
Lincoln Financial to Repay U.S. Treasury Investment

By Editor Test *Tue, Jun 22, 2010*

To repurchase almost \$1 billion in preferred shares, Lincoln Financial Group is selling \$335 million worth of common stock and up to \$750 million of senior notes.

To repurchase the \$950 million in preferred shares it issued to the U.S. Treasury under the Treasury's Capital Purchase Program (CPP), Lincoln Financial Group is selling \$335 million worth of common stock and up to \$750 million of senior notes. The public offering was announced June 14.

Lincoln intends to repurchase the \$950 million of preferred shares with the proceeds of the common stock offering, \$250 million from the bond offering, and cash on hand. The additional \$500 from the sale of debt will be used to support universal life reserves of Lincoln Financial's insurance subsidiaries.

"We ended the year in a strong capital position, and our first quarter results reflected the strength of our business model," said Dennis R. Glass, president and CEO of Lincoln Financial. "The repurchase of the CPP preferred shares combined with securing long term financing for a portion of our life insurance reserves completes a series of capital initiatives in support of our strong ratings and gives us additional financial flexibility as we look to invest in our core businesses."

The U.S. Treasury will continue to hold warrants to purchase approximately 13 million shares of Lincoln Financial's common stock at an exercise price of \$10.92 per share. The company does not intend to repurchase the warrants.

J.P. Morgan will serve as Global Coordinator for the offerings. Credit Suisse, Morgan Stanley and Wells Fargo Securities will act as joint book-running managers for the equity offering and BofA Merrill Lynch, Deutsche Bank Securities and US Bancorp will act as joint book-running managers for the debt offering. The underwriters have a 30-day option to buy up to an additional 15% of the offered amount of common stock from the company.