

**LINCOLN NATIONAL CORPORATION  
COMPENSATION COMMITTEE CHARTER  
FEBRUARY 22, 2007**

**I. Purposes**

The Compensation Committee (the "Committee") is a standing committee appointed by the Board of Directors (the "Board") of Lincoln National Corporation (the "Corporation"):

1. To discharge the Board's responsibilities relating to compensation of the Corporation's executives,
2. To review and discuss with management the Compensation Discussion & Analysis (CD&A), to ensure the CD&A meets the SEC's rules for the disclosure of executive compensation, and to recommend the inclusion of the CD&A in the Corporation's proxy statement,
3. To insure that succession plans are in place for the CEO and other members of the Senior Management Committee,
4. To insure that an effective management development planning process is in place consistent with the long-term needs of the Corporation, and
5. To insure that the Corporation's compensation and benefit plans for the CEO, key executives, officers and employees are competitive, support the Corporation's overall business strategy and are fair in relation to personal and overall business performance.

**II. Membership, Structure and Operations**

The Committee shall consist of three or more members of the Board. The members of the Committee shall meet, and shall be determined by the Board to meet, the independence requirements of the New York Stock Exchange. In addition, two or more members of the Committee shall be "non-employee directors" as defined in Rule 16b-3 under the Securities Exchange Act of 1934 and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

The membership and structure of the Committee shall be subject to the Corporation's Amended and Restated Bylaws to be effective upon completion of the Corporation's transaction with Jefferson-Pilot Corporation to the extent such Bylaws are consistent with applicable laws and rules of the Securities and Exchange Commission and the New York Stock Exchange.

The members of the Committee shall be elected, replaced and shall serve at the pleasure of the Board for such term or terms as the Board may determine. The Board, based on nominations recommended by the Corporation's Corporate Governance Committee, shall elect members of the Committee. Committee members may resign by giving written notice to the Board. A Committee member may resign Committee membership without resigning from the Board, but a member shall automatically cease to be a member of the Committee upon either ceasing to be a member of the Board or ceasing to be "independent" as required above.

The Board shall designate one member of the Committee as its chairperson. The chairperson, in consultation with Committee members, if deemed appropriate, will determine the frequency and length of meetings necessary to carry out the Committee's responsibilities. The chairperson shall

preside at each meeting or, in the absence of the chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting. The chairperson (or acting chair) may direct appropriate members of management and staff to prepare draft agendas and related background information for each Committee meeting. The draft agenda shall be reviewed and approved by the Committee chairperson (or acting chair) in advance of distribution to the other Committee members. Any background materials, together with the agenda, should if practicable be distributed to the Committee members in advance of the meeting. Written minutes of each meeting, in the form approved at a subsequent meeting, shall be duly filed in the Company records. The Corporate Secretary is responsible for the distribution of the meeting agenda and the retention of appropriate Committee documentation. The Committee may invite the CEO and members of management to its meetings, as the Committee deems appropriate.

### **III. Duties and Responsibilities**

The Committee's duties and responsibilities shall be:

1. To establish, in consultation with senior management, the Corporation's general compensation philosophy, and oversee the development and implementation of compensation programs.
2. To annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider, among other factors, the Corporation's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years. Nothing in this charter should be construed as precluding discussion of CEO compensation with the Board.
3. To review and approve all compensation strategies, policies and programs that encompass total remuneration of the Corporation's executive officers and key personnel.
4. To review and approve, within its authority as set forth below, the establishment of employee benefit plans. For amounts beyond that authority, it will recommend such establishment to the Board.
5. To make recommendations to the Board with respect to the Corporation's incentive compensation plans and equity-based plans.
6. To review and approve all elements of remuneration for the executive officers of the Corporation including but not limited to: (a) annual base salary level, (b) annual incentive level, (c) long-term incentive level, stock options and other equity-based awards, (d) pension and other benefits, (e) employment agreements, (f) severance agreements, (g) change in control agreements or provisions and (h) any special or supplemental benefits.
7. To (a) administer the Company's Stock Option Plan and any other incentive plan or program providing for performance-based awards under Section 162(m) of the Internal Revenue Code with respect to those employees who are described in subsection 16(a) of the Securities Exchange Act of 1934 or who are or are expected to be "covered employees," as defined in Section 162(m) of the Internal Revenue Code, (b) approve all such grants or awards that are intended to be exempt from the application of either or

both of such provisions, and (c) take such actions and have such responsibilities as may be set forth from time to time in such plans or programs. For purposes of Section 162(m), the Committee shall include only those members qualified as “outside” directors as defined in that section. In addition, for purposes of Rule 16b-3, the Committee shall include only those members qualified as “non-employee” directors as defined in that rule.

8. To insure that appropriate programs and procedures are established to provide for the development, selection and succession of officers and key personnel within the Corporation. In addition, the Committee shall review and recommend for Board approval, candidates for the Chairman and Chief Executive Officer positions.
9. To establish procedures for the Committee to exercise oversight of the evaluation of management.
10. To make regular reports to the Board of actions taken and other matters deemed appropriate to be brought to the Board's attention at the next Board meeting.
11. To review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
12. To perform a self-evaluation of the performance of the Committee annually. The evaluation shall be conducted in such manner as the Committee deems appropriate. The evaluation shall compare the performance of the Committee with the requirements of this charter.
13. To perform any other duties or responsibilities expressly delegated to the Committee by the Board.

#### **IV. Authority**

1. The Committee shall have authority to approve employee benefit and executive compensation plans and programs, provided the present value cost for each plan or change to a plan will not exceed \$20 million for the next five years after the effective date of such change.
2. The Committee may form and delegate authority to one or more subcommittees comprised of one or more members of the Committee.
3. The Committee shall have sole authority to retain and terminate any compensation consultant and shall have sole authority to approve the consultant's fees and other terms of retention.
4. The Committee shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

#### **V. Resources**

The Committee shall have the resources necessary to discharge its duties and responsibilities.