clearly in conflict with the best interests of the corporation;

(ii) any liability for an unlawful distribution under the NCBCA; or

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

*Indemnification of Officers, Directors and Employees*

As permitted by the IBCL and the Indiana Insurance Law, LNC's bylaws provide for the indemnification of its officers, directors and employees, or any person who, while a director, officer or employee, is or was serving at the request of LNC as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against reasonable expenses (including attorneys' fees) incurred by them in connection with the defense of any action, suit, or proceeding to which they are made or threatened to be made a party (including those brought by, or on behalf of LNC) if such person is successful on the merits or otherwise in the defense of such proceeding, except with respect to matters as to which they are adjudged liable for negligence or misconduct in the performance of duties to their respective corporations.

LNC will also reimburse such officers, directors, and employees for reasonable costs of judgment settlement, penalties, fines and reasonable expenses (including attorneys' fees) incurred with respect to, any such action, suit, or proceeding where such person is not wholly successful on the merits or otherwise in the defense of such proceeding, if such person's conduct was in good faith, and such person reasonably believed that his/her conduct was in LNC's best interest. In the case of a criminal proceeding, such person must also have reasonable cause to believe his/her conduct was lawful.

(iii) any transaction from which the director derived an improper personal benefit.

Jefferson-Pilot's articles of incorporation eliminate the personal liability of each director arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of his fiduciary duty as a director, to the maximum extent permitted by the NCBCA.

As permitted by the NCBCA, Jefferson-Pilot has agreed to indemnify its officers and directors against any liability, to the fullest extent permitted by law, through a resolution adopted by its board of directors and ratified by its shareholders.

Jefferson-Pilot will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or contemplated action, suit, or proceeding, whether civil, criminal, administrative, or investigative, including all appeals, by reason of the fact that he/she is or was a director, officer or employee of Jefferson-Pilot, or is or was serving at the request of Jefferson-Pilot as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, or as a committee member, trustee, or administrator under an employee benefit plan, against expenses (including attorneys' fees), judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, except that no indemnification will be made in respect of any liability or litigation expenses which such person may incur on account of that person's activities which were at the time taken known or believed by that person to be clearly in conflict with the best interests of Jefferson-Pilot. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that such person knew or believed the activities were clearly in conflict with the best interests of Jefferson-Pilot.

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**Rights of LNC Shareholders**

In the case of directors, a determination as to whether indemnification or reimbursement is proper will be made by a majority of the disinterested directors or a committee thereof or by special legal counsel. In the case of individuals who are not directors, such determination will be made by the chief executive officer of the respective corporation, or, if he so directs, in the manner it would be made if the individual were a director of the corporation.

The indemnification rights provided by LNC's bylaws are not exhaustive and are in addition to any rights to which a director or officer may otherwise be entitled under LNC's articles of incorporation or bylaws, any resolution of the board of directors or the LNC shareholders, any other authorization adopted by LNC shareholders or as a matter of law.

**Rights of Jefferson-Pilot Shareholders**

Any indemnification described above (unless ordered by a court) will be made by Jefferson-Pilot only as authorized in the specific case upon a determination that indemnification of the indemnified person is proper in the circumstances because such person did not know or believe, at the time, that the activities were clearly in conflict with the best interests of Jefferson-Pilot. Such determination will be made (i) by a majority vote of directors acting at a meeting at which a quorum is present, or (ii) if such a quorum is not obtainable (or even if obtainable) and a majority of directors so direct, by independent legal counsel (compensated by Jefferson-Pilot) in written opinion, or (iii) by the affirmative vote of the holders of a majority of the shares entitled to vote in the election of directors.

Expenses of each indemnified person incurred in defending a civil, criminal, administrative, or investigative action, suit, or proceeding (including all appeals), or threat thereof, may be paid by Jefferson-Pilot in advance of the final disposition of such action, suit, or proceeding as authorized by the board of directors, upon receipt of an undertaking by or on behalf of the indemnified person, to repay such amount unless it will ultimately be determined such person is entitled to be indemnified by Jefferson-Pilot.

The indemnification provided by the resolution will not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law, any agreement, vote of shareholders, any insurance purchased by Jefferson-Pilot, or otherwise, both as to action in the director's, officer's or employee's official capacity and as to action in another capacity while holding such office, and will continue as to a director, officer or employee who has ceased to be a director, officer or employee and will inure to the benefit of the heirs, executors and administrators of such an employee.

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

*Amendment of Articles of Incorporation*

Except for amendments of the articles of incorporation not requiring shareholder approval, such as stock splits, reverse stock splits and reducing the number of authorized shares solely as the result of a cancellation of treasury shares, the IBCL provides that, unless a greater vote is required under a specified provision of the IBCL or by a corporation's articles of incorporation or its board of directors, a corporation may amend its articles of incorporation upon the affirmative vote, if there is a quorum, of the holders of a greater number of shares cast in favor of the amendment than the holders of shares cast against the amendment, unless the amendment would create dissenters' rights in which case a favorable vote of the holders of a majority of the outstanding shares entitled to be cast is required. Under the IBCL, a corporation's board of directors may condition its submission of a proposed amendment to the shareholders of the corporation on any basis, including the requirement of the affirmative vote of holders of a greater percentage of the voting shares of the corporation than otherwise would be required under the IBCL.

LNC's articles of incorporation require that amendments to the following articles of LNC's articles of incorporation require the affirmative vote of at least 75% of the votes entitled to be cast by the holders of the

Jefferson-Pilot is permitted to purchase and maintain insurance on behalf of any employee who is or was a director, officer or employee of Jefferson-Pilot, or is or was serving at the request of Jefferson-Pilot as a director, trustee, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the employee and incurred by the employee in any such capacity, or arising out of the employee's status as such, whether or not Jefferson-Pilot would have the power to indemnify the employee against such liability under the provisions of the resolution or North Carolina law.

Under the NCBCA, amendments to a corporation's articles of incorporation require board approval and shareholder approval. The votes cast in favor of the amendment within each shareholder voting group entitled to vote must exceed the votes cast against the amendment, unless the articles of incorporation or other provisions of North Carolina law specify a greater number or proportion. Further, if the amendment gives rise to dissenters' rights for any voting group, in addition to the vote specified above, a majority of the votes entitled to be cast on the amendment by the voting group entitled to dissenters' rights must approve the amendment.

Jefferson-Pilot's articles of incorporation require the affirmative vote of the holders of 80% of the outstanding shares to amend:

- (i) Article IX, which relates to the number, classification, nomination, including advance notice, vacancies and removal of directors; and
- (ii) Article X relating to certain business combinations with any person who is, or is affiliated with, a beneficial owner, directly or indirectly, of more than 20% of Jefferson-Pilot's outstanding voting shares.

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

outstanding shares of all classes of voting stock, voting together and not by class:

(i) Article VII relating to the number, qualifications, classification and removal of directors; and

(ii) Article XI relating to the approval of certain business combinations with any person (other than LNC or any of its subsidiaries) who is, or is affiliated with, a beneficial owner, directly or indirectly, of more than 10% of LNC's outstanding voting shares.

*Amendment of Bylaws*

*Before the merger:* Under LNC's bylaws, only a majority of the whole board of directors may alter, amend or repeal the bylaws and adopt new bylaws.

*After the merger:* For the 30 months following the effective date of the merger, a supermajority of 70% of the whole board of directors will be required to amend Article II Section 2 of the amended bylaws, which addresses the composition of the board of directors and its committees following the merger. See *The Merger Interests of Directors and Executive Officers in the Merger* LNC's Board of Directors After the Merger beginning on page 83.

Under the NCBCA, the board of directors of a corporation may amend or repeal the by-laws upon the affirmative vote of a majority of directors present at the meeting, and its shareholders may amend or repeal the by-laws provided that the votes cast in favor of such action exceed the votes cast against such action. In addition, under the NCBCA, the board of directors may not re-adopt, amend or repeal a by-law adopted, amended or repealed by the shareholders unless the corporation's articles of incorporation or a by-law adopted by the shareholders authorizes such action by the board.

Notwithstanding the foregoing, under Jefferson-Pilot's by-laws, in addition to any other vote required, the board of directors may not amend Sections 1, 2, 7, 8, 9, 10 or 11 of Article II, which relate to matters regarding the board of directors, without the affirmative vote of the holders of 80% or more of the outstanding Jefferson-Pilot shares.

*Rights Plan*

LNC has in place a shareholder rights plan pursuant to which a right is attached to each outstanding share of LNC common stock. See *Description of LNC Capital Stock Shareholders Rights Plan* beginning on page 112. The common rights have certain anti-takeover effects. The common rights may cause substantial dilution to a person or group that attempts to acquire LNC on terms not approved by LNC's board of directors,

Jefferson-Pilot also has in place a shareholder rights plan pursuant to which a right is attached to each outstanding share of Jefferson-Pilot common stock. The rights become exercisable only under certain circumstances involving actual or potential acquisitions of 15% or more of Jefferson-Pilot common stock by a person or affiliated persons.



**Table of Contents****Rights of LNC Shareholders**

except pursuant to an offer conditioned on a substantial number of common rights being acquired. The common rights should not interfere with any merger or other business combination approved by LNC's board of directors because, among other alternatives, LNC may redeem the common rights in whole, but not in part, at \$.01 per common right prior to the expiration of ten calendar days from the date of the public announcement that a person or group has become an acquiring person or amend the rights plan as necessary.

*Approval of Certain Transactions*

*Approval of Business Combinations with Interested Shareholders:* The IBCL restricts the ability of an Indiana corporation to engage in any business combination with an interested shareholder for five years after the interested shareholder's date of acquiring shares, unless the combination or the purchase of shares by the interested shareholder is approved by the board of directors of the resident domestic corporation before the interested shareholder's date of acquiring shares. If the combination was not previously approved, the interested shareholder may effect a combination after the five-year period only if the shareholder receives approval from a majority of the disinterested shares or the offer meets certain fair price criteria. A corporation may elect to opt out of these provisions in an amendment to its articles of incorporation approved by a majority of the disinterested shares. Such an amendment, however, would not become effective for 18 months after its passage and would apply only to stock acquisitions occurring after its effective date. LNC's articles of incorporation do not elect to opt out of these provisions.

Resident domestic corporation means an Indiana corporation that has 100 or more shareholders.

**Rights of Jefferson-Pilot Shareholders**

The Jefferson-Pilot board of directors has taken all action required to authorize an amendment to the Jefferson-Pilot shareholder rights plan so as to render it inapplicable to the merger.

*Shareholder Protection Act:* The NCBCA provides that the affirmative vote of the holders of 95% of the voting shares of a corporation is required for the authorization of a business combination with any entity which is the beneficial owner of more than 20% of the voting shares of the corporation, unless:

- (i) the cash or value to be received per share by the holders in the business combination bears the same or a greater ratio to the market price of the corporation's common stock as the highest per share price that such other entity paid for the shares that it already owns bears to the market price of the stock;
- (ii) the cash or value paid to shareholders per share is not less than the highest per share price paid by the interested party in acquiring any of the shares of the corporation's shares and is not less than the earnings per share of the corporation's common stock for the four full consecutive fiscal quarters immediately preceding the record date for the solicitation of votes, multiplied by the then price/earnings multiple;

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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

Interested shareholder means any person, other than the resident domestic corporation or its subsidiaries, who is:

(iii) if, after acquiring a 20% interest in the corporation, the owner of such interest has:

(i) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the resident domestic corporation; or

(a) ensured that the corporation's board of directors included representation proportionate to the outstanding shares,

(ii) an affiliate or associate of the resident domestic corporation and at any time within the five-year period immediately before the date in question was the beneficial owner of 10% or more of the voting power of the outstanding shares of the resident domestic corporation.

(b) not reduced the rate of dividends, except by unanimous vote of the board of directors,

(c) not acquired any newly issued shares of the corporation's capital stock, and

With respect to a business combination transaction with an interested shareholder, LNC's articles of incorporation contain provisions that require the affirmative vote of the holders of at least 75% of the outstanding shares of LNC then entitled to vote at an election of directors, voting together and not by class, unless:

(d) not acquired any shares of the corporation's outstanding common stock except as part of the initial transaction which resulted in the beneficial ownership;

(i) the business combination is approved by a majority of the directors of LNC's board of directors who are unaffiliated with the interested shareholder and were members of the board of directors prior to the time the interested shareholder became an interested shareholder; and

(iv) the beneficial owner did not get the benefit, except proportionately, of any loans, advances, etc., or did not make any major change in the corporation's business or equity capital structure, except by unanimous vote of the board of directors; and

(ii) the offer meets certain fair price criteria.

(v) a proxy statement is mailed to all public shareholders to solicit their approval.

LNC's Articles of Incorporation also provide that no shares of the common stock of The Lincoln National Life Insurance Company, LNC's primary insurance subsidiary, may be sold, leased, exchanged, mortgaged, pledged or otherwise disposed of except by the vote of the holders of 75% of LNC's shares outstanding and entitled to vote thereon at an annual or special meeting of shareholders.

Jefferson-Pilot's articles of incorporation identify certain additional scenarios, defined as business combinations, that require a supermajority vote.

Holders of at least 80% of the voting power of the outstanding shares of common stock entitled to vote generally in the election of directors must vote in favor of the following transactions:

(i) any merger or consolidation of the corporation or any subsidiary with any interested shareholder or any other corporation (whether or not itself an interested shareholder) which is, or after such merger or consolidation would be, an affiliate of an interested shareholder; or

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**Rights of LNC Shareholders**

*Control Share Acquisitions:* The IBCL's control share acquisition provisions give the disinterested shareholders of certain corporations a right to vote collectively on whether or not to accord voting power to shares that would give their acquirer a significant level of influence or control over the future governance of the corporation.

Under the IBCL, an acquiring person who makes a control share acquisition in an issuing public corporation may not exercise voting rights on any control shares unless such voting rights are conferred by a majority vote of the disinterested shareholders of the issuing public corporation at a special meeting of such shareholders held upon the request and at the expense of the acquiring person. Unless otherwise provided in a corporation's articles of incorporation or bylaws before a control share acquisition has occurred, in the event that control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all voting power, all shareholders of the issuing public corporation have dissenters' rights to receive the fair value of their shares.

Control shares means shares acquired by a person that, when added to all other shares of the issuing public corporation owned by that person or in respect of which that person may exercise or direct the exercise of voting power, would otherwise entitle that person to exercise voting power of the issuing public corporation in the election of directors within any of the following ranges:

- (i) 20% or more but less than 33 1/3%;

**Rights of Jefferson-Pilot Shareholders**

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with any interested shareholder or affiliate having an aggregate fair market value of \$50,000,000 or more; or

(iii) issuance or transfer of any securities to any interested shareholder in exchange for cash, securities or other property having an aggregate fair market value of \$50,000,000 or more; or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an interested shareholder or affiliate; or

(v) any transaction which has the effect of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any subsidiary which is directly or indirectly owned by an interested shareholder.

The articles further provide that this 80% vote is not required in the case of any of the above transactions if a majority of the disinterested directors approved the business combination and the consideration paid was fair.

*Control Share Acquisition Act:* The NCBCA's Control Share Acquisition Act gives the disinterested shareholders of certain corporations a right to vote collectively on whether or not to accord voting power to shares that would give their acquirer a significant level of influence or control over the future governance of the corporation.

Under the NCBCA, an acquiring person who makes a control share acquisition in a covered corporation may not exercise voting rights on any control shares unless such voting rights are conferred by a majority vote of the disinterested shareholders of the issuing public corporation at a special meeting of such shareholders held upon the request and at the expense of the acquiring person. Unless otherwise provided in a corporation's



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**Rights of LNC Shareholders**

(ii) 33 1/3% or more but less than a majority; or

(iii) a majority, or more.

Control share acquisition means, subject to certain exceptions, the acquisition, directly or indirectly, by any person of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares. Shares acquired within 90 days or pursuant to a plan to make a control share acquisition are considered to have been acquired in the same acquisition.

Issuing public corporation means a corporation which is organized in Indiana, has 100 or more shareholders, its principal place of business, its principal office or substantial assets within Indiana and one of the following:

(i) more than 10% of its shareholders resident in Indiana;

(ii) more than 10% of its shares owned by Indiana residents; or

(iii) 10,000 shareholders resident in Indiana.

These control share acquisition provisions do not apply if, before a control share acquisition is made, the corporation's articles of incorporation or bylaws (including a board-adopted bylaw) provide that they do not apply. LNC's bylaws specifically provide that the control share acquisition provisions of the IBCL apply to LNC. Moreover, LNC's bylaws opt into a provision of the IBCL that allows LNC to redeem an acquiring person's control shares under certain circumstances, including the person's failure to file an acquiring person statement regarding the control shares.

**Rights of Jefferson-Pilot Shareholders**

articles of incorporation or by-laws before a control share acquisition has occurred, in the event that control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all voting power, all shareholders of the issuing public corporation have a right of redemption to receive the fair value of their shares. However, if the notice of the special meeting contains a statement advising the disinterested shareholders of their right of redemption, disinterested shareholders must provide written notice to the corporation preserving their right of redemption prior to the special meeting or they will lose their right of redemption.

Control shares means shares of a covered corporation that when added to all other shares of the corporation beneficially owned by a person would entitle that person to voting power in the election of directors that is equal to or greater than any of the following levels of voting power:

(i) one-fifth of all voting power;

(ii) one third of all voting power; or

(iii) a majority of all voting power.

Control share acquisition means, subject to certain exceptions, the acquisition by any person of beneficial ownership of control shares. Shares acquired within 90 days or pursuant to a plan to make a control share acquisition are considered to have been acquired in the same acquisition.

Covered corporation means a corporation which is incorporated under the laws of North Carolina and has substantial assets in North Carolina, has shares registered under Section 12 of the Exchange Act, has its principal place of business or principal office in North Carolina and one of the following:

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Under the merger agreement, LNC has agreed to amend its bylaws effective upon the completion of the merger to provide that, for a period of 30 months from completion of the merger, 70% of the directors must approve any extraordinary business transactions involving LNC or any of its

(i) more than 10% of its shareholders resident in North Carolina; or

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**Rights of LNC Shareholders**

significant subsidiaries (as defined in the bylaw) or any purchase or sale of 20% or more of the consolidated assets (including stock of any subsidiary) of LNC and its subsidiaries, taken as a whole, or any sale of LNC's voting securities that, if consummated, would result in any person (or the shareholders of such person) beneficially owning securities representing 20% or more of LNC's total voting power (or of the surviving parent entity in such transaction) or the voting power of any of its significant subsidiaries.

**Rights of Jefferson-Pilot Shareholders**

(ii) more than 10% of its shares owned by North Carolina residents.

The Control Share Acquisition Act does not apply if, before a control share acquisition is made, the corporation's articles of incorporation or by-laws (including a board-adopted by-law) provide that it does not apply. Jefferson-Pilot has not opted out of the Control Share Acquisition Act.

*Standards for Protecting the Best Interests of Indiana Corporations:* The IBCL provides that a board of directors, in discharging its duties, may consider, in its discretion, both the long-term and short-term best interests of the corporation, taking into account, and weighing as the directors deem appropriate, the effects of an action on the corporation's shareholders, employees, suppliers and customers and the communities in which offices or other facilities of the corporation are located and any other factors the directors consider pertinent. If a determination is made with the approval of a majority of the disinterested directors of the board, that determination is conclusively presumed to be valid unless it can be demonstrated that the determination was not made in good faith after reasonable investigation. Once the board has determined that the proposed action is not in the best interests of the corporation, it has no duty to remove any barriers to the success of the action, including a rights plan. The IBCL specifically provides that certain judicial decisions in Delaware and other jurisdictions, which might be looked upon for guidance in interpreting Indiana law, including decisions that propose a higher or different degree of scrutiny in response to a proposed acquisition of the corporation, are inconsistent with the proper application of that section.



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**Rights of LNC Shareholders**

**Rights of Jefferson-Pilot Shareholders**

*After the Merger.* For the 30 months following the effective date of the merger, a supermajority vote of 70% of the whole board of directors will be required to engage in any merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving LNC or any of its significant subsidiaries (as defined by Rule 1-02 of Regulation S-X) or any purchase or sale of 20% or more of the consolidated assets (including stock of any subsidiary) of LNC and its subsidiaries, or any sale of its voting securities that would result in any person beneficially owning securities representing 20% or more of LNC's total voting power or the voting power of any of its significant subsidiaries. See *The Merger Interests of Directors and Executive Officers in the Merger* LNC's Board of Directors After the Merger beginning on page 83.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial statements of LNC give effect to the merger with Jefferson-Pilot as if the merger had been completed as of January 1, 2004, with respect to the pro forma results of operations data, and as of September 30, 2005, with respect to the pro forma balance sheet data. We have adjusted the historical consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable and (3) with respect to the statements of income, expected to have a continuing impact on the combined results.

The following unaudited pro forma condensed combined financial statements of LNC should be read in conjunction with the historical consolidated financial statements and notes thereto of LNC and Jefferson-Pilot, which are incorporated by reference in this joint proxy statement/prospectus, and the other information contained or incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 143.

The merger will be accounted for under the purchase method of accounting, with LNC treated as the accounting acquirer. Under this method of accounting, the purchase price will be allocated to Jefferson-Pilot's net assets based upon the estimated fair values of Jefferson-Pilot's assets and liabilities at the date of acquisition. The actual purchase price to be so allocated will depend upon, among other things, the number of shares of Jefferson-Pilot common stock issued and outstanding or subject to outstanding options immediately prior to the merger. The unaudited pro forma condensed combined financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to Jefferson-Pilot's net assets as of September 30, 2005. The purchase price allocation reflected in the following unaudited pro forma condensed combined financial statements is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the actual assets and liabilities of Jefferson-Pilot as of the date of the completion of the merger. Accordingly, the actual purchase accounting adjustments may differ materially from the pro forma adjustments reflected in these statements.

The following unaudited pro forma condensed combined financial statements of LNC are presented for illustrative purposes only and are not necessarily indicative of what LNC's actual financial position or results of operations would have been had the merger been completed on the dates indicated above. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the resulting company. These statements do not give effect to (1) LNC's or Jefferson-Pilot's results of operations or other transactions or developments since September 30, 2005, (2) the impact of possible revenue enhancements, expense efficiencies or synergies expected to result from the merger or contemplated share repurchases of LNC common stock, (3) the merger related costs of approximately \$180 million to integrate LNC's and Jefferson-Pilot's operations or (4) the effects of transactions or developments that may occur subsequent to the merger. The foregoing matters could cause both LNC's pro forma historical financial position and results of operations, and LNC's actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma condensed combined financial statements.

**Table of Contents****Unaudited Pro Forma Condensed Combined Balance Sheet**

(in millions)

September 30, 2005

	LNC	Jefferson-Pilot	Pro Forma Adjustments	Note	LNC Pro Forma
<b>ASSETS</b>					
Investments:					
Securities available-for-sale, at fair value:					
Fixed maturity	\$ 34,325	\$ 20,258	\$ 2,175	3(a) 3(b)	\$ 56,758
Equity	152	593	(3)	3(c)	742
Fixed maturity held-to-maturity		2,096	(2,096)	3(a)	
Trading securities	3,287				3,287
Mortgage loans on real estate	3,696	3,912	57	3(d)	7,665
Policy loans	1,856	836			2,692
Other investments	769	365	230	3(e)	1,364
<b>Total Investments</b>	<b>44,085</b>	<b>28,060</b>	<b>363</b>		<b>72,508</b>
Cash and invested cash	1,602	14	(106)	3(f)	1,510
Deferred acquisition costs and value of business acquired	4,923	2,704	(495)	3(g)	7,132
Amounts recoverable from reinsurers	7,211	1,305	(161)	3(h)	8,355
Goodwill	1,195	312	3,073	3(i)	4,580
Other intangible assets	16	196	973	3(j)	1,185
Assets held in separate accounts	60,812	2,431			63,243
Other assets	2,261	819	96	3(k) 3(l)	3,176
<b>Total Assets</b>	<b>\$ 122,105</b>	<b>\$ 35,841</b>	<b>\$ 3,743</b>		<b>\$ 161,689</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
Liabilities:					
Insurance and Investment Contract Liabilities:					
Insurance policy and claim reserves	\$ 24,729	\$ 3,133	\$ 102	3(m)	\$ 27,964
Contractholder funds	22,796	23,772	(188)	3(m)	46,380
<b>Total Insurance and Investment Contract Liabilities</b>	<b>47,525</b>	<b>26,905</b>	<b>(86)</b>		<b>74,344</b>
Short-term debt	165	224			389
Long-term debt	999	600	800	3(n)	2,399
Junior subordinated debentures issued to affiliated trusts	336	309	(13)	3(o) 3(b)	632
Funds withheld reinsurance liabilities	2,338				2,338
Liabilities related to separate accounts	60,812	2,431			63,243
Other liabilities	2,790	1,514	405	3(p) 3(q)	4,709
Deferred gain on indemnity reinsurance	855				855
<b>Total Liabilities</b>	<b>115,820</b>	<b>31,983</b>	<b>1,106</b>		<b>148,909</b>
Shareholders Equity:					
Series A preferred stock	1				1
Perpetual preferred stock			974	3(n)	974
Common stock and additional paid-in capital	1,740	168	5,353	3(r) 3(q) 3(c)	7,261
Retained earnings	3,923	3,200	(3,200)	3(s)	3,923

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Accumulated other comprehensive income	621	490	(490)	3(t)	621
Total Shareholders' Equity	6,285	3,858	2,637		12,780
Total Liabilities and Shareholders' Equity	\$ 122,105	\$ 35,841	\$ 3,743		\$ 161,689

See Notes to the Unaudited Pro Forma Condensed Combined Financial Information

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Income****(in millions, except share amounts)****Nine Months ended September 30, 2005**

	<u>LNC</u>	<u>Jefferson-Pilot</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>LNC Pro Forma</u>
<b>Revenue:</b>					
Insurance premiums and fees	\$ 1,517	\$ 1,599	\$ (34)	3(u)	\$ 3,082
Net investment income	2,034	1,262	(81)	3(v)	3,215
Other revenue and fees	549	278			827
<b>Total Revenue</b>	<u>4,100</u>	<u>3,139</u>	<u>(115)</u>		<u>7,124</u>
<b>Benefits and Expenses:</b>					