

LINCOLN NATIONAL CORP

Form 424B2

April 03, 2006

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED APRIL 3, 2006

The information in this prospectus supplement is not complete and may be changed. The prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT
(To prospectus dated March 14, 2006)

**Filed Pursuant to Rule 424B(2)
Registration No. 333-132416**

\$1,000,000,000

Lincoln National Corporation

\$ Floating Rate Senior Notes due 2009

\$ % Senior Notes due 2036

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

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

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

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

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

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

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

	Price to the Public		Underwriting Discounts and Commissions		Proceeds to LNC (before expenses)	
Per floating rate note		%		%		%
Per fixed rate note		%		%		%
Total	\$		\$		\$	

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company, Clearstream, Luxembourg or Euroclear, as the case may be, on or about April , 2006 against payment therefor in immediately available funds.

Joint Bookrunning Managers (Floating Rate Notes)

MORGAN STANLEY
(Global Coordinator)

CITIGROUP
(Global Coordinator)

MERRILL LYNCH & CO.
(Global Coordinator)

**BANC OF AMERICA
SECURITIES LLC**

UBS INVESTMENT BANK

WACHOVIA SECURITIES

Joint Bookrunning Managers (Fixed Rate Notes)

**MORGAN STANLEY
GOLDMAN, SACHS & CO.**

**CITIGROUP
JPMORGAN CHASE**

**MERRILL LYNCH & CO.
LEHMAN BROTHERS**

April , 2006

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on information contained in this prospectus supplement and the accompanying base prospectus or information to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. The information in this prospectus supplement and the accompanying base prospectus may only be accurate as of the date of this prospectus supplement.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of notes and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus. The second part, the accompanying base prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information contained in this prospectus supplement.

Unless otherwise indicated, or the context otherwise requires, references in this prospectus supplement and the accompanying base prospectus to *LNC*, *we*, *us* and *our* or similar terms are to Lincoln National Corporation and its subsidiaries.

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FORWARD-LOOKING STATEMENTS CAUTIONARY LANGUAGE

This prospectus supplement and the accompanying base prospectus may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, expect, project, intend, plan, believe, and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining LNC's actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance, and there are no guarantees about the performance of any securities offered by this prospectus supplement. Actual results could differ materially from those expressed or implied in the forward-looking statements. Among factors that could cause actual results to differ materially are:

- Problems arising with the ability to successfully integrate our and Jefferson-Pilot Corporation's (Jefferson-Pilot) businesses, which may affect our ability to operate as effectively and efficiently as expected or to achieve the expected synergies from the merger or to achieve such synergies within our expected timeframe;
- Legislative, regulatory or tax changes, both domestic and foreign, that affect the cost of, or demand for, LNC's products, the required amount of reserves and/or surplus, or otherwise affect our ability to conduct business, including changes to statutory reserves and/or risk-based capital requirements related to secondary guarantees under universal life and variable annuity products such as Actuarial Guideline 38; restrictions on revenue sharing and 12b-1 payments; and the potential for U.S. Federal tax reform;
- The initiation of legal or regulatory proceedings against LNC or its subsidiaries and the outcome of any legal or regulatory proceedings, such as: (a) adverse actions related to present or past business practices common in businesses in which LNC and its subsidiaries compete; (b) adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities, and extra-contractual and class action damage cases; (c) new decisions that result in changes in law; and (d) unexpected trial court rulings;
- Changes in interest rates causing a reduction of investment income, the margins of LNC's fixed annuity and life insurance businesses and demand for LNC's products;
- A decline in the equity markets causing a reduction in the sales of LNC's products, a reduction of asset fees that LNC charges on various investment and insurance products, an acceleration of amortization of deferred acquisition costs (DAC), the value of business acquired (VOBA), deferred sales inducements (DSI) and deferred front-end loads (DFEL) and an increase in liabilities related to guaranteed benefit features of LNC's variable annuity products;
- Ineffectiveness of LNC's various hedging strategies used to offset the impact of declines in the equity markets;

- A deviation in actual experience regarding future persistency, mortality, morbidity, interest rates or equity market returns from LNC's assumptions used in pricing its products, in establishing related insurance reserves, and in the amortization of intangibles that may result in an increase in reserves and a decrease in net income;
- Changes in accounting principles generally accepted in the United States (GAAP) that may result in unanticipated changes to LNC's net income;
- Lowering of one or more of LNC's debt ratings issued by nationally recognized statistical rating organizations, and the adverse impact such action may have on LNC's ability to raise capital and on its liquidity and financial condition;
- Lowering of one or more of the insurer financial strength ratings of LNC's insurance subsidiaries, and the adverse impact such action may have on the premium writings, policy retention, and profitability of its insurance subsidiaries;
- Significant credit, accounting, fraud or corporate governance issues that may adversely affect the value of certain investments in the portfolios of LNC's companies requiring that LNC realize losses on such investments;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including LNC's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- The adequacy and collectibility of reinsurance that LNC has purchased;
- Acts of terrorism or war that may adversely affect LNC's businesses and the cost and availability of reinsurance;
- Competitive conditions, including pricing pressures, new product offerings and the emergence of new competitors, that may affect the level of premiums and fees that LNC can charge for its products;
- The unknown impact on LNC's business resulting from changes in the demographics of LNC's client base, as aging baby-boomers move from the asset-accumulation stage to the asset-distribution stage of life;
- Loss of key management, portfolio managers in the Investment Management segment, financial planners or wholesalers; and
- Changes in general economic or business conditions, both domestic and foreign, that may be less favorable than expected and may affect foreign exchange rates, premium levels, claims experience, the level of pension benefit costs and funding, and investment results.

The risks included here are not exhaustive. We describe these risks and uncertainties in greater detail under the caption "Risk Factors" below and in LNC's recent Forms 10-K and 8-K and other documents filed with the Securities and Exchange Commission (the "SEC"). Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the impact of all risk factors on LNC's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, we disclaim any current intention to update any forward-looking statements to reflect events or circumstances that occur after the date of this prospectus supplement.

SUMMARY

This summary contains basic information about LNC, LNC's merger with Jefferson-Pilot Corporation (Jefferson-Pilot) consummated on April 3, 2006 (the merger) and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus supplement carefully, including the section entitled Risk Factors, our financial statements and the notes thereto incorporated by reference into this prospectus supplement, and the accompanying base prospectus, before making an investment decision.

LNC

For a detailed description of LNC's business, the latest financial statements of LNC, management's discussion and analysis of LNC's financial condition and results of operations, and other important information concerning LNC, please refer to LNC's Annual Report on Form 10-K for the year ended December 31, 2005 and other documents filed with the SEC, which are incorporated by reference into this prospectus supplement. For more information, see Documents Incorporated by Reference in the accompanying base prospectus.

LNC is a holding company, which operates multiple insurance and investment management businesses as well as a broadcasting and sports programming business through subsidiary companies. LNC was organized under the laws of the state of Indiana in 1968 and maintains its principal executive offices in Philadelphia, Pennsylvania. Lincoln Financial Group is the marketing name for LNC and its subsidiary companies. At December 31, 2005, LNC had consolidated assets of \$124.8 billion and consolidated shareholders' equity of \$6.4 billion. Giving effect to the merger as if it had occurred at December 31, 2005, LNC would have had pro forma consolidated assets of \$164.6 billion and pro forma consolidated shareholders' equity of \$12.0 billion at December 31, 2005.

For the year ended December 31, 2005, we had total revenue of \$5.5 billion and net income of \$831 million. Giving effect to the merger as if it had occurred at January 1, 2005, LNC would have had pro forma total revenue of \$9.6 billion and net income of \$1.4 billion for the year ended December 31, 2005.

Our principal executive office is located at Centre Square West Tower, 1500 Market Street, Suite 3900, Philadelphia, Pennsylvania 19102. Our telephone number is (215) 448-1400.

Recent Developments: Merger with Jefferson-Pilot

On April 3, 2006, Jefferson-Pilot, a financial services and broadcasting holding company, merged with and into a wholly owned subsidiary of LNC. Jefferson-Pilot, through its subsidiaries, provided products and services in four major businesses: (1) life insurance, (2) annuities and investment products, (3) group life, disability and dental insurance, and (4) broadcasting and sports programming production. At December 31, 2005, Jefferson-Pilot had consolidated assets of \$36.1 billion and consolidated shareholders' equity of \$3.9 billion. For a detailed description of Jefferson-Pilot's business, the latest financial statements of Jefferson-Pilot, and other important information concerning Jefferson-Pilot, please refer to Jefferson-Pilot's Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated herein by reference.

LNC paid \$1.8 billion in cash and expects to issue approximately 112 million shares of LNC common stock to the former holders of Jefferson-Pilot common stock in connection with the merger. LNC financed the cash portion of the merger consideration under a bridge financing facility. All of the net proceeds from this offering will be used to repay a portion of the outstanding debt under the bridge financing facility.

Overview of LNC after the Merger

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

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

Individual Markets. The Individual Markets segment will provide tax-deferred investment growth and lifetime income opportunities for its clients by offering individual fixed, variable, and equity-indexed annuities. The segment will also offer wealth protection and transfer opportunities through both single and survivorship versions of universal life, variable universal life, interest-sensitive whole life, term insurance, as well as a linked-benefit product, which is a universal life insurance policy linked with riders that provide for long-term care costs.

Employer Markets. The Employer Markets segment will provide products and services to the employer-sponsored marketplace. The Employer Markets segment will offer group protection, retirement income, and executive benefits solutions. Products will include employer-sponsored variable and fixed annuities, mutual-fund based programs in the 401(k), 403(b), and 457 marketplaces, corporate owned life insurance, as well as group life, disability, and dental insurance.

Investment Management. The Investment Management segment, through Delaware Investments, will provide a broad range of managed accounts and portfolios, mutual funds, subadvised funds, and other investment products to individual investors and to institutional investors such as private and public pension funds, foundations, and endowment funds. Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries.

Lincoln UK. Lincoln UK is headquartered in Barnwood, Gloucester, England, and is licensed to do business throughout the United Kingdom. Lincoln UK will primarily focus on protecting and enhancing the value of its existing customer base. The segment accepts new deposits from existing relationships into existing and a limited number of new products. Lincoln UK's product portfolio principally consists of unit-linked life and pension products, which are similar to U.S. produced variable life and annuity products, where the risk associated with the underlying investments is borne by the policyholders.

Lincoln Financial Media. The Lincoln Financial Media segment will consist of 18 radio and 3 television broadcasting stations located in selected markets in the Southeastern and Western United States and will also produce syndicated collegiate basketball and football sports programming.

LNC also has an Other Operations category that includes the financial data for the operations of LFA and LFD, and for operations that are not directly related the business segments, unallocated corporate items (such as corporate investment income and interest expense on short-term and long-term borrowings) and the historical results of the former reinsurance segment, which was sold to Swiss Re Life & Health America Inc. (Swiss Re) in the fourth quarter of 2001, along with the ongoing amortization of deferred gain on the indemnity reinsurance portion of the transaction with Swiss Re.

The Offering

Issuer	Lincoln National Corporation
Securities	<p>\$ aggregate principal amount of Floating Rate Senior Notes due 2009, which we refer to as the floating rate notes.</p> <p>\$ aggregate principal amount of % Senior Notes due 2036, which we refer to as the fixed rate notes.</p> <p>We collectively refer to the floating rate notes and the fixed rate notes as the notes. The notes will be issued in denominations of \$2,000 principal amount and integral multiples of \$1,000.</p>
Aggregate Principal Amount	\$1,000,000,000
Maturity Date	The floating rate notes will mature on , 2009 and the fixed rate notes will mature on , 2036.
Interest	Interest on the floating rate notes will accrue from the issue date until maturity at a rate per year equal to three-month LIBOR, plus % calculated on the basis of a 360-day year using the actual number of days elapsed from and including an interest payment date to but not including the next succeeding interest payment date. Interest on the floating rate notes will be reset quarterly.