



August 4, 2011

**Protective Life  
Corporation**

**2Q11 Earnings Results  
Conference Call Presentation**

# Introduction

*In addition to the information contained in this presentation, we have certain supplemental financial information available on our website [www.protective.com](http://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 Part I, Item 1A, Risk Factors and Cautionary Factors that may Affect Future Results, of the Company's most recent Form 10-K and Part II, Item 1A, Risk Factors and Cautionary Factors that may Affect Future Results, of the Company's subsequent quarterly 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 disclosure at the end of this presentation. 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")

# Earnings Per Share Review – Consolidated Results

(\$ per diluted share)	<u>2Q11</u>	<u>2Q10</u>
<b>Operating Income</b>	\$ 0.94	\$ 0.62
Realized investment gains (losses) and related amortization		
Investments	0.36	0.37
Derivatives	(0.24)	(0.52)
<b>Net Income available to PLC's common shareowners</b>	<u>\$ 1.06</u>	<u>\$ 0.47</u>

(\$ in millions; net of income tax)		
<b>After-tax Operating Income</b>	\$ 82.1	\$ 54.3
Realized investment gains (losses) and related amortization		
Investments	32.3	32.9
Derivatives	(21.3)	(45.8)
<b>Net Income available to PLC's common shareowners</b>	<u>\$ 93.1</u>	<u>\$ 41.4</u>

# Net Realized Investment / Derivative Gain(Loss)

	<b>Three months ended June 30, 2011</b>	
	(\$ in millions, pre-tax)	(per share, after tax)
Net realized gain	\$ 30.3	\$ 0.22
Impairments	(9.5)	(0.07)
Modco net realized gain	4.7	0.04
All other	(8.7)	(0.07)
	<u>          </u>	<u>          </u>
<b>Net realized investment/derivative gain</b>	<b><u>  \$ 16.8  </u></b>	<b><u>  \$ 0.12  </u></b>

# Reconciliation of Shareowners' Equity per Share

## Excluding Accumulated Other Comprehensive Income (Loss) per Share

(\$ per common share outstanding)

	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Total PLC's shareowners' equity	\$ 42.59	\$ 38.88
Less: Accumulated other comprehensive income	<u>5.33</u>	<u>3.42</u>
<b>Total PLC shareowners' equity excluding accumulated other comprehensive income</b>	<u><u>\$ 37.26</u></u>	<u><u>\$ 35.46</u></u>

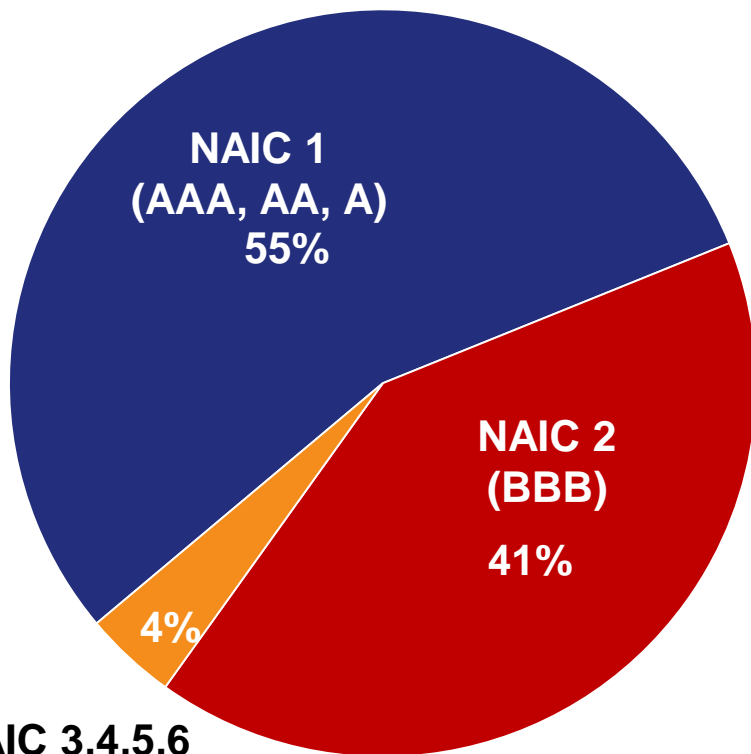
## Unrealized Gains (Losses) on Investments

(\$ in millions)

	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Gross unrealized gains	\$1,275	\$1,066
Gross unrealized (losses)	<u>(293)</u>	<u>(382)</u>
Net unrealized gains before tax & DAC	<u><u>\$ 982</u></u>	<u><u>\$ 684</u></u>

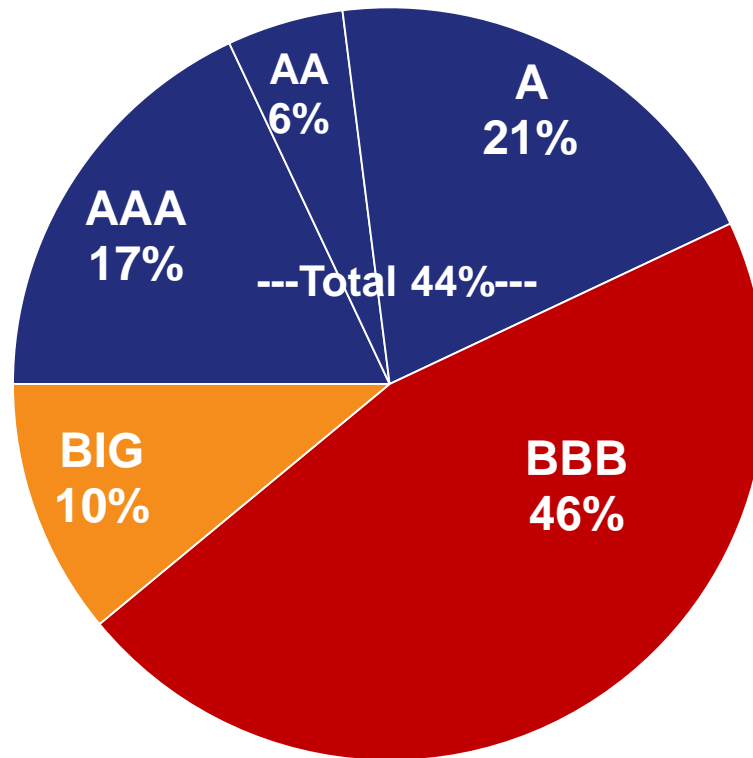
# Fixed Maturity Ratings Comparison

## NAIC



NAIC 3,4,5,6  
BIG

## Rating Agencies



Note: NAIC Ratings reflect statutory carrying values

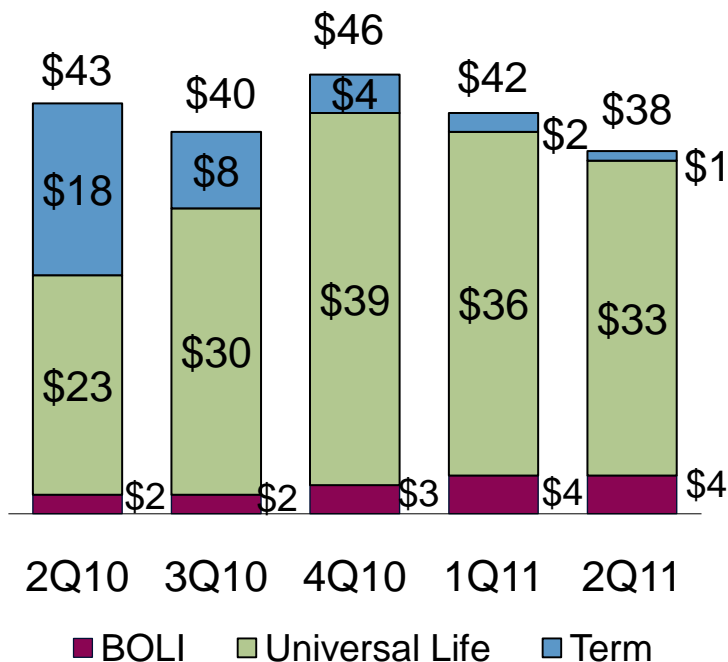
# Life Marketing

## Highlights

- Result on plan for the year
- 2Q11 term mortality is 89% of expected vs. 94% in 1Q11
- Positive seasonality compared to 1Q11

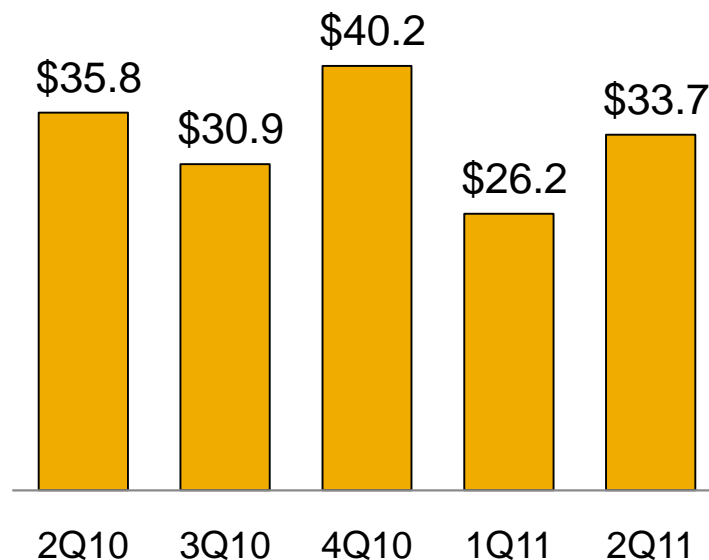
### Sales

\$ in millions



### Pre-tax Operating Earnings

\$ in millions

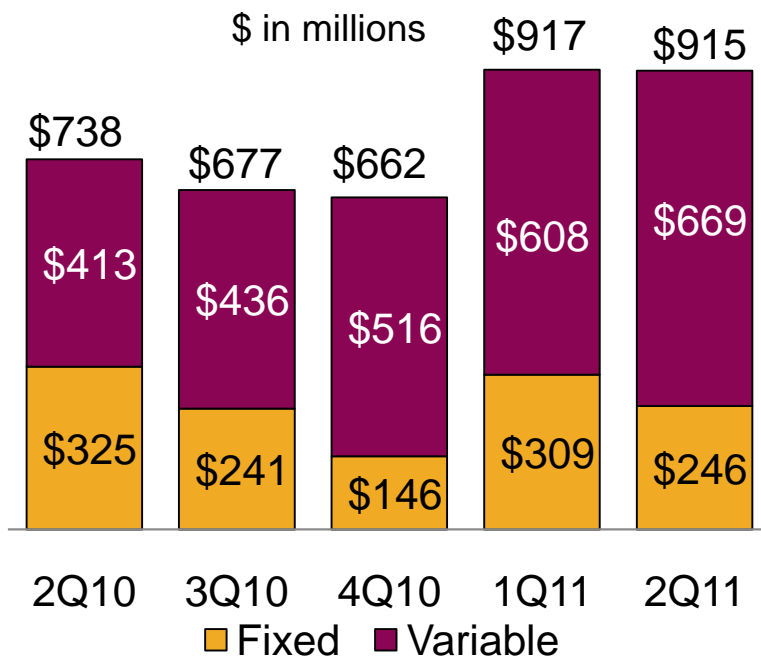


# Annuities

- Highlights**
- Record account balances, up 27% versus 2Q10
  - Higher spreads and VA fee income

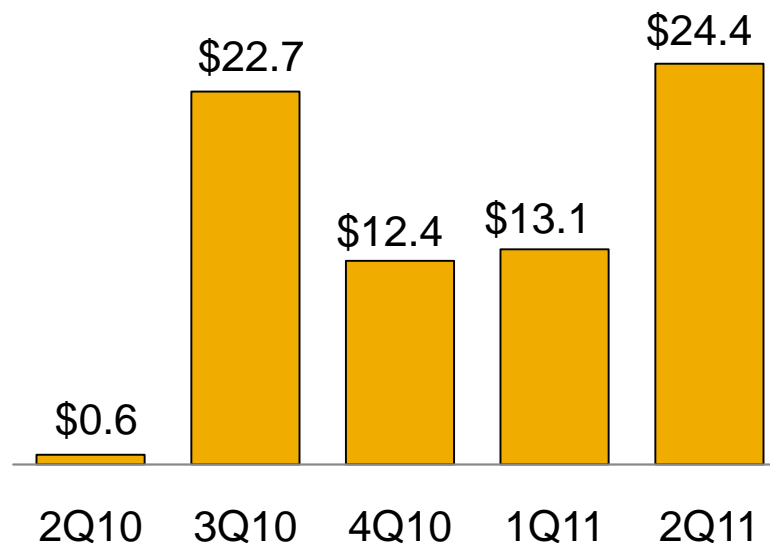
## Sales

\$ in millions



## Pre-tax Operating Earnings

\$ in millions



## Account Balance

\$ in billions

\$11.2   \$11.9   \$12.6   \$13.5   \$14.2



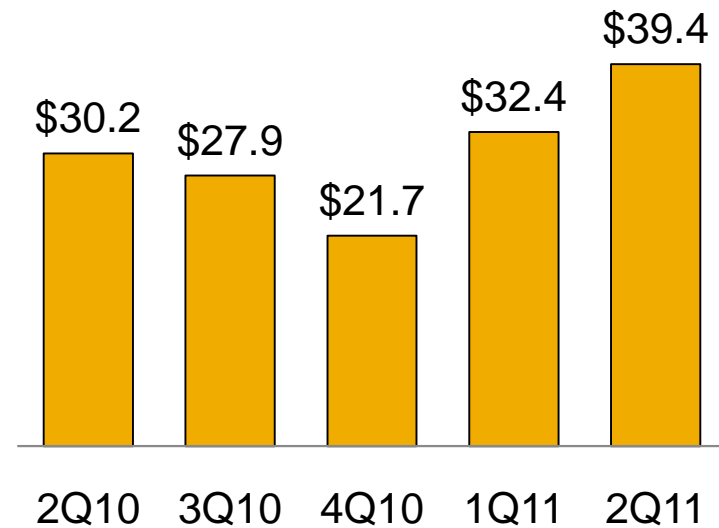
# Acquisitions

## Highlights

- Closed Liberty Life transaction on 4/29/11
- Integrations progressing on track
- Combined transactions contributed earnings of \$12.6 million in 2Q11

## Pre-tax Operating Earnings

\$ in millions



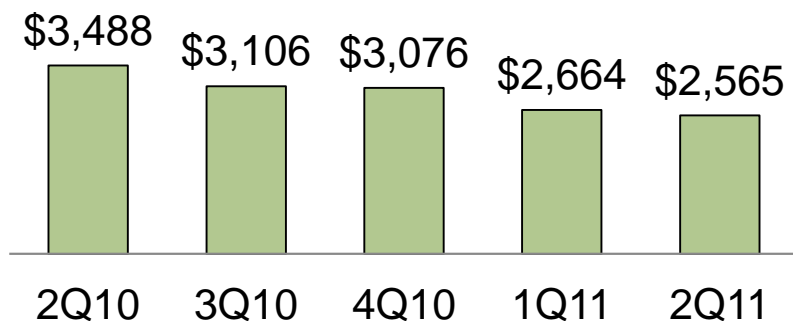
# Stable Value Products

## Highlights

- Improved operating spread
- Sales of \$261 million in 2Q11

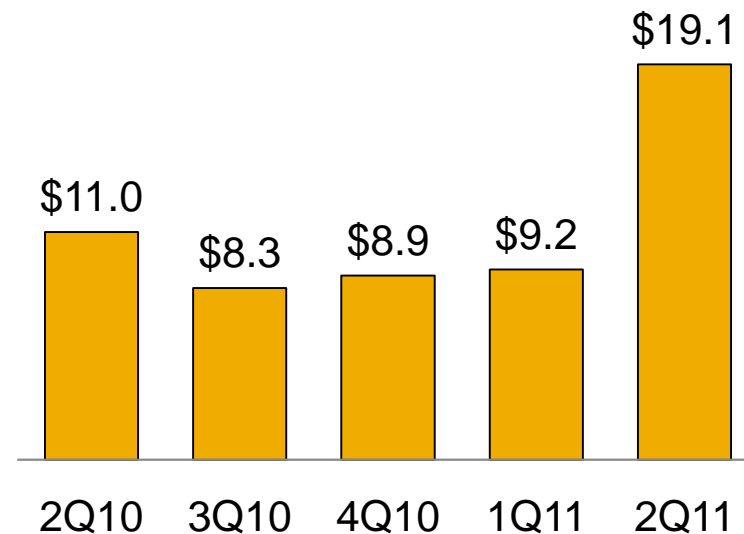
### Ending Account Balance

\$ in millions



### Pre-tax Operating Earnings

\$ in millions



<b>Operating Spread</b>	<b>1.26%</b>	<b>1.00%</b>	<b>1.18%</b>	<b>1.34%</b>	<b>3.12%</b>
<b>Adjusted Spread*</b>	<b>1.07%</b>	<b>0.99%</b>	<b>1.18%</b>	<b>1.31%</b>	<b>1.97%</b>

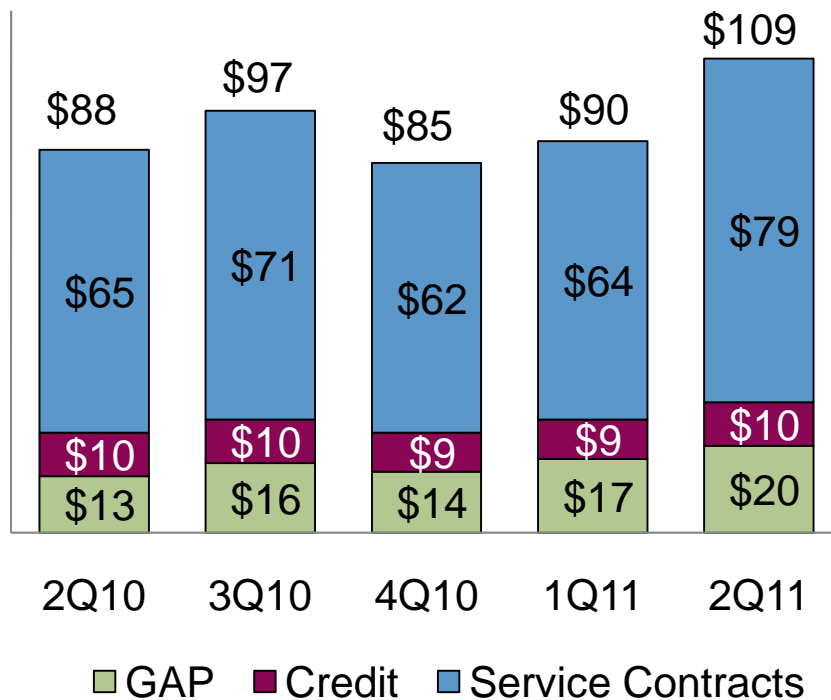
\*Excludes \$7.1 million of participating mortgage loan/bank loan fee income in 2Q11

# Asset Protection Division

- Highlights**
- Sales improved 23% over 2Q10
  - Earnings in line with expectations

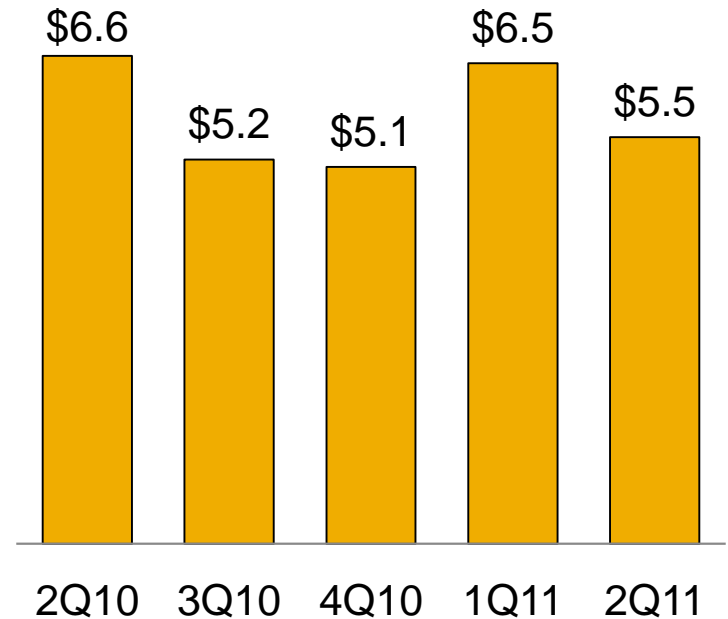
## Sales

\$ in millions



## Pre-tax Operating Earnings

\$ in millions



# Other Highlights

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- **On track to deliver on 2011 plans**
- **Gain of \$20.6 million on notes repurchase**
- **Repurchased 1.1 million shares of stock for \$25 million**
- **Estimated RBC of 420%**
- **Estimated Total Adjusted Statutory Capital of \$2.8 billion**

# Forward Looking Statements

*This release 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, including the possibility of climate change, pandemics, malicious and terrorist acts; (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 the Company’s assumptions regarding the fair value and future performance of its investments differ from actual experience; (9) the 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 or significant 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, particularly with respect to our variable products; (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, including those imposed at both the state and federal level and we may become subject to additional regulation under recently approved federal law; (15) changes in tax law or interpretations of existing tax law could adversely affect us and our ability to compete with non-insurance financial products or reduce the demand for certain insurance products; (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) the company, 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, including but not limited to distributors, third-party administrators, fund managers; (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, network security breaches, disasters, or other unanticipated events could affect our data processing systems or those of our business partners; (26) our ability to grow depends in large part upon the continued availability of capital; (27) new GAAP and statutory accounting rules or changes to existing GAAP and statutory accounting rules could impact our reported earnings; (28) capital and credit market volatility or disruption could adversely impact us in several ways, including but not limited to causing market price and cash flow variability in our fixed income portfolio, defaults on principal or interest payments by issuers of our fixed income investments, other than temporary impairments of our fixed income investments and our ability to efficiently access the capital markets to finance its reserve, capital and liquidity needs; (29) deterioration of general economic conditions could result in a severe and extended economic recession, which could materially adversely affect our business and results of operations; (30) we may not be able to protect our intellectual property and may be subject to infringement claims; (31) we could be adversely affected by an inability to access our credit facility; and (32) 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 Part I, Item 1A, Risk Factors and Cautionary Factors that may Affect Future Results of the Company’s most recent Form 10-K and Part II, Item 1A, Risk Factors, of the Company’s subsequent quarterly reports on Form 10-Q for more information about these factors.*