PROTECTIVE LIFE CORP
Form DEF 14A
March 31, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Protective Life Corp.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

Protective Life Corporation
Post Office Box 2606
Birmingham, Alabama 35202
205-268-1000

March 31, 2008

Dear Share Owners:

It is my pleasure to invite you to Protective's annual meeting of share owners. We will hold the meeting at our home office on Monday, May 5, 2008 at 10:00 a.m., Central Time. Our home office is located at the Protective Center, 2801 Highway 280 South, Birmingham, Alabama 35223. At this meeting, we will consider the matters described in the proxy statement and review the major developments since our last share owners' meeting.

This booklet includes the notice of annual meeting and our proxy statement. The proxy statement describes the business that we will conduct at the meeting and provides information about Protective. Our 2007 Annual Report to Share Owners is also enclosed.

Your vote is important to us, no matter how many shares you own. You may vote on the Internet, by telephone or by using a traditional proxy card. If you attend the meeting and prefer to vote in person, you may do so even if you have previously voted your proxy.

We look forward to your participation.

Sincerely yours,

JOHN D. JOHNS
Chairman of the Board, President and Chief Executive Officer

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS:

The 2008 Notice and Proxy Statement and 2007 Annual Report are available at **www.ProxyVote.com.**

Dear Share Owners:

The 2008 Annual Meeting of Share Owners will be held as follows:

Date:	Monday, May 5, 2008
Time:	10:00 a.m. Central Time
Place:	Protective Life Corporation Protective Center 2801 Highway 280 South Birmingham, Alabama 35223

At the annual meeting, we will ask you to:

elect 11 directors,

ratify the appointment of PricewaterhouseCoopers LLP as our independent accountants,

approve our Long-Term Incentive Plan, and

transact any other business that may be properly presented at the meeting.

You may vote at the annual meeting if you were a share owner of record at the close of business on March 7, 2008.

The annual meeting may be postponed by an announcement at the meeting, and reconvened at a later time. Any business for which this notice is given may be transacted at the subsequent meeting.

By order of the Board of Directors,

DEBORAH J. LONG
Secretary

March 31, 2008

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PROXY STATEMENT

Our Board of Directors is soliciting proxies to be used at our annual meeting of share owners. We will hold the annual meeting on Monday, May 5, 2008, beginning at 10:00 a.m., Central Time, at our home office at 2801 Highway 280 South, Birmingham, Alabama 35223. This proxy statement and the enclosed form of proxy are being mailed to our share owners beginning on or about March 31, 2008.

"We," "our," "us" and "Protective" each refers to Protective Life Corporation. "You" and "your" each refers to our share owners.

ABOUT THE ANNUAL MEETING

What is a proxy?

A proxy is a person whom you designate to vote your stock. If you designate someone as your proxy in a written document, that document is called a proxy or a proxy card.

What is a proxy statement?

A proxy statement is a document that the Securities and Exchange Commission ("SEC") requires us to give to you when we ask you to sign a proxy card to vote your stock at the annual meeting.

What is the purpose of the annual meeting?

At our annual meeting, share owners will act on the proposals outlined in the meeting notice. Also, our management will report on our 2007 performance and will respond to appropriate questions from share owners.

What is the record date and what does it mean?

The record date for the annual meeting is March 7, 2008. Our Board of Directors establishes the record date. Holders of common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the meeting.

How many shares are entitled to vote at the annual meeting?

On March 7, 2008, 70,227,995 shares of common stock were outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote on each proposal.

What happens if the meeting is postponed or adjourned?

The meeting may be postponed or adjourned by an announcement at the meeting. If this happens, the proxies may vote your shares at the subsequent meeting as well, unless you have revoked your voting instructions.

What constitutes a quorum at the meeting?

The holders of a majority of the outstanding shares of common stock, present in person or represented by proxy at the meeting, will constitute a quorum for transacting business. Abstentions count as "shares present" for determining if there is a quorum.

What is the difference between a share owner "of record" and a "street name" holder?

If your shares are registered directly in your name with The Bank of New York, our stock transfer agent, you are considered the share owner "of record" of those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of those shares, and your shares are held in "street name."

How do I vote my shares?

If you are a share owner of record, you can give a proxy to be voted at the meeting either:

- by telephone by calling a toll-free number,
- on the Internet, or
- by mailing the enclosed proxy card.

We set up the telephone and Internet voting procedures for your convenience. We designed these procedures to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. If you are a share owner of record and you would like to vote by telephone or the Internet, please refer to the instructions on the enclosed proxy card. If you wish to vote using a paper format and you return your signed proxy to us before the annual meeting, your shares will be voted as you direct.

If you hold your shares in street name, your broker or nominee will vote your shares as you direct. You must give your voting instructions in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed or provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

What does it mean if I get more than one proxy card?

If you get more than one proxy card, it means that your shares are registered differently and are in more than one account. Please sign and return all proxy cards to be sure that all of your shares are voted.

Can I vote my shares in person at the meeting?

Yes. If you are a share owner of record, you may vote your shares at the meeting by completing a ballot at the meeting. However, if you are a street name holder, you may vote your shares in person only if you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Even if you currently plan to attend the meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

What are my choices when voting?

Election of directors You may vote for all nominees, or you may withhold your vote with respect to one or more nominees. See page 4 for this proposal.

Ratification of appointment of PricewaterhouseCoopers LLP as our independent accountants You may vote for or against, or abstain from voting on, the proposal. See page 6 for this proposal.

Approval of Long-Term Incentive Plan You may vote for or against, or abstain from voting on, the proposal. See page 6 for this proposal.

What are the Board's recommendations?

The Board of Directors recommends a vote:

FOR electing all nominees for director (Proposal 1),

FOR ratifying the appointment of PricewaterhouseCoopers LLP as our independent accountants (Proposal 2), and

FOR approving the Long-Term Incentive Plan (Proposal 3).

What if I do not specify how I want my shares voted?

If you sign and return your proxy card but do not specify on your proxy card (or when giving your proxy by telephone or over the Internet) how you want to vote your shares, they will be voted:

FOR electing all nominees for director (Proposal 1),

FOR ratifying the appointment of PricewaterhouseCoopers LLP as our independent accountants (Proposal 2), and

FOR approving our Long-Term Incentive Plan (Proposal 3).

Can I change my vote?

Yes. You can revoke your proxy at any time before it is exercised by:

- submitting written notice of revocation to Protective's Secretary;
- submitting another proxy by telephone, on the Internet or by mail that is later dated and, if by mail, that is properly signed; or
- voting in person at the meeting.

What are the voting requirements for a proposal to be approved?

The affirmative vote of a majority of the shares present at the meeting, in person or by proxy, and entitled to vote on the proposal at the meeting, is required to elect each nominee for director and to approve each proposal. Abstentions have the effect of a vote "against" any proposal as to which they are specified.

What are "broker non-votes," and how are they counted?

If you hold your shares in street name, your broker or nominee can generally vote only in accordance with your instructions. However, if your broker or nominee has not received your voting instructions within 10 days before the meeting, it can vote on any proposal that is considered "routine" by the New York Stock Exchange ("NYSE"). If the broker or nominee cannot vote on a proposal because it is not routine, there is a "broker non-vote" on that proposal. Broker non-votes are counted for quorum purposes, but do not count as votes for or against the proposal.

We expect that the NYSE will consider Proposal 1 (election of directors) and Proposal 2 (ratification of appointment of PricewaterhouseCoopers LLP as our independent accountants) to be routine proposals. We expect that the NYSE will consider Proposal 3 (approval of the Long-Term Incentive Plan) to be a non-routine proposal.

Are there any other matters to be acted upon at the annual meeting?

We do not know of any other matters to be presented or acted upon at the meeting. Under our Bylaws, an item of business can be brought to a vote at the meeting only if it is specified in the meeting notice, or brought before the meeting by the Board of Directors or by a share owner who has met the notice requirements in the Bylaws. We have not received any such notice from a share owner.

If any other matter is presented at the meeting on which a vote may properly be taken, the shares represented by proxies will be voted in accordance with the judgment of the proxies.

Who pays for the proxy solicitation?

We pay the costs of soliciting proxies. We retain Broadridge Financial Solutions, Inc. to send proxy materials to share owners. Some of our employees may also help solicit proxies from time to time. They do not receive any extra or special pay for doing this.

PROPOSALS REQUIRING YOUR VOTE

Proposal 1: Election of Directors

Director Nominees

The Board of Directors has nominated all of our current directors, except for H. Corbin Day, for re-election at the 2008 annual meeting. Mr. Day is retiring from the Board in accordance with the mandatory retirement age for directors established in our Bylaws, and is not standing for re-election.

Our entire Board of Directors, which on May 5, 2008 will consist of 11 directors, will be elected at the annual meeting. Each director will serve until the next annual meeting or until he or she is succeeded by another qualified director who has been elected.

Each director nominee is now a member of the Board of Directors. Our share owners previously elected each nominee.

The Board has reviewed the external commitments of each of our directors, including their service as directors on other public company boards.

In each instance, the Board feels that participation on these public company boards provides the directors with experience and insight that benefits us. The Board concluded that the external commitments of our directors are not excessive and do not negatively impact any director's ability to satisfy the obligations of service on this Board.

Your shares will be voted as specified on your proxy. If you do not specify how you want your shares voted when you provide your proxy, they will be voted FOR the election of all nominees listed below. If unforeseen circumstances (such as death or disability) make it necessary for the Board to substitute another person for any nominee, then your shares will be voted for that other person. The Board may also choose to reduce the number of directors to be elected, as permitted by our Bylaws.

The director nominees provided the following information about themselves as of the date of this proxy statement:

Name	Age	Principal Occupation and Certain Directorships	Protective Director Since
James S. M. French	67	Vice Chairman, Investments of Dunn Investment Company (materials, construction and investment holding company); formerly its Chairman of the Board and Chief Executive Officer. Director of Energen Corporation.	1996
Thomas L. Hamby	58	President AT&T Alabama of AT&T Inc. (telecommunications); formerly President Alabama of BellSouth Corporation (acquired by AT&T Inc. in December 2006). Director of Regions Bank.	2004
John D. Johns	56	Chairman of the Board, President and Chief Executive Officer of Protective; formerly its Chief Operating Officer; also a director and/or officer of each principal subsidiary of Protective. Director of Alabama National BanCorporation, Alabama Power Company (The Southern Company owns all common stock), and Genuine Parts Company.	1997
Vanessa Leonard	47	Vanessa Leonard, Attorney at Law (legal services). Trustee of The University of Alabama System.	2004

Charles D. McCrary	56	President and Chief Executive Officer of Alabama Power Company (public utility), and formerly its President and Chief Operating Officer; Executive Vice President of The Southern Company (public utility), and formerly its Vice President; formerly President of Southern Company Generation and Energy Marketing (and certain predecessor companies) (affiliate of public utility). Director of Alabama Power Company and Regions Financial Corporation.	2005
John J. McMahon, Jr.	65	Chairman of Ligon Industries, LLC (manufacturer of wastewater treatment equipment, aluminum castings and hydraulic cylinders); formerly Chairman of the Executive Committee of McWane, Inc. (pipe and valve manufacturing). Director of Alabama National BanCorporation and ProAssurance Corporation.	1987
Malcolm Portera	62	Chancellor of The University of Alabama System (higher education). Director of Alabama Power Company.	2003
C. Dowd Ritter	60	Financial Chairman, President and Chief Executive Officer of Regions Financial Corporation (bank holding company) and President and Chief Executive Officer of Regions Bank (banking and financial services); formerly Chairman of the Board, President and Chief Executive Officer of AmSouth Bancorporation and of AmSouth Bank (acquired by Regions Financial Corporation in November 2006). Director of Alabama Power Company and Regions Financial Corporation.	2005
William A. Terry	50	Principal, Chief Compliance Officer and Corporate Secretary of Highland Associates, Inc. (SEC registered investment advisor); Chairman of the Board, President and Chief Compliance Officer of Highland Information Services, Inc. (registered broker-dealer); Member of Highland Strategies, LLC (developer and distributor of alternative investment funds).	2004
W. Michael Warren, Jr.	60	President and Chief Executive Officer, Children's Health System (health services); formerly Chairman of the Board, President and Chief Executive Officer of Energen Corporation (diversified energy holding company); formerly Chairman and Chief Executive Officer of Alabama Gas Corporation and of Energen Resources Corporation. Director of Energen Corporation.	2001
Vanessa Wilson	49	Formerly Managing Director and an equity research analyst with Deutsche Bank Securities, Inc. (broker-dealer).	2006

Board Recommendation

The Board of Directors unanimously recommends that you vote FOR the election of all 11 director nominees.

Proposal 2: Ratification of Appointment of Independent Accountants

Appointment of PricewaterhouseCoopers LLP

The Audit Committee, which is composed of independent, non-employee directors, has appointed PricewaterhouseCoopers LLP, a firm of independent public accountants, as independent accountants for Protective and its subsidiaries for 2008. This firm or its predecessor has served as our independent accountants since 1974. Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting, will have an opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions by share owners.

Board Recommendation

The Board of Directors unanimously recommends that you vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent accountants.

Proposal 3: Approval of Long-Term Incentive Plan

Introduction

We believe that providing our officers and key employees with equity (stock) based compensation and stock ownership is the best way to establish and maintain a strong link between management objectives and your long-term interests. To implement this policy, the Board of Directors previously adopted the Protective Life Corporation Long-Term Incentive Plan, most recently in 2003. You approved the 2003 version of the Long-Term Incentive Plan in that year. In March 2008, the Board amended and restated the Long-Term Incentive Plan effective as of May 5, 2008. (In this discussion, this amended and restated plan is referred to as the LTIP.)

As described in this proposal, the Board is seeking your reapproval of the LTIP:

- so we can continue to claim tax deductions for certain compensation payable under the LTIP,
- to increase the total number of shares authorized for issuance under the LTIP by 1,000,000,
- to limit the total number of certain types of awards that may be granted under the LTIP, and
- to make clarifying and technical amendments to the LTIP.

Code Section 162(m) of the Internal Revenue Code provides that we cannot take a tax deduction for annual compensation of over $1 million paid to certain executive officers. Code Section 162(m) does not apply to "performance-based compensation" as defined in Code Section 162(m). We have designed the LTIP to meet these Code Section 162(m) requirements. Code Section 162(m) also provides that you must approve the LTIP every 5 years. We are seeking your reapproval of the LTIP so we can continue to take full tax deductions for performance-based incentive payments.

If you approve the LTIP, the shares remaining available for issuance under the plan as of May 5, 2008, will remain available for issuance under the LTIP. If you do not approve the LTIP, the plan will remain in effect until December 31, 2012, as you previously authorized.

The principal features of the LTIP are summarized below. The description is subject to the terms of the LTIP plan document. The plan document is included as an appendix to this proxy statement.

Board Recommendation

The Board of Directors unanimously recommends that you vote FOR approval of the Long-Term Incentive Plan.

Long-Term Incentive Plan

Administration. The LTIP is administered by the Compensation and Management Succession Committee of our Board of Directors. The Compensation Committee will always consist of at least two directors, each of whom is an "outside director" under Code Section 162(m) and a "non-employee" director under Rule 16b-3 under the Securities Exchange Act of 1934. The Committee interprets and administers the LTIP so payments made under the plan qualify as performance-based compensation under Code Section 162(m).

Subject to the limits in the LTIP, the Committee has the authority to determine:

- which eligible employees will be participants,
- the terms, conditions and performance objectives of awards made under the LTIP, and
- the amount of compensation payable to a participant if the applicable performance objectives are achieved.

Eligibility. The LTIP authorizes the Committee to make awards representing shares of our common stock to our officers and key employees, including the "named executives" in our proxy statement. The number of eligible participants in the LTIP varies from year to year. During 2007, about 70 employees (including our named executives) received awards under the LTIP. We expect that about the same number of employees will be eligible for the LTIP in 2008.

Shares Available. The maximum number of shares of our common stock that may be issued under the LTIP after May 5, 2008, is 1,000,000 shares plus the number of shares authorized for issuance under the plan that have not been issued (4,970,945 shares as of March 7, 2008, including 2,305,743 shares reserved for issuance under outstanding LTIP awards). A participant may not be granted awards with respect to more than 400,000 shares in any calendar year. Also, no more than a total of 750,000 performance share, restricted stock or restricted stock unit awards may be granted under the LTIP after May 5, 2008.

The shares paid under the LTIP may be unissued shares or treasury shares. If there is a stock split, stock dividend or other change affecting our common stock, the number of shares that may be issued in the future and in the number of shares and price under all outstanding grants will be adjusted appropriately. If shares under a grant are not issued, those shares will become available again and may be included in future grants. Payment of cash in lieu of shares generally will not be considered an issuance of shares, except for the exercise of a stock appreciation right that is exercisable solely for cash and was granted in tandem with a stock option.

Awards. The Committee may grant the following awards under the LTIP:

- performance shares,
- stock options,
- stock appreciation rights ("SARs"),
- restricted stock, and
- restricted stock units ("RSUs").

Each type of award may be granted alone, in conjunction with, or in tandem with other awards.

Performance Shares. Each award of performance shares will have the multi-year performance period and performance objectives established by the Committee. It makes these decisions on or before April 1 of each year (or such other date as Code Section 162(m) requires or permits). The performance objectives may be based on one or more of the following:

- total shareholder return,
- stock price appreciation,
- return on equity, assets or invested capital,
- income per share,
- operating earnings, net income, operating income or economic value added (for Protective or for a subsidiary, division or business unit of ours),
- assets, sales or revenues, or growth in assets, sales or revenues,

efficiency or expense management (such as unit cost), or

for any participant other than an officer subject to Code Section 162(m), such other reasonable criteria as the Committee may determine.

Achievement of any of the first seven criteria listed above may be determined solely by our performance or by our performance as compared to that of other companies. The Committee will determine whether the performance objectives of an award have been met, in whole or in part, after the end of the award's performance period. The Committee has the discretion to reduce the amount that would otherwise be payable under the terms of a performance share award.

If the Committee determines that the performance objectives for a participant's award have been met, the participant will be entitled to receive a payment equal to the value of one share of our common stock for each performance share earned. Payment will be made partly in shares of stock and partly in cash, with the cash portion being approximately equal to the withholding taxes applicable to the payment. If the Board terminates the LTIP, participants will receive a *pro rata* payment for each outstanding performance share award, based on the elapsed portion of the award's performance period and achievement of the performance objective as of the end of the year before the termination date.

Stock Options. The Committee may grant incentive stock options (as defined in the Internal Revenue Code) ("ISOs") and non-qualified stock options ("NQSOs"). The option price will not be less than the fair market value of our common stock on the grant date. The Committee will establish each option's term, which may not exceed 10 years from the grant date. Unless the Committee determines otherwise, options will become exercisable in 3 equal installments on each of the first 3 anniversaries of the grant date. The Committee may accelerate the exercisability of options.

The holder of an option may exercise it by paying the option price in cash. If the Committee permits, the holder may also exercise an option by delivering other shares of common stock or by authorizing a third party to sell a portion of the common stock acquired upon option exercise and remitting the exercise price to us.

Stock Appreciation Rights. The Committee may grant an SAR as a separate award or in conjunction with an option grant. The Committee will determine the time or times when an SAR becomes exercisable and may accelerate the exercisability of SARs. (Unless the Committee determines otherwise, SARs will become exercisable in 3 equal installments on each of the first 3 anniversaries of the grant date.) SARs may be exercised in installments. The Committee may grant SARs that become exercisable only in the event of a change in our control and may provide that such SARs are cashed out on the basis of the change in control price, as those terms are defined in the LTIP.

Upon exercise of an SAR, the holder will generally receive a payment equal to the excess of the fair market value of a share of our stock at the time of exercise over the price of a share of our stock at the time the SAR was granted. Payment may be made in cash, in shares, or in a combination of cash and shares, as determined by the Committee.

Restricted Stock. The Committee may also award restricted stock that is, shares of our stock that may be forfeited if the vesting criteria established by the Committee are not met. The grant will set forth a period of time (or a period related to the achievement of performance goals) during which the restricted stock will remain subject to forfeiture. Unless the Committee determines otherwise, restricted stock awards will vest in 5 equal installments on each of the first 5 anniversaries of the grant date. A restricted stock award may not vest before the first anniversary of the grant date (unless there is a change in control). The grantee cannot dispose of the shares before the restriction period ends. During this period, the grantee will generally have all rights of a share owner, including the right to vote the shares and receive dividends.

Restricted Stock Units. The Committee may grant restricted stock units. An RSU grant will set forth the terms of a restriction period in the same manner as a restricted stock grant. Shares of common stock are not actually issued when a restricted stock unit award is made. Instead, we will establish an account for the participant and will record the number of RSUs in the account. The recipient's account will be credited with amounts equal to any dividends that we pay with respect to a corresponding number of shares of common stock. These "dividend equivalents" will be credited as additional RSUs. When the restriction period ends, the participant will be entitled to receive one share of common stock for each RSU with respect to which the restrictions have lapsed ("vested unit") (or, at the Committee's discretion, cash in lieu of shares of stock).

Employment Termination. If a participant's employment is terminated by death, disability, or by retirement on or after normal retirement age or prior to normal retirement age at our request or with our consent, the participant will receive a pro-rata payment with respect to any outstanding performance shares, based on the employment period during the applicable performance period and the performance achieved as of the end of the year before the termination date.

If a participant's employment is terminated due to:

- divestiture of a business segment or a significant portion of our assets, or
- significant reduction by us in our workforce,

then the determination of whether any payment with respect to any unvested portion of an award will be at the Committee's discretion. If a participant's employment is terminated for any other reason, any unvested portion of a participant's performance share award will be forfeited unless the Committee determines otherwise.

If a participant's employment terminates by reason of retirement, long-term disability or death, then any restrictions on RSUs or shares of restricted stock will lapse, and any option or SAR may thereafter be exercised in full (for 3 years in the event of retirement, and for 1 year in the event of disability or death (or, in each case, such other period as the Committee may determine)), subject to the stated term of the option or SAR. If we terminate a participant's employment for cause, all outstanding options, SARs, restricted stock and RSUs will be forfeited. If a participant's employment terminates for any reason other than retirement, disability, death or for cause, then any options and SARs will be exercisable, to the extent exercisable at the termination date, for 90 days, and any RSUs or shares of restricted stock then outstanding as to which the restriction period has not lapsed will be forfeited, unless the Committee determines otherwise.

Change in Control. The LTIP provides that, except as provided below, if change in control (as defined in the LTIP) occurs:

- the restrictions and deferral limits applicable to outstanding restricted stock unit and restricted stock awards will lapse and the awards will become fully vested, and
- all SARs and options will be cancelled in exchange for an amount (payable in common stock or cash, at the Committee's discretion) equal to the excess of the value of our common stock over the base price of the SAR or the exercise price of the option.

Notwithstanding the foregoing, if the Committee determines that the grantee of an award will receive a new award (or have his or her prior award honored) in a manner that preserves its value and eliminates the risk that the award's value will be forfeited due to involuntary termination, no acceleration of exercisability or vesting, lapse of restriction or deferral limitations, or cash settlement will occur as a result of the change in control.

If a change in control occurs, each participant is deemed to have earned performance shares with respect to all outstanding awards based upon performance as of the December 31 before the change in control (but never less than the number of performance shares at the target performance level with respect to each outstanding award). Each performance share so earned will be cancelled in exchange for either shares of our common stock or a cash payment in an amount equal to the greater of the value of the common stock immediately before the change in control or the value as determined in connection with the change in control (at the Committee's discretion).

Amendment and Termination. The Board may terminate or suspend the LTIP at any time, but the termination or suspension will not affect any outstanding awards. Unless terminated earlier by the Board, the LTIP will continue in effect until December 31, 2017, but awards granted before that date will continue in effect until they expire in accordance with their terms. The Board may also amend the LTIP, provided that share owner approval is required for any amendment that would:

- increase the number of shares subject to the LTIP (except as permitted for stock splits, stock dividends, and other changes affecting our common stock),
- change the exercise price at which options may be granted or the base price at which SARs may be granted,
- change the definition of performance share, or
- remove the LTIP's administration from the Committee.

The Board presently intends to submit all material LTIP amendments to our share owners for approval to the extent required by Code Section 162(m). The Committee may amend the terms of any outstanding award, retroactively or prospectively, but no such amendment will adversely affect any such award without the participant's consent, and no amendment may reduce the exercise price of an outstanding option or the base price of an outstanding SAR (except as permitted for stock

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splits, stock dividends and other changes affecting our common stock).

New Plan Benefits

Because the awards to individual participants may vary from year to year at the Committee's discretion and any payment of performance share awards is contingent on attaining the related performance objectives, the amounts payable to eligible participants under the LTIP for any calendar year during which the LTIP is in effect cannot be determined.

The Summary Compensation Table (page 28), the Grants of Plan-Based Awards Table (page 34), the Outstanding Equity Awards at Fiscal Year-End Table (page 39) and the SAR and Stock Vested Table (page 42) contain information about the LTIP benefits that the named executives have received. Benefits that would be payable in certain circumstances if we had a change of control are discussed at "Potential Payments upon Change of Control" (page 47).

During 2007, we awarded 52,100 performance shares, 114,700 SARs and 16,500 RSUs to all current executive officers as a group (including the named executives) and we awarded 6,000 performance shares, 89,600 SARs and 13,750 RSUs to all other employees as a group. We estimate that the 2007 performance share payouts for all current executive officers as a group (including the named executives) and all other employees as a group will be $1,748,765 and $1,216,653, respectively (assuming a stock price of $41.02, which was the closing price of our common stock on December 31, 2007). Non-employee directors do not participate in the LTIP.

Federal Income Tax Consequences

The following is a brief description of the principal U.S. federal income tax consequences of LTIP awards.

Tax Consequences to Participants.

Performance Shares. A participant will not realize taxable income when a performance share award is made. When the performance shares are earned and paid, the participant will realize ordinary income equal to the fair market value of the shares of common stock and the amount of cash delivered.

Incentive Stock Options. A participant will not realize taxable income upon the grant or exercise of an ISO. If a participant does not sell the stock received upon the exercise of an ISO ("ISO shares") for at least 2 years from the grant date and within one year from the exercise date, then when the shares are sold, any gain (or loss) realized will be long-term capital gain (or loss).

If a participant disposes of ISO shares before the holding periods described above expire, the participant will generally realize ordinary income at that time equal to the excess, if any, of the fair market value of the shares at exercise (or, if less, the amount realized on the share disposition) over the price paid for the ISO shares. Any further gain or loss realized by the participant will be taxed as short-term or long-term capital gain or loss. Subject to certain exceptions for disability or death, if a participant exercises an ISO more than 3 months after the termination of the participant's employment, the option will generally be taxed as a NQSO.

Non-Qualified Stock Options. A participant will not realize taxable income upon the grant of a NQSO. When a NQSO is exercised, the participant will generally realize ordinary income equal to the difference between the fair market value of the shares on the exercise date and the price paid for the shares. Any further gain or loss realized by the participant will be taxed as a short-term or long-term capital gain or loss.

Stock Appreciation Rights. A participant will not realize taxable income upon receipt of an SAR grant. When an SAR is exercised, the participant will generally realize ordinary income in an amount equal to the amount of cash and the fair market value of any shares received. If the participant receives shares of common stock upon the exercise of an SAR, the post-exercise gain or loss will be treated as discussed above under *Non-Qualified Stock Options.*

Restricted Stock. Subject to the election described below, a participant will not realize taxable income upon the receipt of a restricted stock grant. When the restricted stock vests (is no longer subject to forfeiture), the participant will generally realize ordinary income equal to the fair market value of the stock at the time the stock vests, less any consideration paid for the stock. The holding period to determine whether the participant has long-term or short-term capital gain or loss on a subsequent sale will generally begin when stock vests, and the participant's tax basis for the shares will generally equal the fair market value of the shares on that date.

However, under Internal Revenue Code Section 83(b), a participant may elect (within 30 days of the stock grant) to realize ordinary income on the grant date equal to the excess of the fair market value of the shares of restricted stock (determined without regard to the restrictions) over the purchase price of the restricted stock. In this situation, the participant's holding period will begin on the grant date and the participant's tax basis will equal the fair market value of the shares on that date (determined without regard to restrictions). If a participant makes this election and shares are later forfeited, the participant will be entitled to a deduction, refund or loss for tax purposes only in an amount equal to the purchase price of the forfeited shares.

Restricted Stock Units. A participant will not realize taxable income when RSUs or dividend equivalents are credited to the participant's account. The participant will realize ordinary income equal to the fair market value of the shares of common stock delivered (or the amount of cash paid in lieu of such shares) when the shares and/or cash are delivered or paid.

Tax Consequences to Us. Generally, any time a participant recognizes ordinary taxable income as the result of the settlement of any award under the LTIP, we will be entitled to a tax deduction equal to the amount of income recognized by the participant.

Board Recommendation

The Board of Directors unanimously recommends that you vote FOR the approval of the Protective Life Corporation Long-Term Incentive Plan.

Equity Compensation Plan Information

The following table provides information as of December 31, 2007, about equity compensation plans under which our common stock is authorized for issuance.

Securities Authorized for Issuance under Equity Compensation Plans

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights as of December 31, 2007	Weighted-average exercise price of outstanding options, warrants and rights as of December 31, 2007	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as of December 31, 2007
	(a)	(b)	(c)
Equity compensation plans approved by share owners	1,890,943 [(1)]	$31.98 [(3)]	3,170,611 [(4)]
Equity compensation plans not approved by share owners	1,017,426 [(2)]	Not applicable	Not applicable [(5)]
Total [(2)]	2,908,369 [(1)(2)]	$31.98 [(3)]	3,170,611 [(4)(6)]

(1) Includes (a) 1,262,704 shares of common stock issuable with respect to outstanding SARs granted under the LTIP (assuming for this purpose that one share of common stock will be issued with respect to each outstanding SAR); (b) 597,989 shares of common stock issuable with respect to outstanding performance share awards granted under the LTIP (assuming maximum earn-out of the awards); and (c) 30,250 shares of common stock issuable with respect to outstanding restricted stock units granted under the LTIP (assuming for this purpose that shares will be issued with respect to all outstanding restricted stock units).

(2) Includes (a) 119,614 shares of common stock issuable with respect to stock equivalents pursuant to our Deferred Compensation Plan for Directors Who Are Not Employees of the Company; (b) 749,501 shares of common stock issuable with respect to stock equivalents pursuant to our Deferred Compensation Plan for Officers; and (c) 148,311 shares of common stock issuable with respect to stock equivalents pursuant to our Deferred Compensation Plan for Sales Managers, Agents and Representatives.

(3) Based on exercise prices of outstanding SARs.

(4) Represents (a) 3,080,002 shares of common stock available for future issuance under the LTIP; and (b) 90,609 shares of common stock available for future issuance under the Stock Plan for Non-Employee Directors.

(5) The plans listed in Note (2) do not currently have limits on the number of shares of common stock issuable under such plans. The total number of shares of common stock that may be issuable under such plans will depend upon, among other factors, the deferral elections made by the plans' participants.

(6) Plus any shares that become issuable under the plans listed in Note (2).

For a description of our Deferred Compensation Plan for Officers, see page 45. For a description of our Deferred Compensation Plan for Directors Who Are Not Employees of the Company, see page 51. Our share owners have previously approved both the AIP and the long-term incentive plans pursuant to which common stock compensation is paid.

Certain independent regional sales managers and other insurance representatives may elect to defer until a specified date all or any portion of their commissions and other compensation from us under our Deferred Compensation Plan for Sales Managers, Agents and Representatives. The Plan used to permit a regional sales manager to elect for deferrals to be treated as invested in a common stock equivalent; however, this alternative is no longer available. The number of shares shown in the table represents the number of shares that remain issuable under the Plan due to previous common stock investments made by the participants.

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BOARD STRUCTURE AND CORPORATE GOVERNANCE

Board of Directors and Its Committees

Board of Directors

Our Board oversees our business and affairs and monitors the performance of our management. In accordance with corporate governance principles, the Board does not involve itself in day-to-day operations. The directors keep themselves informed through reports from and discussions with the Chief Executive Officer and other key executives and, as necessary, our outside advisors.

Committees of the Board of Directors

The Board has four standing committees to help it carry out its duties:

- Audit Committee,
- Compensation and Management Succession Committee,
- Corporate Governance and Nominating Committee, and
- Finance and Investments Committee.

Each committee has a formal written charter, a current copy of which is available on our website (www.protective.com), and reports its actions and recommendations to the Board. Only independent directors serve on the Audit Committee, the Compensation and Management Succession Committee, and the Corporate Governance and Nominating Committee.

Audit Committee. The Audit Committee:

- oversees our financial reporting and control processes on the Board's behalf, including assistance in oversight of the integrity of our financial statements; our compliance with legal requirements; the independence, qualifications and performance of the independent accountants; and the performance of our internal audit function;
- reviews internal controls, systems and procedures, accounting policies, and other matters affecting our financial condition;
- reviews our annual and quarterly financial statements and financial footnotes with management and the independent accountants. Reviews earnings and earnings press releases with management and the independent accountants before publication;
- appoints, evaluates and (if appropriate) terminates the independent accountants, approves all audit engagement fees and terms, and pre-approves all non-audit services; and
- reviews with the independent accountants their audit procedures, management letters, and other significant aspects of their audit.

The Audit Committee concluded that, during 2007, it satisfied its responsibilities under its charter regarding our controls, internal audit functions and independent accountants. The Audit Committee Report is on page 53.

Compensation and Management Succession Committee. The Compensation and Management Succession Committee:

- reviews and approves our base salary, annual incentive, and long-term incentive compensation practices for our officers and key employees;
- administers annual cash incentive and long-term stock-based incentive programs under our Annual Incentive Plan and Long-Term Incentive Plan; and

reviews management succession planning with the Chief Executive Officer, and recommends to the Board a successor to the Chief Executive Officer whenever the need to name a successor arises.

See pages 22-27 for more information about this Committee.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee:

reviews and advises the Board on the functions and procedures of the Board and its committees, the compensation of the directors for service on the Board and its committees, and the selection and tenure of directors.

Finance and Investments Committee. The Finance and Investments Committee:

reviews and acts upon financial and investment matters, including borrowing and lending transactions entered into by Protective and its subsidiaries; and

establishes policies and guidelines for investment of our assets, reviews the investment and disposition of our funds, and reviews the risks inherent in our business and our strategy for understanding and minimizing the consequences of those risks.

Committee Memberships. The following table shows the current membership of each committee.

	Committee			
Director	**Audit**	**Comp**	**Corp Gov**	**Fin & Inv**
H. Corbin Day		Chair		X
James S.M. French	Chair			X
Thomas L. Hamby		X		X
John D. Johns				Chair
Vanessa Leonard	X			X
Charles D. McCrary			X	X
John J. McMahon, Jr.				