

# Primerica Reports Third Quarter 2011 Results

***20% growth in issued life policies***

***10% increase in new representatives obtaining a life insurance license***

***\$40.6 million of net income; diluted EPS of \$0.53***

***5% net operating income growth; diluted operating EPS of \$0.56***

***\$200 million share repurchase from Citi announced earlier today***

DULUTH, Ga.--(BUSINESS WIRE)-- Primerica, Inc. (NYSE: PRI) announced today financial results for the third quarter ended September 30, 2011. Total revenues increased by 14% to \$275.8 million in the third quarter of 2011, compared with \$241.2 million in the third quarter of 2010. Net income was up 3% to \$40.6 million for the third quarter of 2011, or \$0.53 per diluted share, compared with \$39.6 million, or \$0.52 per diluted share, in the third quarter of 2010.

Operating revenues increased by 15% to \$276.0 million in the third quarter of 2011, compared with \$240.2 million in the third quarter of 2010. Net operating income was up 5% to \$42.8 million, or \$0.56 per diluted share, in the third quarter of 2011, compared with \$40.9 million, or \$0.54 per diluted share, in the third quarter of 2010. The year-over-year results reflect continued growth in New Term premium and Investment and Savings Products sales and client asset values, partially offset by a higher expense base. Results were not notably impacted by interest rate trends in the quarter.

Rick Williams, Chairman of the Board and Co-Chief Executive Officer said, "We delivered solid operating results in the third quarter bolstered by strong Term Life performance and a 29% increase in Investment and Savings Product sales. Our financial strength and conservative balance sheet position us well to execute our strategy for growth and improving returns on capital. To that end we announced today a \$200 million, or 8.9 million share repurchase from Citi which will be accretive to earnings per share and return on equity while maintaining sufficient capital for future growth."

John Addison, Chairman of Primerica Distribution and Co-Chief Executive Officer said, "We are pleased that the initiatives announced at and the excitement generated by our June convention led to positive growth in recruiting and licensing in the third quarter. As we move towards 2012, we remain focused on supporting and building our sales force to drive continued positive financial results."

## **Distribution Results**

- Representatives recruited increased by 43% to 83,074 in the third quarter of 2011,

compared with the same period a year ago and grew by 28% from the second quarter of 2011. This growth was primarily driven by a significant recruiting surge in July due to momentum from our June convention and the promotion lowering our Independent Business Application (IBA) licensing fee to \$50 from \$99 through the end of July. New life licenses grew 10% to 10,334 in the third quarter of 2011, compared with third quarter 2010 and increased 28% from the second quarter of 2011. New life license growth lagged recruiting growth primarily due to a reduction in the licensing pull-through rate, consistent with historical trends following a recruiting surge. The size of our life-licensed insurance sales force increased by 2% to 91,970 at September 30, 2011 from 90,519 at June 30, 2011.

- Life insurance policies issued increased 20% to 65,067 in the third quarter of 2011, compared with third quarter a year ago and increased by 9% from the second quarter 2011, driven by the recruiting surge and strong sales of Primerica's new TermNow product launched at the June convention. Term Life net premium grew by 27% to \$117.8 million in the third quarter of 2011, compared with the third quarter a year ago and increased by 9% from the second quarter as we added another quarter of New Term business.
- Investment and Savings Products sales continued to grow, up 29% to \$1.06 billion in the third quarter of 2011 from \$823.9 million in the year ago quarter primarily driven by a 51% increase in variable annuity sales. Variable annuity sales continue to be positively impacted by clients redeeming older contracts (not incurring surrender charges) to purchase our current Prime Elite IV product that has an attractive guaranteed income living benefit. Sequentially, Investment and Savings Products sales declined 7% reflecting the seasonally strong second quarter. Client asset values decreased 3% to \$31.62 billion at September 30, 2011 from \$32.60 billion at September 30, 2010 and declined 12% from \$36.02 billion at June 30, 2011 primarily due to negative market movements.

## Segment Results

Primerica operates in two primary business segments: Term Life Insurance and Investment and Savings Products, and has a third segment, Corporate and Other Distributed Products. Results for the segments are shown below.

|                                 | Actual            |            |          |   | Operating<br>(1)  |            |          |   |
|---------------------------------|-------------------|------------|----------|---|-------------------|------------|----------|---|
|                                 | Q3 2011           | Q3 2010    | % Change |   | Q3 2011           | Q3 2010    | % Change |   |
| Revenues:                       | (\$ in thousands) |            |          |   | (\$ in thousands) |            |          |   |
| Term Life Insurance             | \$ 141,713        | \$ 115,933 | 22       | % | \$ 141,713        | \$ 115,933 | 22       | % |
| Investment and Savings Products | 97,486            | 83,874     | 16       | % | 97,486            | 83,874     | 16       | % |

|                                           |            |            |     |   |            |            |     |   |
|-------------------------------------------|------------|------------|-----|---|------------|------------|-----|---|
| Corporate and Other Distributed Products  | 36,592     | 41,429     | -12 | % | 36,770     | 40,414     | -9  | % |
| Total revenues                            | \$ 275,791 | \$ 241,236 | 14  | % | \$ 275,969 | \$ 240,221 | 15  | % |
| <b>Income (loss) before income taxes:</b> |            |            |     |   |            |            |     |   |
| Term Life Insurance                       | \$ 48,088  | \$ 42,582  | 13  | % | \$ 48,088  | \$ 42,582  | 13  | % |
| Investment and Savings Products           | 26,746     | 26,578     | 1   | % | 26,746     | 26,578     | 1   | % |
| Corporate and Other Distributed Products  | (10,983 )  | (7,281 )   | -51 | % | (7,496 )   | (5,220 )   | -44 | % |
| Total income before income taxes          | \$ 63,851  | \$ 61,879  | 3   | % | \$ 67,338  | \$ 63,940  | 5   | % |

(1) See the Non-GAAP Financial Measures section and the Operating Results Reconciliations at the end of this release for additional information.

**Term Life Insurance.** Operating revenues grew by 22% to \$141.7 million in the third quarter of 2011, compared with the same period a year ago. Operating income before income taxes increased by 13% to \$48.1 million over the prior year period primarily driven by growth in New Term premium, partially offset by continued run-off of Legacy Term premium and higher expenses. Expense growth includes approximately \$1.7 million related to the \$50 IBA licensing fee promotion mentioned above, premium related increases in taxes, licenses and fees and run-off of our Legacy block allowances. Mortality experience was slightly unfavorable while persistency improved slightly during the third quarter of 2011 versus the year ago period. The impact of low interest rates on investment income as well as DAC and reserve balances was minimal.

Sequentially, operating income before income taxes increased by 5%, or \$2.3 million, compared with the second quarter of 2011 primarily due to New Term premium growth and \$3.3 million of lower expenses in the third quarter largely reflecting the second quarter write-off of medical testing materials. Persistency was slightly lower in the third quarter of 2011, compared with the seasonally strong second quarter. Mortality was unfavorable in the third quarter of 2011, compared with favorable mortality in the previous quarter.

**Investment and Savings Products.** Operating revenues grew by 16% to \$97.5 million while operating income before income taxes of \$26.7 million was flat in the third quarter of 2011, compared with the same period a year ago. These results were driven by higher sales and higher average client asset values as well as a shift in product sales mix to higher margin U.S. variable annuity products. Operating income before income taxes was flat due to a \$2.7 million increase in Canadian segregated fund DAC amortization primarily related to negative equity returns during the third quarter of 2011 versus positive equity returns in the third

quarter of 2010.

Sequentially, operating revenues decreased by 7%, or \$7.1 million, and operating income before income taxes decreased by 12%, or \$3.7 million, primarily reflecting seasonally higher sales in the second quarter and a decline in client asset values due to negative market conditions in the third quarter.

**Corporate and Other Distributed Products.** Operating revenues decreased by 9% to \$36.8 million in the third quarter of 2011, compared with the third quarter of 2010. Operating losses before income taxes were \$7.5 million in the third quarter of 2011, compared with a \$5.2 million loss in the same period of 2010. The quarter included a \$2.7 million print inventory adjustment due to the discontinuation of carrying inventory in our print operations as the materials produced are now predominately used for internal consumption. The impact of this adjustment was partially offset by period-specific items from the prior year. Results for the third quarter of 2011 also reflect continued higher claims on short-term disability products underwritten by our New York insurance subsidiary.

## **Taxes**

Our effective income tax rate for the third quarter of 2011 was 36.4%, compared with 36.0% for the same quarter a year ago and 35.4% in the second quarter of 2011. The higher tax rate in the third quarter of 2011 was caused by the greater net impact of U.S. tax accruals on Canadian earnings and higher contingency reserves relative to the third quarter 2010.

## **Capital and Liquidity**

Primerica continues to be well capitalized, holding a high-quality invested asset portfolio with minimal exposure to equities and European sovereign risk. Investments and cash totaled \$2.32 billion as of September 30, 2011. Our invested asset portfolio had a net unrealized gain of \$152.7 million (net of unrealized losses of \$12.5 million) at September 30, 2011, down from a net unrealized gain of \$171.1 million (net of unrealized losses of \$5.0 million) at June 30, 2011. Net realized losses for the quarter were \$0.2 million, which included \$1.0 million of other-than-temporary impairments.

As of September 30, 2011, our debt-to-capital ratio remained low at 16.0%. Our ratio of cash and invested assets to adjusted stockholders equity of 1.6x at September 30, 2011, reflects the conservative nature of our balance sheet and generally the lower asset requirement and asset liability matching risk of term insurance.

The Massachusetts Division of Insurance has approved Primerica Life Insurance Company's (PLIC) request to pay a \$200 million dividend to Primerica, Inc. After payment of the dividend, PLIC's estimated statutory risk-based capital (RBC) ratio will be reduced from greater than 600% as of September 30, 2011 to approximately 420%. The company will continue to be well positioned to support existing operations and fund future growth. Primerica, Inc. intends to use the proceeds to fund the stock purchase of 8.9 million shares of Primerica, Inc. common stock from Citi at a price of \$22.42 per share. The transaction is expected to close later this month.

Net operating income return on adjusted stockholders' equity (ROAE) was 11.7% for the quarter ended September 30, 2011, down from 12.7% in the second quarter of 2011. Net

income return on stockholders' equity was 10.4% for the third quarter of 2011. After giving effect to the \$200 million repurchase of Citi's shares, we estimate that our pro forma ROAE and net operating income per diluted share for the third quarter of 2011 would have been 13.1% and \$0.61, respectively.

### **Non-GAAP Financial Measures**

We report financial results in accordance with U.S. generally accepted accounting principles (GAAP). We also present operating revenues, operating income before income taxes, net operating income and adjusted stockholders' equity. Operating revenues, operating income before income taxes and net operating income exclude the impact of realized investment gains and losses for all periods presented. Operating income before income taxes and net operating income exclude the expense associated with our IPO-related equity awards for all periods presented. Adjusted stockholders' equity excludes the impact of net unrealized gains and losses on invested assets for all periods presented. Our definitions of these non-GAAP financial measures may differ from the definitions of similar measures used by other companies. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating our financial performance. Furthermore, management believes that these non-GAAP financial measures may provide users with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business. These measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Reconciliations of non-GAAP to GAAP financial measures are attached to this release.

### **Earnings Webcast Information**

Primerica will hold a webcast Wednesday, November 2, 2011 at 10:00 am EDT, to discuss third quarter results. This release and a detailed financial supplement will be posted on Primerica's website. Investors are encouraged to review these materials. To access the webcast go to <http://investors.primerica.com> at least 15 minutes prior to the event to register, download and install any necessary software.

A replay of the call will be available for approximately 30 days on Primerica's website, <http://investors.primerica.com>.

### **Forward-Looking Statements**

Except for historical information contained in this press release, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements contain known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from anticipated or projected results. Those risks and uncertainties include, among others, our failure to continue to attract and license new recruits, retain sales representatives or maintain the licensing of our sales representatives; our or our sales representatives' violation of or non-compliance with laws and regulations; incorrect assumptions used to price our insurance policies; the failure of our investment products to remain competitive with other investment options; our failure to meet RBC standards or other minimum capital and surplus requirements; a downgrade or potential downgrade in our insurance subsidiaries' financial strength ratings; inadequate or unaffordable reinsurance or the failure of our

reinsurers to perform their obligations; heightened standards of conduct or more stringent licensing requirements for our sales representatives; the inability of our subsidiaries to pay dividends or make distributions; the loss of key personnel; conflicts of interests due to Citi's and Warburg Pincus' significant interests in us; and general changes in economic and financial conditions, including the effects of credit deterioration and interest rate fluctuations on our invested asset portfolio. These and other risks and uncertainties affecting us are more fully described in our filings with the Securities and Exchange Commission, which are available in the "Investor Relations" section of our website at <http://investors.primerica.com>. Primerica assumes no duty to update its forward-looking statements as of any future date.

## **About Primerica, Inc.**

Primerica, Inc., headquartered in Duluth, GA, is a leading distributor of financial products to middle-income families in North America. Primerica representatives assist clients in meeting their needs for term life insurance, mutual funds and other financial products. In addition, Primerica provides an entrepreneurial full or part-time business opportunity for individuals seeking to earn income by distributing its financial products. Primerica insures approximately 4.3 million lives and more than 2 million clients maintain investment accounts with the company.

## **PRIMERICA, INC.**

### **Condensed Balance Sheets**

**(In thousands)**

|                                                             | <b>September 30,<br/>2011<br/>(Unaudited)</b> | <b>December<br/>31,<br/>2010</b> |
|-------------------------------------------------------------|-----------------------------------------------|----------------------------------|
| <b>Assets</b>                                               |                                               |                                  |
| Investments:                                                |                                               |                                  |
| Fixed maturity securities available for sale, at fair value | \$ 2,098,065                                  | \$ 2,081,361                     |
| Equity securities available for sale, at fair value         | 22,102                                        | 23,213                           |
| Trading securities, at fair value                           | 19,685                                        | 22,767                           |
| Policy loans and other invested assets                      | 25,993                                        | 26,243                           |
| Total investments                                           | 2,165,845                                     | 2,153,584                        |
| Cash and cash equivalents                                   | 154,027                                       | 126,038                          |
| Accrued investment income                                   | 24,372                                        | 22,328                           |
| Due from reinsurers                                         | 3,819,738                                     | 3,731,634                        |
| Deferred policy acquisition costs                           | 1,004,545                                     | 853,211                          |
| Premiums and other receivables                              | 181,190                                       | 168,026                          |
| Intangible assets                                           | 72,778                                        | 75,357                           |
| Other assets                                                | 308,307                                       | 307,342                          |
| Separate account assets                                     | 2,276,705                                     | 2,446,786                        |
| Total assets                                                | \$ 10,007,507                                 | \$ 9,884,306                     |

Liabilities and Stockholders' Equity

|                                                           |               |              |
|-----------------------------------------------------------|---------------|--------------|
| Liabilities:                                              |               |              |
| Future policy benefits                                    | \$ 4,557,535  | \$ 4,409,183 |
| Unearned premiums                                         | 6,477         | 5,563        |
| Policy claims and other benefits payable                  | 242,363       | 229,895      |
| Other policyholders' funds                                | 340,986       | 357,253      |
| Note payable                                              | 300,000       | 300,000      |
| Income taxes                                              | 136,028       | 136,226      |
| Other liabilities                                         | 390,297       | 386,182      |
| Payable under securities lending                          | 185,483       | 181,726      |
| Separate account liabilities                              | 2,276,705     | 2,446,786    |
| Total liabilities                                         | 8,435,874     | 8,452,814    |
| Stockholders' equity:                                     |               |              |
| Common stock                                              | 737           | 728          |
| Paid-in capital                                           | 898,945       | 883,168      |
| Retained earnings                                         | 526,847       | 395,057      |
| Accumulated other comprehensive income, net of income tax | 145,104       | 152,539      |
| Total stockholders' equity                                | 1,571,633     | 1,431,492    |
| Total liabilities and stockholders' equity                | \$ 10,007,507 | \$ 9,884,306 |

## **PRIMERICA, INC.**

### **Condensed Statements of Income**

**(Unaudited – in thousands, except per-share amounts)**

|                                                   | <b>Three months ended September 30,</b> |             |
|---------------------------------------------------|-----------------------------------------|-------------|
|                                                   | <b>2011</b>                             | <b>2010</b> |
| <b>Revenues:</b>                                  |                                         |             |
| Direct premiums                                   | \$ 560,739                              | \$ 547,444  |
| Ceded premiums                                    | (425,643 )                              | (437,054 )  |
| Net premiums                                      | 135,096                                 | 110,390     |
| Commissions and fees                              | 100,883                                 | 89,737      |
| Net investment income                             | 27,103                                  | 27,855      |
| Realized investment gains, including OTTI         | (178 )                                  | 1,015       |
| Other, net                                        | 12,887                                  | 12,239      |
| Total revenues                                    | 275,791                                 | 241,236     |
| <b>Benefits and expenses:</b>                     |                                         |             |
| Benefits and claims                               | 64,101                                  | 49,811      |
| Amortization of deferred policy acquisition costs | 30,532                                  | 23,844      |
| Sales commissions                                 | 46,971                                  | 42,264      |
| Insurance expenses                                | 15,465                                  | 11,999      |

|                             |           |           |
|-----------------------------|-----------|-----------|
| Insurance commissions       | 4,909     | 5,100     |
| Interest expense            | 7,000     | 6,968     |
| Other operating expenses    | 42,962    | 39,371    |
| Total benefits and expenses | 211,940   | 179,357   |
| Income before income taxes  | 63,851    | 61,879    |
| <b>Income taxes</b>         | 23,250    | 22,284    |
| Net income                  | \$ 40,601 | \$ 39,595 |

**Earnings per share:**

|         |         |         |
|---------|---------|---------|
| Basic   | \$ 0.54 | \$ 0.53 |
| Diluted | \$ 0.53 | \$ 0.52 |

**Shares used in computing earnings per share:**

|         |        |        |
|---------|--------|--------|
| Basic   | 73,658 | 72,259 |
| Diluted | 74,199 | 72,919 |

**PRIMERICA, INC.**

**Operating Results Reconciliation**

**(Unaudited – in thousands, except per-share amounts)**

Three months ended September 30, 2011

|                                              | Operating<br>Results<br>(Non-GAAP) | Operating<br>adjustments | Reported<br>Results<br>(GAAP) |
|----------------------------------------------|------------------------------------|--------------------------|-------------------------------|
| <b>Revenues:</b>                             |                                    |                          |                               |
| Direct premiums                              | \$ 560,739                         | \$ -                     | \$ 560,739                    |
| Ceded premiums                               | (425,643 )                         | -                        | (425,643 )                    |
| Net premiums                                 | 135,096                            | -                        | 135,096                       |
| Commissions and fees                         | 100,883                            | -                        | 100,883                       |
| Net investment income                        | 27,103                             | -                        | 27,103                        |
| Realized investment gains,<br>including OTTI | -                                  | (178 )                   | (178 )                        |
| Other, net                                   | 12,887                             | -                        | 12,887                        |
| Total revenues                               | 275,969                            | (178 )                   | 275,791                       |

**Benefits and expenses:**

|                     |        |   |        |
|---------------------|--------|---|--------|
| Benefits and claims | 64,101 | - | 64,101 |
| Amortization of DAC | 30,532 | - | 30,532 |
| Sales commissions   | 46,971 | - | 46,971 |



|                              |           |             |           |
|------------------------------|-----------|-------------|-----------|
| Insurance expenses           | 15,465    | -           | 15,465    |
| Insurance commissions        | 4,909     | -           | 4,909     |
| Interest expense             | 7,000     | -           | 7,000     |
| Other operating expenses     | 39,653    | 3,309       | 42,962    |
| Total benefits and expenses  | 208,631   | 3,309       | 211,940   |
| Income before income taxes   | 67,338    | (3,487 )    | 63,851    |
| Income taxes                 | 24,520    | (1,270 )    | 23,250    |
| Net income                   | \$ 42,818 | \$ (2,217 ) | \$ 40,601 |
|                              |           |             |           |
| Earnings per share - diluted | \$ 0.56   |             | \$ 0.53   |
| Diluted shares               | 74,199    |             | 74,199    |

See the Non-GAAP Financial Measures section and the segment Operating Results Reconciliations for additional information.

## **PRIMERICA, INC.**

### **Operating Results Reconciliation**

**(Unaudited – in thousands, except per-share amounts)**

Three months ended September 30, 2010

|                                              | Operating<br>Results<br>(Non-GAAP) | Operating<br>adjustments | Reported<br>Results<br>(GAAP) |
|----------------------------------------------|------------------------------------|--------------------------|-------------------------------|
| <b>Revenues:</b>                             |                                    |                          |                               |
| Direct premiums                              | \$ 547,444                         | \$ -                     | \$ 547,444                    |
| Ceded premiums                               | (437,054 )                         | -                        | (437,054 )                    |
| Net premiums                                 | 110,390                            | -                        | 110,390                       |
| Commissions and fees                         | 89,737                             | -                        | 89,737                        |
| Net investment income                        | 27,855                             | -                        | 27,855                        |
| Realized investment gains,<br>including OTTI | -                                  | 1,015                    | 1,015                         |
| Other, net                                   | 12,239                             | -                        | 12,239                        |
| Total revenues                               | 240,221                            | 1,015                    | 241,236                       |
| <b>Benefits and expenses:</b>                |                                    |                          |                               |
| Benefits and claims                          | 49,811                             | -                        | 49,811                        |
| Amortization of DAC                          | 23,844                             | -                        | 23,844                        |
| Sales commissions                            | 42,264                             | -                        | 42,264                        |
| Insurance expenses                           | 11,999                             | -                        | 11,999                        |

|                              |           |             |           |
|------------------------------|-----------|-------------|-----------|
| Insurance commissions        | 5,099     | -           | 5,099     |
| Interest expense             | 6,968     | -           | 6,968     |
| Other operating expenses     | 36,296    | 3,076       | 39,372    |
| Total benefits and expenses  | 176,281   | 3,076       | 179,357   |
| Income before income taxes   | 63,940    | (2,061 )    | 61,879    |
| Income taxes                 | 23,026    | (742 )      | 22,284    |
| Net income                   | \$ 40,914 | \$ (1,319 ) | \$ 39,595 |
|                              |           |             |           |
| Earnings per share - diluted | \$ 0.54   |             | \$ 0.52   |
| Diluted shares               | 72,919    |             | 72,919    |

See the Non-GAAP Financial Measures section and the segment Operating Results

Reconciliations for additional information.

#### **PRIMERICA, INC.**

#### **Corporate and Other Distributed Products Operating Results Reconciliation (Unaudited – in thousands)**

|                                           | <b>Three months ended September 30,</b> |             |
|-------------------------------------------|-----------------------------------------|-------------|
|                                           | <b>2011</b>                             | <b>2010</b> |
| Operating revenues                        | \$ 36,770                               | \$ 40,414   |
| Realized investment gains, including OTTI | (178 )                                  | 1,015       |
| Total revenues                            | \$ 36,592                               | \$ 41,429   |
|                                           |                                         |             |
| Operating loss before income taxes        | \$ (7,496 )                             | \$ (5,220 ) |
| Realized investment gains, including OTTI | (178 )                                  | 1,015       |
| Other operating expense - equity awards   | (3,309 )                                | (3,076 )    |
| Loss before income taxes                  | \$ (10,983 )                            | \$ (7,281 ) |

#### **PRIMERICA, INC.**

#### **Adjusted and Pro Forma Adjusted Stockholders' Equity Reconciliations**

**(Unaudited – in thousands)**

|                                                                  | <b>September<br/>30,</b> | <b>June 30,</b> |
|------------------------------------------------------------------|--------------------------|-----------------|
|                                                                  | <b>2011</b>              | <b>2011</b>     |
| Adjusted stockholders' equity                                    | \$ 1,474,739             | 1,443,590       |
| Unrealized net investment gains recorded in stockholders' equity | 96,894                   | 103,372         |
| Stockholders' equity                                             | \$ 1,571,633             | 1,546,962       |
|                                                                  | <b>September 30,</b>     | <b>June 30,</b> |
|                                                                  | <b>2011</b>              | <b>2011</b>     |
| Pro forma adjusted stockholders' equity                          | \$ 1,273,391             | \$ 1,243,590    |
| Citi share repurchase impact (1)                                 | 201,348                  | 200,000         |
| Adjusted stockholders' equity                                    | \$ 1,474,739             | \$ 1,443,590    |

(1) Assumes a reduction to net investment income for sales of invested assets as of July 1, 2011 with a yield approximating our June 30, 2011 fixed-income book yield (including cash) of 5.08% and a reduction to third quarter dividends paid for the 8.9 million shares repurchased.

## **PRIMERICA, INC.**

### **Pro Forma Net Operating Income Reconciliation**

**(Unaudited – in thousands)**

|                                  | <b>Three Months Ended</b> |
|----------------------------------|---------------------------|
|                                  | <b>September 30,</b>      |
|                                  | <b>2011</b>               |
| Pro forma net operating income   | \$ 41,203                 |
| Citi share repurchase impact (1) | 1,615                     |
| Net operating income             | \$ 42,818                 |

(1) Assumes sales of invested assets as of July 1, 2011 with a yield approximating our June 30, 2011 fixed-income book yield (including cash) of 5.08%.

Primerica, Inc.

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Source: Primerica, Inc.