



Protective Life Corporation

4Q12 Earnings Results

Conference Call Presentation

February 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 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")

Accounting Changes

The financial data herein reflects, for all periods presented, the adoption and retrospective application of Accounting Standards Update 2010-26 (the "Update"), which addresses diversity in practice regarding the interpretation of which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral. This Update prescribes that certain incremental direct costs of successful initial or renewal contract acquisitions may be deferred. It defines incremental direct costs as those costs that result directly from and are essential to the contract transaction and would not have been incurred by the insurance entity had the contract transaction not occurred. This Update also clarifies the definition of the types of incurred costs that may be capitalized and the accounting and recognition treatment of advertising, research, and other administrative costs related to the acquisition of insurance contracts. This Update was effective for the Company on January 1, 2012.

The financial data herein also reflects, for all periods presented, a revision to the Company's definition of operating income (loss) as it relates to embedded derivatives on our variable annuity contracts and related hedging activities, to better reflect the basis on which the performance of our business is internally assessed. This change did not impact its comparable GAAP measure income before income tax.

2012 Financial Highlights

- Operating earnings up 15% to \$3.78 per share
- Record operating earnings of \$313 million
- Achieved 2012 operating ROE of 11.1%
- Book value increased 10% over 2011
- Returned 54% of earnings to shareowners through share repurchase and dividends
- Operating earnings higher in Life Marketing, Acquisitions, Annuities and Stable Value
- 4th consecutive year to meet or exceed annual financial plan

Earnings Per Share Review – Consolidated Results

(\$ per diluted share)

	<u>4Q12</u>	<u>2012</u>
Operating Income	\$ 0.98	\$ 3.78
Realized investment gains (losses) and related amortization		
Investments	(0.04)	1.47
Derivatives	(0.12)	(1.59)
Net realized investment gains	<u>(0.16)</u>	<u>(0.12)</u>
Net Income available to PLC's common shareowners	<u><u>\$ 0.82</u></u>	<u><u>\$ 3.66</u></u>

(\$ in millions; net of income tax)

After-tax Operating Income	\$ 79.7	\$ 312.7
Realized investment gains (losses) and related amortization		
Investments	(3.3)	121.0
Derivatives	(9.6)	(131.2)
Net realized investment gains	<u>(12.9)</u>	<u>(10.2)</u>
Net Income available to PLC's common shareowners	<u><u>\$ 66.8</u></u>	<u><u>\$ 302.5</u></u>

Net Realized Investment/Derivative Gain/Loss

	Per Share	
	4Q12	2012 YTD
Net realized gain on securities	\$ 0.07	\$ 0.53
Modco net realized gain	0.06	0.37
Impairments	(0.14)	(0.46)
Derivatives related to VA contracts	(0.13)	(0.38)
Mortgage/real estate losses	(0.01)	(0.11)
Other	(0.01)	(0.07)
Net realized investment/derivative gain/loss	<u>\$ (0.16)</u>	<u>\$ (0.12)</u>

Reconciliation of PLC's Shareowners' Equity Per Share

(\$ per common share outstanding)	Dec 31, 2012	Dec 31, 2011
Total PLC's shareowners' equity	\$ 59.06	\$ 45.45
Less: Accumulated other comprehensive income	22.22	12.07
Total PLC's shareowners' equity excluding accumulated other comprehensive income	\$ 36.84	\$ 33.38

Unrealized Gains (Losses) on Investments

(\$ in millions)	Dec 31, 2012	Dec 31, 2011
Gross unrealized gains	\$ 3,250	\$ 2,283
Gross unrealized (losses)	(141)	(448)
Net unrealized gains before tax & DAC	\$ 3,109	\$ 1,835

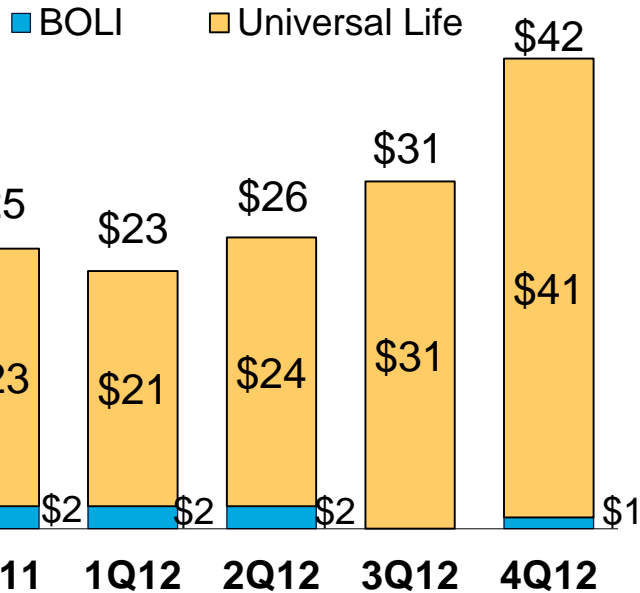
Life Marketing

Highlights

- Term mortality is 92% of expected vs. 86% in 4Q11
- Unfavorable UL mortality
- Sales up 66% compared to 4Q11
- Higher expenses

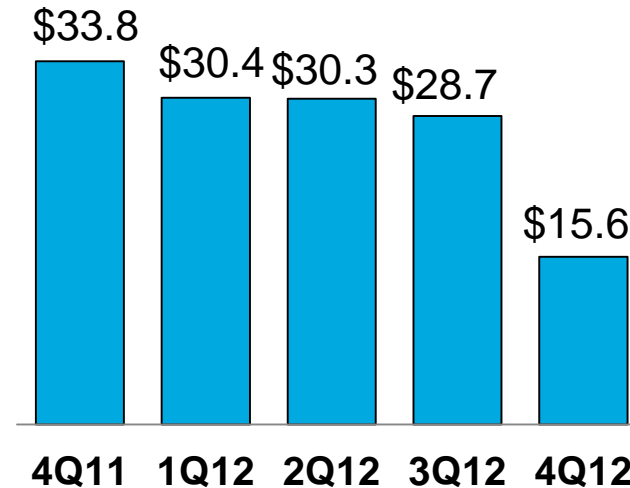
Sales

\$ in millions



Pre-tax Operating Earnings

\$ in millions



Annuities

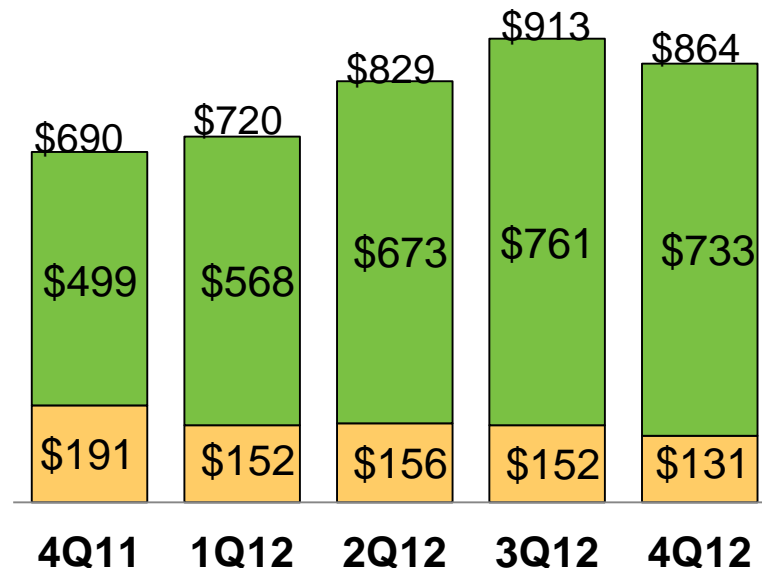
Highlights

- Favorable SPIA mortality
- Account balance increased by 18% from 4Q11
- Strong VA fee income
- Participating income of \$5.6 million

Sales

\$ in millions

■ Fixed ■ Variable

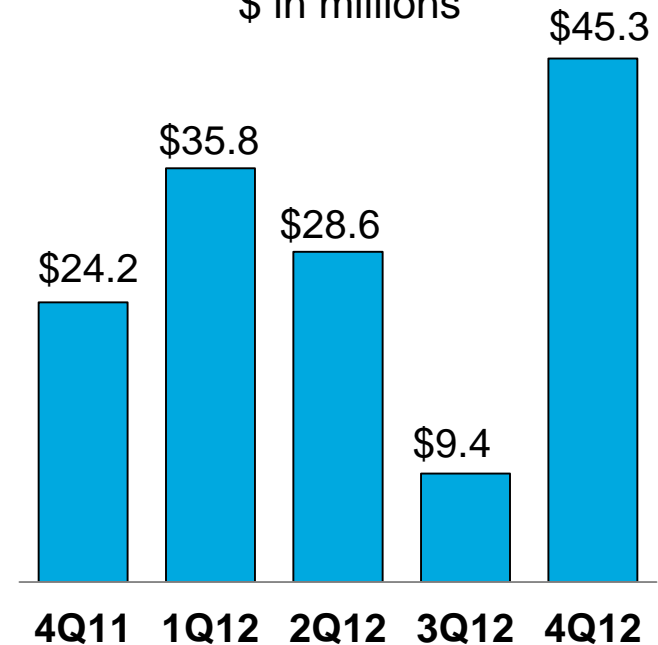


Account Balance
\$ in billions

Quarter	4Q11	1Q12	2Q12	3Q12	4Q12
Account Balance (\$ in billions)	\$14.8	\$15.6	\$15.9	\$16.8	\$17.5

Pre-tax Operating Earnings

\$ in millions



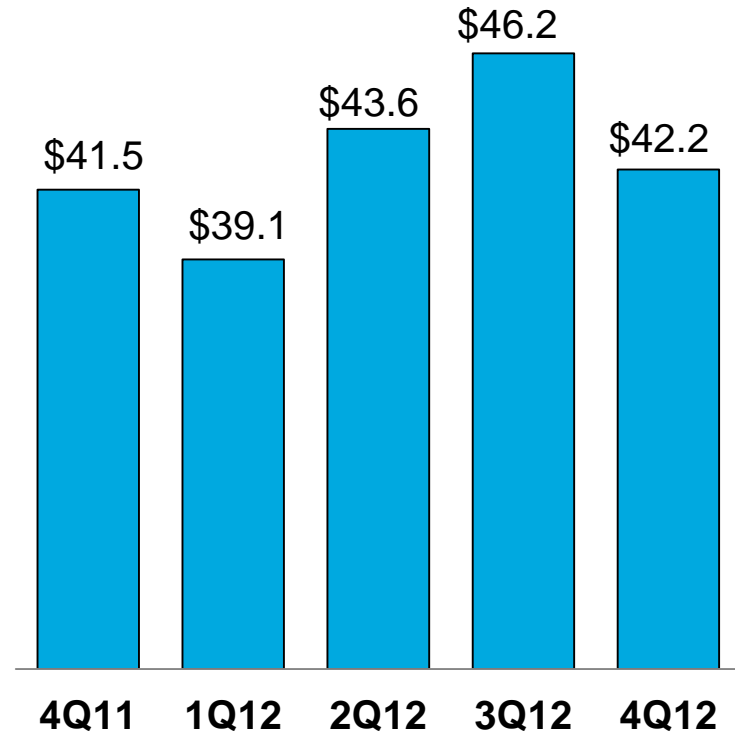
Acquisitions

Highlights

- Earnings in line with expectations
- Favorable mortality

Pre-tax Operating Earnings

\$ in millions



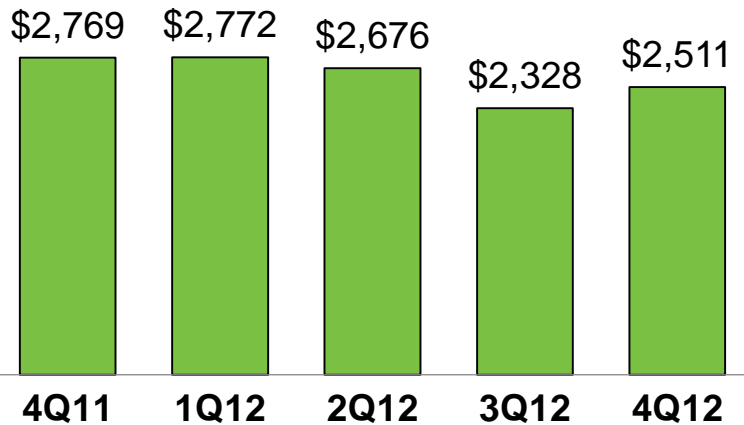
Stable Value Products

Highlights

- Sales of \$272 million
- Strong spreads
- Participating income of \$2.8 million

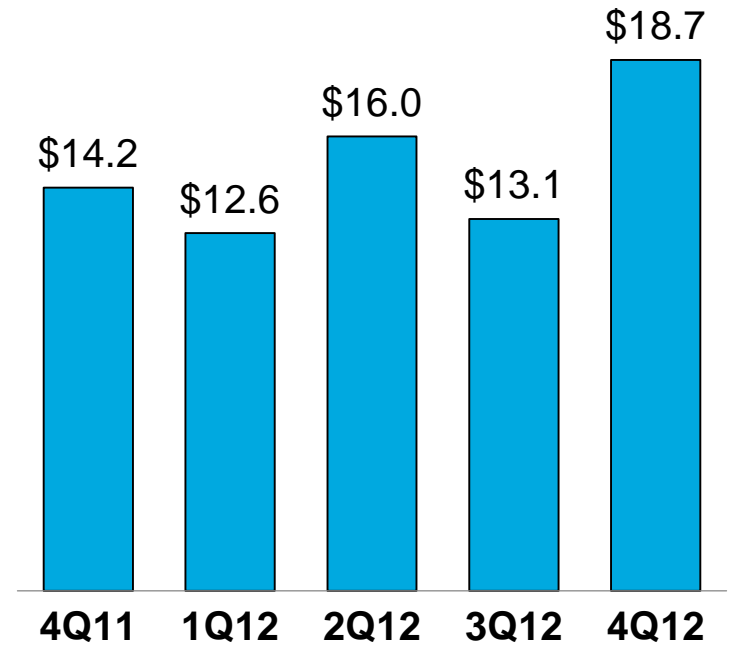
Account Balances

\$ in millions



Pre-tax Operating Earnings

\$ in millions



Spread 2.01% 1.82% 2.33% 2.01% 3.06%

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

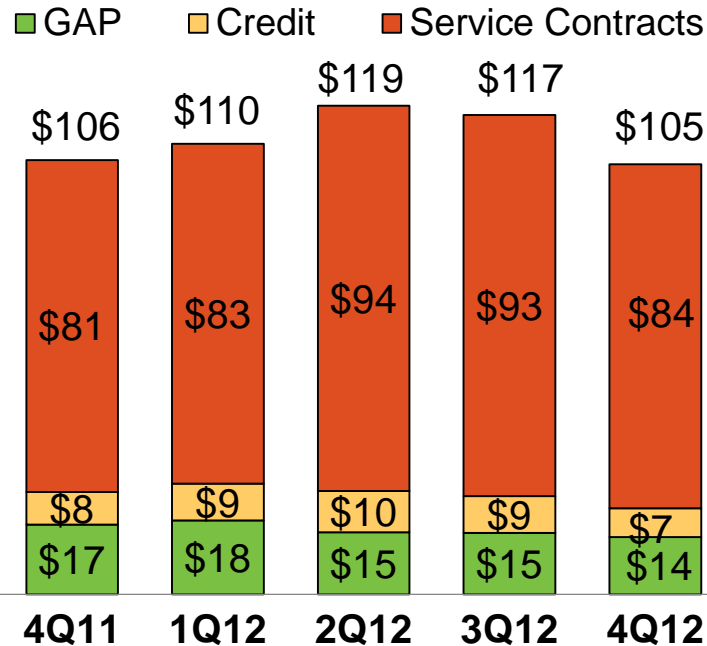
*Excludes participating mortgage loan/bank loan fee income

Asset Protection Division

- Highlights**
- Software write-off of \$4.1 million in 4Q12
 - GAP earnings in line with expectations
 - Increased expenses and claims

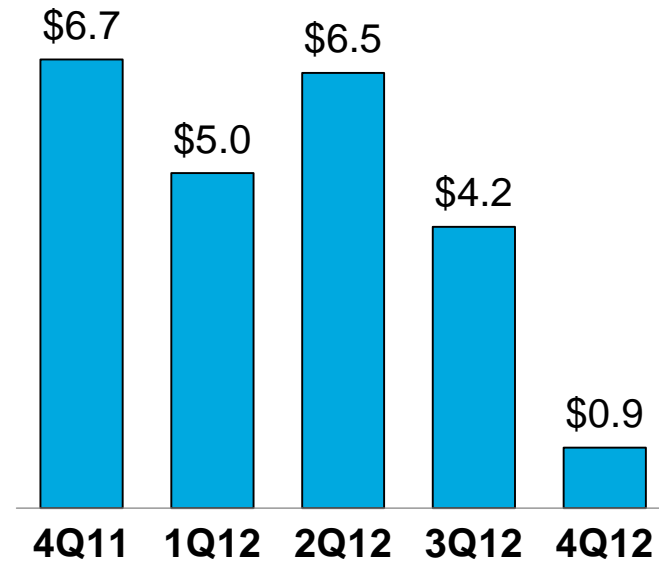
Sales

\$ in millions



Pre-tax Operating Earnings

\$ in millions



2012 Pre-tax Operating Earnings

\$ in millions, except per share amounts	2012 Actual	2012 Plan	
Life Marketing	\$ 105	\$ 126	Unfavorable unlocking and reserve financing impact, partially offset by favorable mortality
Annuities	119	106	VA fee income, favorable SPIA mortality, and strong spreads and participating income, offset by unfavorable unlocking
Acquisitions	171	168	Favorable unlocking and expense variance, offset by lower spreads and slightly unfavorable mortality
Asset Protection	17	30	Software write-off & higher expenses/loss ratios within service contract line; legal settlement costs in credit line
Stable Value	60	43	Participating income and strong spread, partially offset by lower average balance
Corp & Other	(3)	(57)	Favorable extraordinary investment income and interest expense, and note repurchase gains
Pre-Tax Operating Income	\$ 469	\$ 416	
Tax	156	144	Lower tax rate
After-Tax Operating Income	\$ 313	\$ 272	
Average Outstanding Shares	82.7	82.9	
Operating EPS	\$3.78	\$3.28	

Other Highlights

- Our capital position is very strong
 - Estimated RBC of 500% - 510%
 - Total adjusted statutory capital of \$3.3 billion
- M&A activity continues at a high level
- We see good sales trends in all marketing segments
- Focused on building robust infrastructure and capabilities to support our customer centric strategy
- We are confident in our ability to deliver our 2013 financial plan
 - As presented at the December 2012 Investor Conference

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, 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.