



Protective Life Corporation

1Q13 Earnings Results

Conference Call Presentation

May 7, 2013

Introduction

In addition to the information contained in this presentation, we have certain supplemental financial information available on our website www.protective.com. Also, this presentation and the accompanying conference call discussions include forward-looking statements which express expectations of future events and/or results. Actual events and results may differ materially from these expectations.

Please refer to our press release and Risk Factors and Cautionary Factors that may Affect Future Results, found in Part I, Item 1A of the Company's most recent report on Form 10-K and Part II, Item 1A of the Company's subsequent reports on Form 10-Q for more information about these factors.

Certain information may also contain non-GAAP financial measures. For information relating to non-GAAP measures (operating income, shareowners' equity per share excluding other comprehensive income (loss), operating return on average equity, and net income (loss) return on average equity) in this presentation, please refer to the Information About Non-GAAP Financial Measures available on the earnings page of the Investor Relations section of our website www.protective.com. All per share results used throughout this presentation are presented on a diluted basis, unless otherwise noted. Please see our website for additional information and reconciliation to GAAP financial measures.

Protective Life Corporation ("PLC")

1Q13 Financial Highlights

- Net income of \$78 million, or \$0.97 per share
- Operating earnings of \$71 million, or \$0.89 per share
- Life Marketing sales more than double 1Q12 level
- Positive capital markets in VA partially offset by negative mortality
- Higher operating expenses
 - \$4.5 million of guaranty fund assessments
 - \$1.3 million related to recent acquisition activity
- On April 10, 2013, announced agreement to acquire MONY and reinsure certain policies of MLOA

Earnings Per Share Review – Consolidated Results

(\$ per diluted share)

| | <u>1Q13</u> | <u>1Q12</u> |
|---|-----------------------|-----------------------|
| Operating Income | \$ 0.89 | \$ 1.18 |
| Realized investment gains (losses) and related amortization | | |
| Investments | (0.08) | 0.18 |
| Derivatives | 0.16 | (0.18) |
| Net realized investment gains | <u>0.08</u> | <u>-</u> |
| Net Income available to PLC's common shareowners | <u><u>\$ 0.97</u></u> | <u><u>\$ 1.18</u></u> |

(\$ in millions; net of income tax)

| | | |
|---|-----------------------|-----------------------|
| After-tax Operating Income | \$ 71.4 | \$ 99.1 |
| Realized investment gains (losses) and related amortization | | |
| Investments | (6.3) | 14.6 |
| Derivatives | 13.2 | (14.7) |
| Net realized investment gains | <u>6.9</u> | <u>(0.1)</u> |
| Net Income available to PLC's common shareowners | <u><u>\$ 78.3</u></u> | <u><u>\$ 99.0</u></u> |

Net Realized Investment/Derivative Gain/Loss

| | Per Share | |
|--|-----------|---------|
| | 1Q13 | 1Q12 |
| Net realized gain on securities | \$ 0.10 | \$ 0.16 |
| Modco net realized gain | 0.01 | 0.22 |
| Impairments | (0.04) | (0.15) |
| Derivatives related to VA contracts | 0.01 | (0.21) |
| Mortgage/real estate losses | (0.01) | (0.02) |
| Other | 0.01 | - |
| Net realized investment/derivative gain/loss | \$ 0.08 | \$ - |

Reconciliation of PLC's Shareowners' Equity Per Share

| (\$ per common share outstanding) | March 31, 2013 | Dec 31, 2012 |
|---|------------------------|------------------------|
| Total PLC's shareowners' equity | \$ 57.89 | \$ 59.06 |
| Less: Accumulated other comprehensive income | 20.39 | 22.22 |
| Total PLC's shareowners' equity excluding accumulated other comprehensive income | <u>\$ 37.50</u> | <u>\$ 36.84</u> |

Unrealized Gains (Losses) on Investments

| (\$ in millions) | March 31, 2013 | Dec 31, 2012 |
|--|------------------------|------------------------|
| Gross unrealized gains | \$ 3,054 | \$ 3,250 |
| Gross unrealized (losses) | (200) | (141) |
| Net unrealized gains before tax & DAC | <u>\$ 2,854</u> | <u>\$ 3,109</u> |

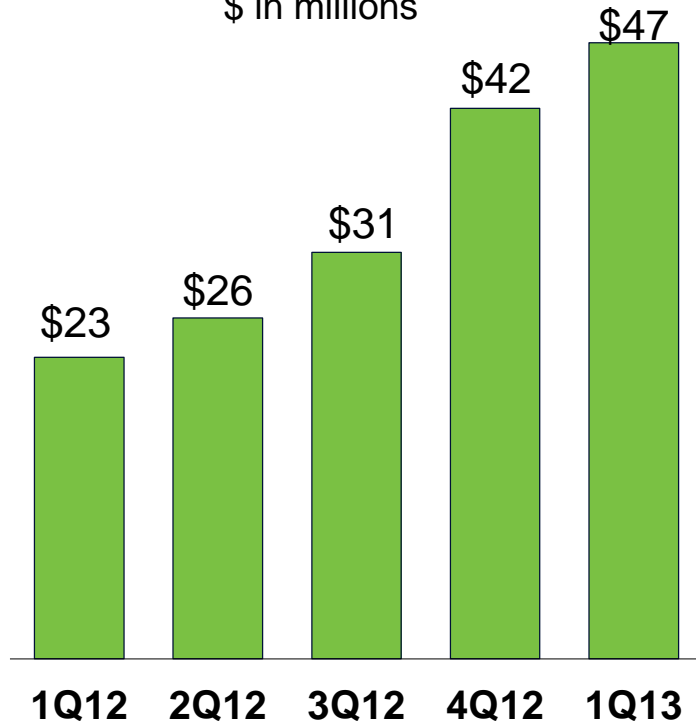
Life Marketing

Highlights

- Sales more than double over 1Q12
- Higher expenses related to higher sales
- Term mortality is 92% of expected vs. 90% in 1Q12

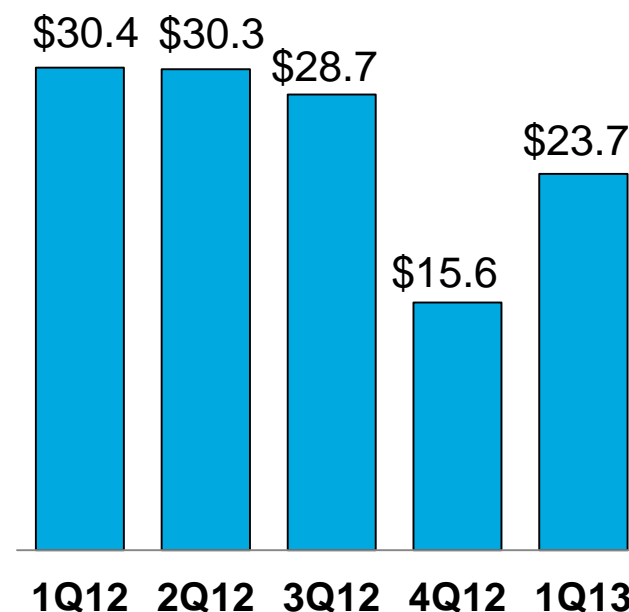
Sales

\$ in millions



Pre-tax Operating Earnings

\$ in millions



Annuities

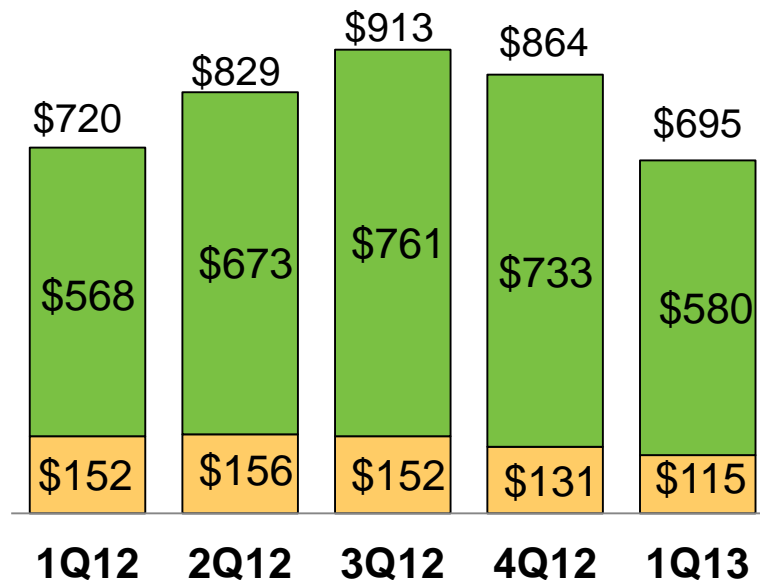
Highlights

- Strong VA fee income
- Account balance increased by 18% from 1Q12
- Unfavorable SPIA mortality

Sales

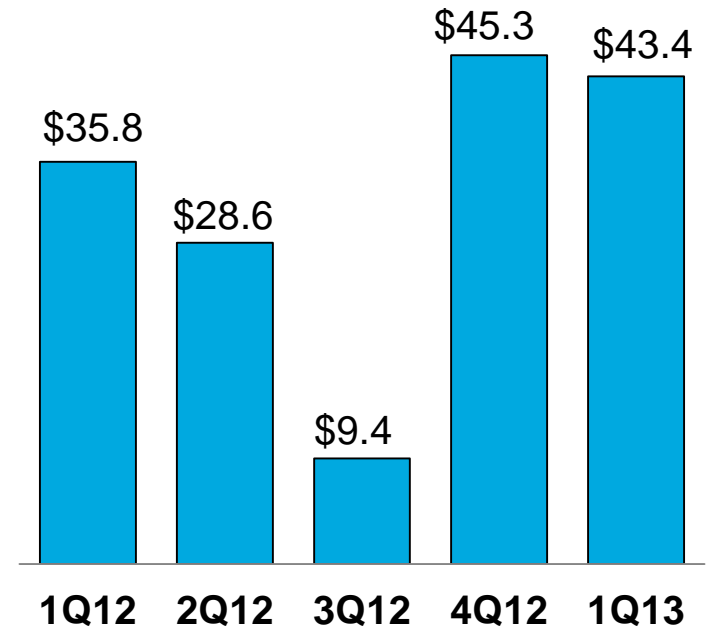
\$ in millions

Fixed Variable



Pre-tax Operating Earnings

\$ in millions



Account
Balance
\$ in billions

| Quarter | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 1Q13 |
|----------------------------------|--------|--------|--------|--------|--------|
| Account Balance (\$ in billions) | \$15.6 | \$15.9 | \$16.8 | \$17.5 | \$18.4 |

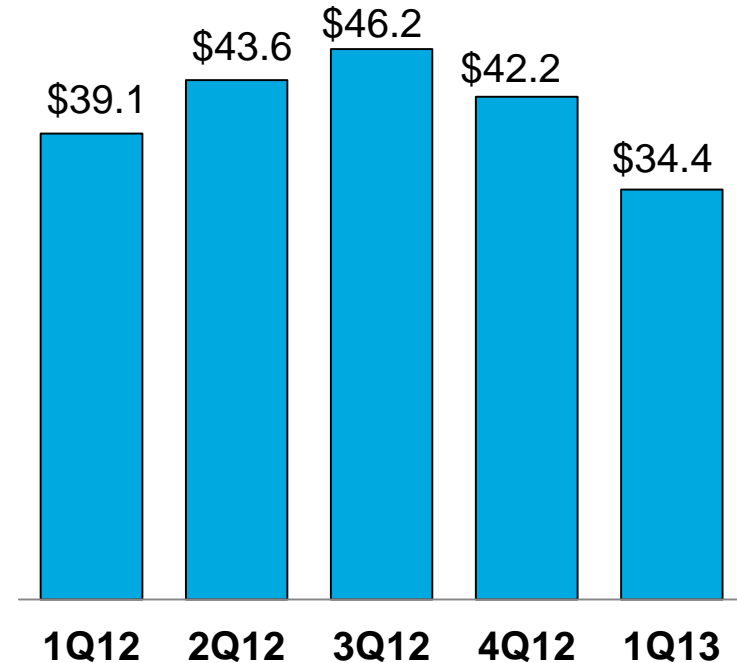
Acquisitions

Highlights

- **Expected runoff**
- **Lower spreads**
- **1Q13 mortality unfavorable to plan**
- **Focused on closing MONY transaction later this year**

Pre-tax Operating Earnings

\$ in millions



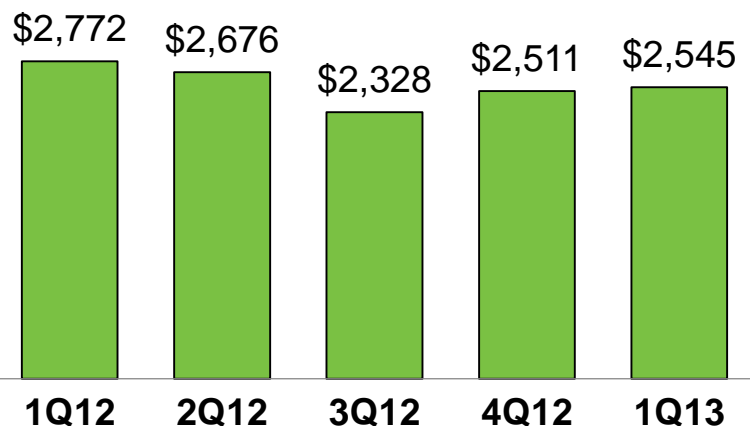
Stable Value Products

Highlights

- Strong spreads
- Sales of \$112 million
- Participating income of \$1.7 million

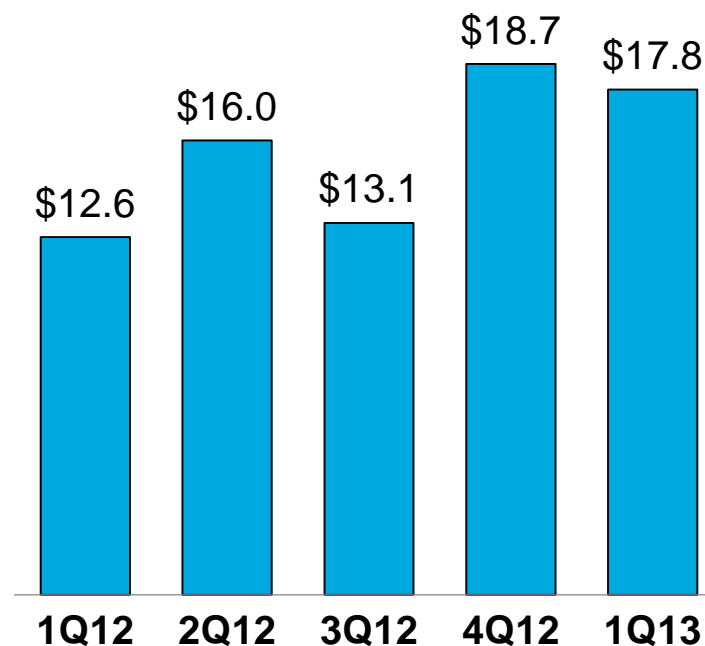
Account Balances

\$ in millions



Pre-tax Operating Earnings

\$ in millions



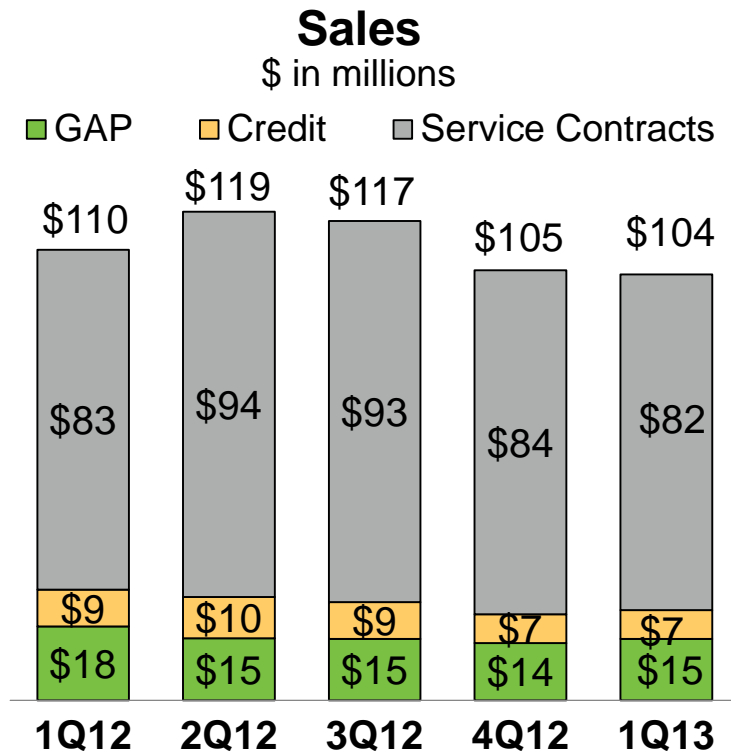
Spread 1.82% 2.33% 2.01% 3.06% 2.81%

Adjusted Spread* 1.80% 1.98% 2.00% 2.60% 2.55%

*Excludes participating mortgage loan/bank loan fee income

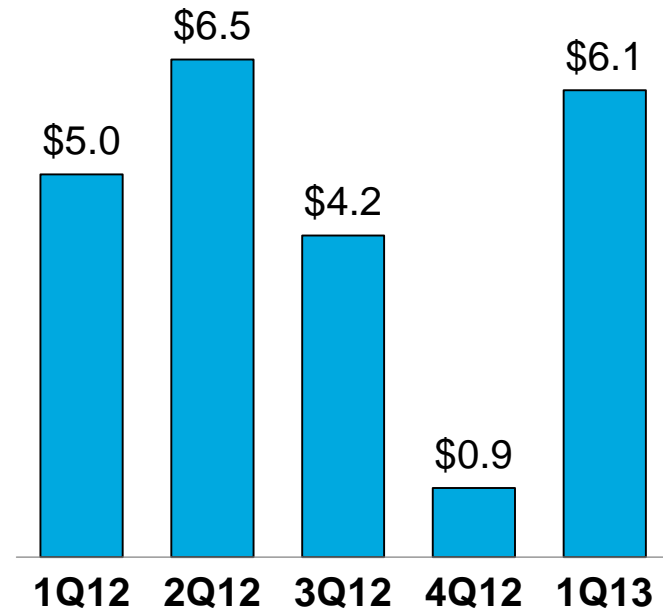
Asset Protection Division

Highlights • Earnings in line with expectations



Pre-tax Operating Earnings

\$ in millions



Other Highlights

- Healthy sales levels in Life Marketing
- Variable annuity sales are moderating
- Estimated RBC is 515% - 520%
- Have suspended share repurchase in 2013 due to pending acquisition
- Quarter results were on plan for the year

Forward Looking Statements

This presentation includes “forward-looking statements” which express expectations of future events and/or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the Company cannot give assurance that such statements will prove to be correct. The factors which could affect the Company’s future results include, but are not limited to, general economic conditions and the following known risks and uncertainties: (1) we are exposed to the risks of natural and man-made catastrophes, pandemics, malicious acts, terrorist acts, and climate change; (2) our strategies for mitigating risks arising from our day-to-day operations may prove ineffective; (3) we operate in a mature, highly competitive industry, which could limit our ability to gain or maintain our position in the industry and negatively affect profitability; (4) we operate as a holding company and depend on the ability of our subsidiaries to transfer funds to us to meet our obligations and pay dividends; (5) the policy claims of our insurance subsidiaries may fluctuate from period to period resulting in earnings volatility; (6) we may be adversely affected by a ratings downgrade or other negative action by a ratings organization; (7) our results may be negatively affected should actual experience differ from management’s assumptions and estimates, which by their nature are imprecise and subject to changes and revisions over time; (8) our financial condition and results of operations could be adversely affected if our assumptions regarding the fair value and future performance of our investments differ from actual experience; (9) our use of reinsurance introduces variability in our statements of income; (10) we could be forced to sell investments at a loss to cover policyholder withdrawals; (11) interest rate fluctuations and sustained periods of low interest rates could negatively affect our interest earnings and spread income, or otherwise impact our business; (12) equity market volatility could negatively impact our business; (13) our use of derivative financial instruments within our risk management strategy may not be effective or sufficient; (14) we are highly regulated and subject to numerous legal restrictions; (15) changes in tax law or interpretations of existing tax law could adversely affect us; (16) we may be required to establish a valuation allowance against our deferred tax assets; (17) we, like other financial services companies, in the ordinary course of business, are frequently the targets of litigation, including class action litigation, which could result in substantial judgments; (18) we, as a publicly held company generally, and a participant in the financial services industry in particular, may be the target of law enforcement investigations and the focus of increased regulatory scrutiny; (19) our ability to maintain competitive unit costs is dependent upon the level of new sales and persistency of existing business; (20) our investments are subject to market and credit risks and these risks could be heightened during periods of extreme volatility or disruption in financial and credit markets; (21) we may not realize our anticipated financial results from our acquisition strategy; (22) we are dependent upon the performance of others; (23) our risk management policies, practices, and procedures could leave us exposed to unidentified or unanticipated risks; (24) our reinsurers could fail to meet assumed obligations, increase rates, or otherwise be subject to adverse developments; (25) the occurrence of computer viruses, information security breaches, disasters, or unanticipated events could affect our data processing systems or those of our business partners and/or service providers; (26) our ability to grow depends in large part upon the continued availability of capital; (27) new accounting rules or changes to existing accounting rules could impact our reported earnings; (28) credit market volatility or disruption could adversely impact us; (29) disruption of the capital and credit markets could negatively affect the Company’s ability to meet its liquidity and financing needs; (30) difficult general economic conditions could materially adversely affect our business and results of operations; (31) we may not be able to protect our intellectual property and may be subject to infringement claims; (32) we could be adversely affected by an inability to access our credit facility; and (33) the amount of statutory capital we have and must hold to maintain our financial strength and credit ratings and meet other requirements can vary significantly and is sensitive to a number of factors beyond our control. Please refer to Risk Factors and Cautionary Factors that may Affect Future Results, which can be found in Part I, Item 1A of the Company’s most recent report on Form 10-K and Part II, Item 1A of the Company’s most recent report on Form 10-Q for more information about these factors.