

October 14, 2008

## **Update Bulletin**

This year has been a time of extraordinary challenge and volatility in the financial services industry. We have seen unprecedented disruption in the credit and equity markets. Notwithstanding all of these challenges, we want to be sure you are aware of the many strengths possessed by the Protective family of companies.

We have been preparing for this challenging environment for some time. In preparation for current conditions, we have amassed more liquidity (in the form of cash and cash equivalents) than in any period in recent memory. Our plan is to meet all projected outflows from currently available sources.

Our regulatory capital is multiples of the minimum required by our primary regulators, and we expect that our capital position will continue to grow into next year. The quality of our GAAP capital is also very good. The ratio of our GAAP equity to statutory surplus is among the highest in the life insurance industry.

Please also keep in mind that more than 94% of our securities are investment grade. Many of our largest credit exposures are to very large, well capitalized financial institutions. The steps being announced today by the federal government to shore up the credit markets only increase our confidence in the quality of our investments.

Our business model is simple and straightforward. Our basic businesses, life insurance, annuities, stable value and extended service agreements, are sensibly and conservatively managed.

While there is no question that our industry is experiencing significant turmoil, we want you to rest assured that our team at Protective is doing the right things to ensure that we can continue to provide you with quality products and quality service. We sincerely appreciate your business, and loyalty and we are firmly committed to serving you in the future.