

LINCOLN NATIONAL CORP
Form DEF 14A
April 08, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

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

Check the appropriate box:

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

Lincoln National Corporation

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PHILADELPHIA, PENNSYLVANIA

April 8, 2005

Dear Fellow Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Lincoln National Corporation scheduled for Thursday, May 12, 2005, at 10:00 a.m., local time, at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania. Our Board of Directors and management look forward to greeting you.

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

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

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

Sincerely,

Jon A. Boscia
Chairman and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
PHILADELPHIA, PENNSYLVANIA

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS

April 8, 2005

The Annual Meeting of Shareholders of LINCOLN NATIONAL CORPORATION will be held on Thursday, May 12, 2005, at 10:00 a.m., local time, at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania.

The items of business are:

1. to elect three directors for three-year terms expiring in 2008;
2. to ratify the appointment of Ernst & Young LLP, as independent registered public accounting firm for 2005;
3. to approve the Lincoln National Corporation Amended and Restated Incentive Compensation Plan, and
4. to consider and act upon such other matters as may properly come before the meeting.

You have the right to receive this notice and vote at the Annual Meeting of Shareholders if you were a shareholder of record at the close of business on March 7, 2005. Please remember that your shares cannot be voted unless you cast your votes by one of the following methods: (1) sign and return a proxy card; (2) call the 800 toll-free number listed on the proxy card; (3) vote via the Internet as indicated on the proxy card; (4) vote in person at the Annual Meeting; or (5) make other arrangements to vote your shares.

For the Board of Directors,

C. Suzanne Womack
Secretary

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LINCOLN NATIONAL CORPORATION

1500 MARKET STREET, SUITE 3900

CENTRE SQUARE WEST

PHILADELPHIA, PENNSYLVANIA 19102

PROXY STATEMENT

Annual Meeting of Shareholders

May 12, 2005

Our Board of Directors is soliciting proxies in connection with the proposals to be voted on at the Annual Meeting of Shareholders scheduled for May 12, 2005 (the "Annual Meeting"). The Annual Meeting will be held at Delaware Investments, Inc., Second Floor Auditorium, Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania. The matters to be voted upon are set forth in the enclosed Notice of Annual Meeting of Shareholders (the "Notice"). We are first mailing this Proxy Statement and enclosed proxy to our shareholders on or about April 8, 2005.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (*i.e.*, authorizing someone to vote your shares). If you execute the attached proxy card, the individuals designated on that card (Jon A. Boscia, Jill S. Ruckelshaus, and C. Suzanne Womack) will vote your shares according to your instructions. If any matter other than Items 1, 2 and 3 listed in the Notice is presented at the Annual Meeting, the designated individuals will, to the extent permissible, vote all proxies in the manner they perceive to be in our best interests.

To assist you in deciding how to vote, this Proxy Statement includes narrative information about us, our officers and directors, nominees for director, and related matters. In addition, a performance graph showing the performance over a five-year period is included on page 25. We have included tabular information regarding security ownership by our 5% beneficial owners and our directors and officers as well as the compensation of our chief executive officer and the four most highly compensated Executive Officers other than the chief executive officer, all of which is set forth in Tables A through G (beginning on page 46).

Whenever we refer in this Proxy Statement to the Annual Meeting, we are also referring to any meeting that results from an adjournment of the Annual Meeting.

SOLICITATION OF PROXIES

Introduction

The attached proxy card allows you to instruct the designated individuals how to vote your shares. You may vote in favor of, against, or abstain from voting on Items 2 and 3. With respect to Item 1 (the election of directors), you may vote in favor of, or withhold your votes from, all or one or more particular nominees.

If you sign a proxy card and deliver it to us, but then want to change your vote, you may revoke your proxy at any time prior to the Annual Meeting by sending our Corporate Secretary a written revocation or a new proxy, or by attending the Annual Meeting and voting your shares in person.

Who May Solicit Proxies

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

Costs Of Soliciting Proxies

We will pay the cost of soliciting proxies. Our directors, officers and employees will receive no additional compensation for soliciting proxies. We will reimburse certain brokerage firms, banks, custodians and other fiduciaries for the reasonable mailing and other expenses they incur in forwarding proxy materials to the beneficial owners of stock that those brokerage firms, banks, custodians and fiduciaries hold of record. As noted above, we have retained Georgeson Shareholder to solicit proxies. We will pay Georgeson Shareholder a fee of \$8,500, plus reasonable expenses, for these services.

VOTING

Shareholders Entitled To Vote And Shares Outstanding

You may vote your shares at the Annual Meeting only if you were a shareholder of record at the close of business on March 7, 2005. As of the record date, 174,392,890 shares of capital stock of the Corporation were issued, outstanding, and entitled to vote as follows: 174,376,126 shares of Common Stock and 16,764 shares of \$3.00 Cumulative Convertible Preferred Stock, Series A. You are entitled to one vote for each share of Common Stock and each share of Preferred Stock you own. The number of shares you own (and may vote) is listed on the proxy card.

How To Submit Your Proxy By Telephone Or Through The Internet

As an alternative to submitting your proxy by mail, you may submit your proxy with voting instructions by telephone or through the Internet by following the instructions on the enclosed proxy card and the accompanying information sheet. If you are a shareholder of record on the record date, you may call the number on the proxy card if you are calling within the United States, Canada or Puerto Rico or visit the website listed on the enclosed proxy card.

If you reside in any other geographic location, you may vote by visiting the website or by direct mail. If you hold your shares through a broker, nominee, fiduciary or other custodian, you should use the different toll-free telephone number and website address provided with your proxy card or voting instructions. If you choose to submit your proxy with voting instructions by telephone or through the Internet, you will be required to provide your assigned control number noted on the enclosed proxy card before your proxy will be accepted. In addition to the instructions that appear on the enclosed proxy card and information sheet, step-by-step instructions will be provided by recorded telephone message or at the designated website on the Internet.

Information For Participants In Certain Plans

If you have invested in the Lincoln National Corporation Common Stock fund of the Lincoln National Corporation Employees' Savings and Profit-Sharing Plan or The Lincoln National Life Insurance Company Agents' Savings and Profit-Sharing Plan, the enclosed proxy card, when executed and returned by you, will instruct the trustees of your plan how to vote the shares of Common Stock allocated to your account. If our stock books contain identical account information regarding Common Stock that you own directly and Common Stock that you own through one or more of those plans, you will receive a single proxy card representing all shares owned by you. If you participate in one of these plans and do not return a proxy card by 5:00 p.m. (E.D.T.) on May 9, 2005, the trustees of your plan will vote the shares in your account in proportion to shares held by your plan for which voting instructions have been received.

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

Quorum

A majority of all outstanding shares entitled to vote at the Annual Meeting constitutes a quorum (*i.e.*, the minimum number of shares that must be present or represented by proxy at the Annual Meeting in order to transact business). Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present. (Broker non-votes are proxies returned by brokerage firms for which no voting instructions have been received from their principals.) Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment of the Annual Meeting, unless a new record date is set).

Votes Necessary To Adopt Proposals

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

Under Indiana law, approval of the Lincoln National Corporation Amended and Restated Incentive Compensation Plan (Item 3) will be approved if more shares are cast in favor of the proposal than against it, and abstentions and, if applicable, broker non-votes, are not counted as votes cast on the proposal. However, under New York Stock Exchange (NYSE) listing standards, for the shares under the Lincoln National Corporation Amended and Restated Incentive Compensation Plan to be approved for listing, at least a majority of the votes cast on Item 3 must be voted in favor of the proposal, and the total votes cast on the proposal must represent a majority of all shares present and entitled to vote on the proposal at the Annual Meeting. Under the NYSE rules, abstentions are counted as votes cast on a proposal, but broker non-votes are not, and abstentions are counted as votes cast against the proposal.

Certain Shareholder-Related Matters

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There are no shareholder proposals to be brought before the Annual Meeting. To the extent permissible, your proxy will be voted in the discretion of the proxy holders with respect to each matter properly brought before the meeting that has not been enumerated in this Proxy Statement or for which no specific direction was given on the proxy card. For information regarding inclusion of shareholder proposals in future proxy statements, see Shareholder Proposals on page 57. If shareholders at the Annual Meeting approve the minutes of the 2004 annual meeting of shareholders, that approval will not constitute approval of the matters referred to in those minutes.

DIRECTOR INDEPENDENCE

Our Common Stock is traded on the NYSE. NYSE listing standards and our Corporate Governance Guidelines require that a majority of our directors meet the criteria for independence as set forth in the NYSE listing standards. The NYSE listing standards provide that in order to be considered independent, the Board must determine that a director has no material relationship with us other than as a director. As permitted by the NYSE listing standards, the Board has adopted categorical standards to assist it in determining whether its members have such a material relationship with us. These standards are set forth in Article V of our Corporate Governance Guidelines (see Exhibit 6, page E-15).

The Corporate Governance Committee and the Board have reviewed the independence of each Board member, including the nominees for director at the Annual Meeting, considering the standards set forth in our Corporate Governance Guidelines (which include the NYSE standards for independence). The Board considered, among other things, transactions and relationships between each director or any member of his or her immediate family and us or our subsidiaries and affiliates.

As a result of this review, the Board affirmatively determined that all of the directors and nominees, except Mr. Boscia, the CEO, are independent and have no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us). In addition, the Board determined that those directors who are members of the Audit, Corporate Governance, and Compensation committees are likewise independent of our management and us.

CORPORATE GOVERNANCE

This section is intended to list what we believe are some, but not all, of the more significant aspects of our corporate governance:

All members of the Board, including the nominees for director, are independent of management, other than the CEO, and are independent under the applicable NYSE listing standards.

The independent directors meet in executive session (chaired by the lead director) in connection with each regularly scheduled Board meeting and at such other times as they may desire.

The Board has, among other committees, an Audit Committee, Compensation Committee and Corporate Governance Committee.

The current lead director is Thomas D. Bell, Jr. Mr. Bell has decided not to stand for re-election to the Board. As a result, the Board is currently considering candidates for lead director.

All members of the Audit, Compensation and Corporate Governance committees are independent of management.

Independent directors are not permitted to serve on more than four boards of public companies in addition to our Board, and inside directors are not permitted to serve on more than two boards of public companies in addition to our Board.

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The Board has determined that William J. Avery, a member of the Audit Committee, is an audit committee financial expert as defined by applicable rules of the Securities Exchange Commission (SEC). In addition, the Board has determined that other Audit Committee members qualify as audit committee financial experts.

The Audit, Compensation and Corporate Governance committees have charters that comply with the NYSE's listing standards, and those charters are attached to this proxy statement as Exhibit 3 (page E-3), Exhibit 4 (page E-9), and Exhibit 5 (page E-12), respectively. These charters are also available on our website (www.lfg.com) and are also available in print to any shareholder who requests them by contacting our Corporate Secretary.

We have Corporate Governance Guidelines that likewise comply with the NYSE's listing standards, and such Guidelines are attached as Exhibit 6 (page E-15). The Corporate Governance Guidelines are also available on our website (www.lfg.com) and are also available in print to any shareholder who requests them by contacting our Corporate Secretary.

We have a Code of Conduct that is available on our website (www.lfg.com) and is also available in print to any shareholder who requests it by contacting our Corporate Secretary. The Code of Conduct comprises our code of ethics for purposes of Item 406 of Regulation S-K under the Securities Exchange Act of 1934, as amended, and our code of business conduct and ethics for

purposes of the NYSE listing standards. We intend to disclose amendments to or waivers from a required provision of the code by including such information on our website at www.lfg.com.

We do not have cumulative voting for directors.

Committee chairs are selected for a three-year term and have a two-term limit.

Our Incentive Compensation Plan, as amended and restated on March 8, 2001, was approved by shareholders, and we are asking shareholders to approve an amendment and restatement to the Plan at the Annual Meeting.

We do not allow the re-pricing of stock options.

We began expensing stock options in 2003 by adopting a method that provides for the retroactive expensing of options, a more conservative method of expensing options than on a prospective basis only.

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

The Corporate Governance Committee conducts a review of the performance of the Board and its committees each year.

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

The Audit, Compensation and Corporate Governance committees each conduct a self-evaluation of their respective committee's performance each year.

The Board conducts an annual CEO performance evaluation.

We have a CEO succession plan including an emergency plan in the event a CEO vacancy occurs unexpectedly.

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

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

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

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

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

Certain officers and employees are required to meet the following share ownership requirements within five years, or in the case of officers of our Delaware Investments subsidiaries, within six years, of becoming subject to such requirements:

Title of Officer	Multiple of Base Salary
Chief Executive Officer	5 times
President	5 times
Executive Vice President or equivalent	3 times
Senior Vice President or equivalent	2 times
Vice President or equivalent	1 time

ITEM 1 - ELECTION OF DIRECTORS

Our Board is currently composed of 12 members and is divided into three classes. Each director is elected for a three-year term. Directors Thomas D. Bell and John G. Drosdick, whose terms expire at the Annual Meeting, have decided not to stand for re-election. As a result, if all three nominees for election at the Annual Meeting are elected, the Board will be composed of 11 members. The Board has decided not to propose another nominee for election at the Annual Meeting. Accordingly, after the Annual Meeting, one vacancy will remain on the Board and in the class of directors being elected at the Annual Meeting. The Corporate Governance Committee intends to conduct a thorough search for a nominee to fill the vacancy to the class of directors being elected at the Annual Meeting with the assistance of an independent search firm. It intends to use the independent search firm to help identify and screen appropriate candidates. The Board is authorized under our Bylaws to fill the vacancy in the class of directors being elected at the Annual Meeting without seeking shareholder approval.

If you sign the enclosed proxy card and return it to us, your proxy will be voted for the Board's nominees Marcia J. Avedon, Ph.D., J. Patrick Barrett and Michael F. Mee for terms expiring at the 2008 Annual Meeting, unless you specifically indicate on the proxy card that you are withholding authority to vote for one or more of those nominees. Messrs. Barrett and Mee are current directors of LNC. Jon A. Boscia, our CEO, recommended Dr. Avedon to the Corporate Governance Committee. All nominees have agreed to serve on the Board if they are elected. If any nominee is unable (or for whatever reason declines) to serve as a director at the time of the Annual Meeting, proxies may be voted for the election of a qualified substitute nominee selected by the Board.

Nominees For Terms Expiring At The 2008 Annual Meeting

Nominee for a Term Expiring at the 2008 Annual Meeting

PRINCIPAL OCCUPATION:

Marcia J. Avedon, Ph.D.

Senior Vice President, Human Resources, Merck & Co., Inc. (a pharmaceutical company) [January 2003 - present]

Age 43

FIVE YEAR BUSINESS HISTORY:

Vice President, Talent Management and Organization Effectiveness, Merck & Co., Inc. [September 2002 - December 2002]

Vice President, Corporate Human Resources, Honeywell International (a diversified manufacturing and technology company) [August 2001 - September 2002]

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Vice President, Human Resources & Communications, Performance Polymers & Chemicals, Honeywell International [July 2000 July 2001]

Vice President, Human Resources & Communications, Performance Polymers, Honeywell International [October 1997 July 2000]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

Nominee for a Term Expiring at the 2008 Annual Meeting

PRINCIPAL OCCUPATION:

J. Patrick Barrett

Chairman and Chief Executive Officer of CARPAT Investments (a private investment company) [November 1987 present]

Director since 1990

Age 68

FIVE YEAR BUSINESS HISTORY:

President of Telergy, Inc. (an applications infrastructure provider serving the telecommunications and energy industries) [April 1998 – August 2001] (Telergy filed a voluntary bankruptcy petition under Chapter 11 of the federal bankruptcy laws in October 2001 and under Chapter 7 in December 2001)

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York [July 1996-Present]

Nominee for a Term Expiring at the 2008 Annual Meeting

PRINCIPAL OCCUPATION:

Michael F. Mee

Retired Executive and Chief Financial Officer

Director since 2001

Age 62

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FIVE YEAR BUSINESS HISTORY:

Prior to his retirement in 2001, Mr. Mee was Executive Vice President and Chief Financial Officer of Bristol-Myers Squibb Company (a pharmaceutical and related health care products company) [March 1994 April 2001]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Ferro Corporation [April 2001 present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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

Directors Continuing In Office

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

Continuing in Office for a Term Expiring at the 2006 Annual Meeting

PRINCIPAL OCCUPATION:

Jenne K. Britell, Ph. D.

Chairman and Chief Executive Officer of Structured Ventures, Inc. (advisors to U.S. and International private equity and venture capital firms) [February 2001 – present]

Director since 2001

Age 62

FIVE YEAR BUSINESS HISTORY:

President of GE Capital Global Commercial & Mortgage Banking (international commercial and mortgage banking) and Executive Vice President of GE Capital Global Consumer Finance (an international consumer finance company) [July 1999 – March 2000]

President and Chief Executive Officer of GE Capital Central and Eastern Europe (consumer and commercial businesses) [January 1998 – June 1999]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Crown Holdings, Inc. (formerly, Crown Cork & Seal Company, Inc.) [July 2000 – present]

Aames Investment Corporation (formerly Aames Financial Corp.) [July 2001 – present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

Continuing in Office for a Term Expiring at the 2006 Annual Meeting

PRINCIPAL OCCUPATION:

M. Leanne Lachman

Director since 1985

Age 62

President, Lachman Associates LLC (independent real estate consultant and investment advisor) [October 2003 present]

FIVE YEAR BUSINESS HISTORY:

Principal and Managing Director of Lend Lease Real Estate Investments (a global investment manager) [November 1999 - October 2003]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Liberty Property Trust [June 1994 - present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York [July 1996 - Present]

Continuing in Office for a Term Expiring at the 2006 Annual Meeting

Principal Occupation:

Executive Vice President of Information Services and Chief Information Officer of WellPoint, Inc. (managed healthcare company) [July 2002 - present]

Ron J. Ponder, Ph.D.

Director since 2000

FIVE YEAR BUSINESS HISTORY:

Age 62

President and Chief Executive Officer of Telecom Media Networks, a Cap Gemini Ernst & Young Company (a telecommunications/internet consulting operation) [April 1999 - May 2002]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Atlantic Health Systems [1995 - present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York [March 2001- present]

Continuing in Office for a Term Expiring at the 2006 Annual Meeting

PRINCIPAL OCCUPATION:

Jill S. Ruckelshaus

Retired Executive

Director since 1975

Age 68

BUSINESS HISTORY:

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

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Costco, Inc [January 1996 present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York [May 2003 present]

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

PRINCIPAL OCCUPATION

William J. Avery

Retired Executive

Director since 2002

Age 64

FIVE YEAR BUSINESS HISTORY:

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

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Rohm & Haas [February 1997 present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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

PRINCIPAL OCCUPATION :

Jon A. Boscia

Chairman of Lincoln National Corporation [March 2001 present]

Director since 1998

Chief Executive Officer of Lincoln National Corporation [July 1998 present]

Age 52

FIVE YEAR BUSINESS HISTORY:

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President of Lincoln National Corporation [January 1998 – March 2001]

President, The Lincoln National Life Insurance Company [December 1999 – July 2004]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

Hershey Foods Corporation [August 2001 – present]

Georgia-Pacific Corporation [March 2005 – present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

Lincoln Life & Annuity Company of New York [July 1996 – present]

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

PRINCIPAL OCCUPATION :

Eric G. Johnson

Director since 1998

Age 54

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

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

None

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

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

PRINCIPAL OCCUPATION:

Glenn F. Tilton

Director since 2002

Age 57

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

FIVE YEAR BUSINESS HISTORY:

Vice Chairman of the Board of ChevronTexaco Corporation (a global energy corporation) [October 2001 August 2002]

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Chairman and CEO of Texaco Inc. (an integrated international petroleum company) [February 2001 – October 2001]

President of Texaco's Global Business Unit [January 1997 - February 2001]

OTHER DIRECTORSHIPS OF PUBLIC COMPANIES:

UAL Corporation and United Airlines [September 2002 – present]

OTHER DIRECTORSHIPS OF OUR AFFILIATES:

None

THE BOARD OF DIRECTORS

Composition Of The Board Of Directors; Compensation Of Directors

The members of the Board, including Board nominees, their relevant term of office, and certain biographical information are set forth above under Item 1 Election of Directors. Compensation of our directors is discussed below under Compensation of Directors. During 2004, the Board held six regularly scheduled meetings. All directors attended 94% or more of the aggregate meetings of the Board and Board committees that he or she was eligible to attend.

Committees

The Board currently has six standing committees (*i.e.*, committees composed entirely of Board members): the Audit Committee, the Compensation Committee, the Development Committee, the Corporate Governance Committee (formerly, the Nominating and Corporate Governance Committee), the Securities Committee and the Committee on Corporate Action (formerly, the Pricing Committee). The following table lists the Directors who currently serve on the Committees and the number of meetings held for each Committe