

February 7, 2013



# Primerica Reports Fourth Quarter 2012 Results

***Diluted EPS of \$0.67 up 29% in the fourth quarter of 2012;  
Diluted operating EPS of \$0.69 up 36%***

***8% increase in net income in the fourth quarter of 2012; 14% increase in net operating income***

***30% growth in Investment and Savings Products sales in the fourth quarter***

***Life insurance licensed sales force increased to 92,373***

DULUTH, Ga.--(BUSINESS WIRE)-- Primerica, Inc. (NYSE: PRI) announced today financial results for the fourth quarter and full year ended December 31, 2012. Total revenues were \$304.5 million in the fourth quarter of 2012 and net income was \$40.3 million, or \$0.67 per diluted share. For the full year 2012, total revenues were \$1.19 billion and net income was \$173.8 million or \$2.71 net income per diluted share.

Operating revenues increased by 12% to \$303.4 million in the fourth quarter of 2012 compared with \$271.6 million in the fourth quarter of 2011. Net operating income per diluted share grew 36% to \$0.69 from \$0.51 in the prior year period with net operating income growing 14% to \$41.6 million in the fourth quarter of 2012 from \$36.7 million in the fourth quarter of 2011. Net income return on stockholders' equity (ROE) was 12.3% (14.0% on a net operating income and adjusted stockholders' equity basis) for the quarter ended December 31, 2012. Results for the fourth quarter of 2012 reflect continued growth in the Term Life business as well as strong Investment and Savings Products (ISP) sales and the favorable impact of market performance on client assets values. Net investment income declined compared with the fourth quarter of 2011 largely due to our lower invested asset base following our stock repurchases. Year-over-year net operating income was impacted by an increase in premium-related and employee-related expenses as well as higher legal fees and expenses, partially offset by specific charges in the fourth quarter of 2011.

For the full year 2012, net operating income increased 12% to \$174.5 million compared with \$156.0 million for 2011, which when combined with active capital management, resulted in a 32% year-over-year increase in diluted operating EPS to \$2.72. Our 2012 results were driven by growth in the Term Life business coupled with lower non-deferred commissions as well as increased Investment and Savings Products sales and client asset values. Results also reflect lower invested assets due to our \$257.3 million of share repurchases during the year and increased interest expense largely related to the redundant reserve financing executed in 2012.

Rick Williams, Chairman of the Board and Co-Chief Executive Officer said, "Our results were marked by solid performance across segments including 20% growth in Term Life net premiums for the full year 2012. During the year we retired 15% of our common stock

outstanding as of December 31, 2011 through repurchases. Our strong balance sheet and solid business fundamentals will enable us to continue delivering shareholder value long-term.”

John Addison, Chairman of Primerica Distribution and Co-Chief Executive Officer said, “2012 was a pivotal year, demonstrating our ability to maintain financial momentum while reigniting growth in the size of the sales force. We made enhancements to the life insurance licensing process that drove a 30% increase in the ratio of recruits obtaining a license and contributed to growth in the size of the sales force in 2012. Our Investment and Saving Products platform was expanded with the addition of third party fixed indexed annuities and managed accounts. ISP sales grew 30% in the fourth quarter and increased 10% in 2012. We are proud of our sales force leaders’ accomplishments and their unwavering commitment to serving the financial needs of Main Street families. We continue to be confident in the strength of our business and our ability to execute a strategy that positions Primerica for future success.”

## **Distribution Results**

- The size of our life-licensed insurance sales force increased to 92,373 at December 31, 2012 from 91,506 at September 30, 2012 and 91,176 at December 31, 2011. While recruiting of new representatives declined 16% to 36,586 from the fourth quarter of 2011 due to the increased emphasis on the licensing of new recruits, our new life licenses increased by 3%, to 8,376, largely reflecting a 22% increase in the fourth quarter in the rate of new recruits obtaining a license compared to the year ago period. Non-renewals were lower than the fourth quarter a year ago, primarily due to Hurricane Sandy related mandated license renewal extensions in 2012 in New York and New Jersey and a high level of terminations last year following the convention recruiting surge. Sequentially, recruiting declined by 23% and new life licenses declined by 3% from the third quarter of 2012 reflecting seasonally-higher third quarter experience.
- Term Life net premium revenue increased 16% to \$139.9 million in the fourth quarter of 2012 compared with the fourth quarter a year ago as we continue to build the Term Life book of business. In the fourth quarter of 2012, term life insurance policies issued were 52,324, a 15% decline from the fourth quarter of 2011 largely due to productivity returning to a normalized level compared with the elevated productivity levels related to the post-convention recruiting surge in the prior year period. Sequentially, term life insurance policies issued were flat with the third quarter.
- The 30% year-over-year growth in Investment and Savings Products sales to \$1.24 billion in the fourth quarter of 2012 resulted from a 24%, or \$116.0 million, increase in retail mutual funds sales as well as \$154.9 million of fixed indexed annuity sales. Sales were driven by the successful implementation of new products in 2012 and growing investor confidence in the market in the fourth quarter. ISP sales increased 13% compared with the third quarter of 2012. Client asset values increased by 11% to \$37.39 billion at December 31, 2012 relative to a year ago and were consistent with the end of the third quarter, primarily reflecting market performance in the U.S. and Canada.

## **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.

|                                           | Q4 2012           | Actual<br>Q4 2011<br>(2) | % Change   | Q4 2012          |
|-------------------------------------------|-------------------|--------------------------|------------|------------------|
|                                           | (\$ in thousands) |                          |            | (\$              |
| <b>Revenues:</b>                          |                   |                          |            |                  |
| Term Life Insurance                       | \$164,490         | \$144,678                | 14%        | \$164,490        |
| Investment and Savings Products           | 109,700           | 93,785                   | 17%        | 109,700          |
| Corporate and Other Distributed Products  | 30,311            | 37,392                   | -19%       | 29,253           |
| Total revenues                            | <u>\$304,501</u>  | <u>\$275,855</u>         | <u>10%</u> | <u>\$303,443</u> |
| <b>Income (loss) before income taxes:</b> |                   |                          |            |                  |
| Term Life Insurance                       | \$ 44,246         | \$ 37,045                | 19%        | \$ 44,246        |
| Investment and Savings Products           | 31,194            | 28,821                   | 8%         | 31,194           |
| Corporate and Other Distributed Products  | (14,494)          | (9,185)                  | -58%       | (12,478)         |
| Total income before income taxes          | <u>\$ 60,946</u>  | <u>\$ 56,681</u>         | <u>8%</u>  | <u>\$ 62,962</u> |

(1) See the Non-GAAP Financial Measures section and the segment Operating Results Record for this release for additional information.

(2) Reflects revised accounting standards related to costs associated with acquiring or renewing

**Term Life Insurance.** Operating revenues grew by 14% to \$164.5 million in the fourth quarter of 2012 compared with the same period a year ago. Net premiums were up 16% from the prior year period reflecting the continued layering of New Term policies onto our recurring in force premium base. Allocated net investment income increased year-over-year consistent with the growth in Term Life allocated assets.

Operating income before income taxes increased by 19% over the prior year period to \$44.2 million reflecting revenue growth and lower non-deferred commissions, partially offset by growth in premium-related and employee-related expenses as well as higher interest expense associated with our redundant reserve financing. While total incurred claims were slightly lower versus the prior year period, the trend was largely driven by the fourth quarter 2011 charge related to our search of public death records. Excluding this charge in 2011, incurred claims increased reflecting higher experience and growth in the business. Persistency experience in the fourth quarter improved modestly over the prior year period.

Sequentially, operating income before income taxes declined by 9%. The continued growth in net premium was more than offset by increased DAC amortization due to seasonally worse persistency in the fourth quarter and higher insurance expenses due to a favorable annual true-up of employee benefit accruals and other items in the previous quarter.

**Investment and Savings Products.** Operating revenues increased 17% to \$109.7 million and operating income before income taxes grew 8% to \$31.2 million in the fourth quarter of

2012 compared with the fourth quarter of 2011. Results reflect strong sales and an 11% increase in our average client asset values, partially offset by a lower volume-related incentive payment earned for 2012 variable annuity sales. We also incurred \$2.9 million of legal fees and expenses, which impacted net operating earnings per diluted share by \$.03, associated with preparation for hearings that have been scheduled in 2013 in connection with arbitrations that have been described in our SEC filings. Canadian segregated fund DAC amortization was unfavorably impacted in the fourth quarter of 2012 by lower equity returns compared with a favorable impact in the prior year period, resulting in a \$1.5 million year-over-year increase in DAC amortization.

Sequentially, operating income before income taxes was consistent with the third quarter of 2012 primarily reflecting the fourth quarter sales growth, the higher client asset values and the variable annuity incentive payment, offset by legal fees and expenses as well as higher Canadian segregated fund DAC amortization.

**Corporate and Other Distributed Products.** Operating revenues decreased by 12% to \$29.3 million and operating losses before income taxes increased by \$2.5 million compared with the fourth quarter of 2011. Results largely reflect lower net investment income due to a lower invested asset base following our stock repurchases and lower expenses due to non-recurring charges from the fourth quarter of 2011, partially offset by higher employee-related expenses in 2012.

## **Taxes**

Our effective income tax rate for the fourth quarter of 2012 was 33.9%, consistent with the prior year period and lower than the 35.4% in the third quarter. Sequentially, the lower tax rate in the fourth quarter reflects the recognition of certain tax benefits due to statute of limitations expirations that occur annually at the end of the calendar year.

## **Capital and Liquidity**

We repurchased \$98.2 million of common stock in the fourth quarter of 2012. For the full year, 9.5 million shares of common stock were repurchased for \$257.3 million, enabling us to retire 15% of the common stock outstanding as of December 31, 2011.

As of December 31, 2012, our investments and cash totaled \$2.07 billion compared with \$2.18 billion as of September 30, 2012. Our invested asset portfolio had a net unrealized gain of \$182.6 million (net of unrealized losses of \$4.3 million) at December 31, 2012, down from a net unrealized gain of \$191.6 million (net of unrealized losses of \$4.2 million) at September 30, 2012. Net realized gains for the quarter were \$1.1 million, which included \$0.1 million of other-than-temporary impairments.

Our debt-to-capital ratio increased slightly from the end of the third quarter to 22.7% as of December 31, 2012 following capital redeployment in the quarter. Primerica Life Insurance Company's statutory risk-based capital (RBC) ratio is estimated to be approximately 600% as of December 31, 2012 remaining well-positioned to support existing operations and fund future growth.

## **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 Friday, February 8, 2013 at 9:00 am EST, to discuss fourth 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 license 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 or our senior debt 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; 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 educate their Main Street clients about how to better prepare for a more secure financial future by assessing their needs and providing appropriate solutions through term life insurance which we underwrite, and mutual funds, annuities and other financial products, which we distribute primarily on behalf of third parties. In addition, Primerica provides an entrepreneurial full or part-time business opportunity for individuals seeking to earn income by distributing the company's financial products. We insure more than 4.3 million lives and approximately 2 million clients maintain investment accounts with us. Primerica is a member of the Russell 2000 stock index and is traded on The New York Stock Exchange under the symbol "PRI".

## PRIMERICA, INC. AND SUBSIDIARIES

### Condensed Balance Sheets

|                                                             | December<br>31,<br>2012 (1) | December 31,<br>2011 (2) |
|-------------------------------------------------------------|-----------------------------|--------------------------|
|                                                             | (In thousands)              |                          |
| <b>Assets</b>                                               |                             |                          |
| Investments:                                                |                             |                          |
| Fixed maturity securities available for sale, at fair value | \$ 1,887,014                | \$ 1,959,156             |
| Equity securities available for sale, at fair value         | 37,147                      | 26,712                   |
| Trading securities, at fair value                           | 7,762                       | 9,640                    |
| Policy loans and other invested assets                      | 24,613                      | 25,996                   |
| Total investments                                           | 1,956,536                   | 2,021,504                |
| Cash and cash equivalents                                   | 112,216                     | 136,078                  |
| Accrued investment income                                   | 19,540                      | 21,579                   |
| Due from reinsurers                                         | 4,005,194                   | 3,855,318                |
| Deferred policy acquisition costs                           | 1,066,422                   | 904,485                  |
| Premiums and other receivables                              | 165,188                     | 163,845                  |
| Intangible assets                                           | 69,816                      | 71,928                   |
| Other assets                                                | 302,126                     | 268,485                  |
| Separate account assets                                     | 2,618,115                   | 2,408,598                |
| Total assets                                                | <u>\$ 10,315,153</u>        | <u>\$ 9,851,820</u>      |

## Liabilities and Stockholders' Equity

### Liabilities:

|                                          |              |              |
|------------------------------------------|--------------|--------------|
| Future policy benefits                   | \$ 4,850,488 | \$ 4,614,860 |
| Unearned premiums                        | 6,056        | 7,022        |
| Policy claims and other benefits payable | 254,533      | 241,754      |
| Other policyholders' funds               | 345,721      | 340,766      |

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Notes payable                    | 374,433   | 300,000   |
| Income taxes                     | 91,887    | 81,316    |
| Other liabilities                | 358,577   | 381,496   |
| Payable under securities lending | 139,927   | 149,358   |
| Separate account liabilities     | 2,618,115 | 2,408,598 |
| Total liabilities                | 9,039,737 | 8,525,170 |

**Stockholders' equity:**

|                                                           |               |              |
|-----------------------------------------------------------|---------------|--------------|
| Common stock                                              | 564           | 649          |
| Paid-in capital                                           | 602,269       | 835,232      |
| Retained earnings                                         | 503,173       | 344,104      |
| Accumulated other comprehensive income, net of income tax | 169,410       | 146,665      |
| Total stockholders' equity                                | 1,275,416     | 1,326,650    |
| Total liabilities and stockholders' equity                | \$ 10,315,153 | \$ 9,851,820 |

(1) Unaudited

(2) Reflects revised accounting standards related to costs associated with acquiring or renewing insurance contracts.

**PRIMERICA, INC. AND SUBSIDIARIES**  
**Condensed Statements of Income**

|                                                    | <b>Three months ended December 31,</b>          |                     |
|----------------------------------------------------|-------------------------------------------------|---------------------|
|                                                    | <b>2012 (1)</b>                                 | <b>2011 (1) (2)</b> |
|                                                    | <b>(In thousands, except per-share amounts)</b> |                     |
| <b>Revenues:</b>                                   |                                                 |                     |
| Direct premiums                                    | \$ 569,591                                      | \$ 555,778          |
| Ceded premiums                                     | (414,783)                                       | (419,630)           |
| Net premiums                                       | 154,808                                         | 136,148             |
| Commissions and fees                               | 112,772                                         | 97,282              |
| Net investment income                              | 24,221                                          | 25,643              |
| Realized investment gains (losses), including OTTI | 1,058                                           | 4,256               |
| Other, net                                         | 11,642                                          | 12,526              |
| Total revenues                                     | 304,501                                         | 275,855             |
| <b>Benefits and expenses:</b>                      |                                                 |                     |
| Benefits and claims                                | 71,151                                          | 63,688              |
| Amortization of deferred policy acquisition costs  | 34,628                                          | 30,185              |
| Sales commissions                                  | 54,007                                          | 43,876              |

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Insurance expenses          | 25,764           | 24,273           |
| Insurance commissions       | 5,916            | 9,548            |
| Interest expense            | 8,857            | 6,973            |
| Other operating expenses    | 43,232           | 40,631           |
| Total benefits and expenses | 243,555          | 219,174          |
| Income before income taxes  | 60,946           | 56,681           |
| <b>Income taxes</b>         | 20,675           | 19,479           |
| Net income                  | <u>\$ 40,271</u> | <u>\$ 37,202</u> |

**Earnings per share:**

|         |                |                |
|---------|----------------|----------------|
| Basic   | <u>\$ 0.68</u> | <u>\$ 0.52</u> |
| Diluted | <u>\$ 0.67</u> | <u>\$ 0.51</u> |

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

|         |               |               |
|---------|---------------|---------------|
| Basic   | <u>57,416</u> | <u>69,366</u> |
| Diluted | <u>58,935</u> | <u>70,169</u> |

(1) Unaudited

(2) Reflects revised accounting standards related to costs associated with acquiring or renewing insurance contracts.

**PRIMERICA, INC. AND SUBSIDIARIES**  
**Condensed Statements of Income**

|                                                    | <b>Year ended December 31,</b>                  |                  |
|----------------------------------------------------|-------------------------------------------------|------------------|
|                                                    | <b>2012 (1)</b>                                 | <b>2011 (2)</b>  |
|                                                    | <b>(In thousands, except per-share amounts)</b> |                  |
| <b>Revenues:</b>                                   |                                                 |                  |
| Direct premiums                                    | \$ 2,267,975                                    | \$ 2,229,467     |
| Ceded premiums                                     | (1,663,753)                                     | (1,703,075)      |
| Net premiums                                       | 604,222                                         | 526,392          |
| Commissions and fees                               | 427,775                                         | 412,979          |
| Net investment income                              | 100,804                                         | 108,601          |
| Realized investment gains (losses), including OTTI | 11,382                                          | 6,440            |
| Other, net                                         | 46,532                                          | 48,681           |
| Total revenues                                     | <u>1,190,715</u>                                | <u>1,103,093</u> |
| <b>Benefits and expenses:</b>                      |                                                 |                  |
| Benefits and claims                                | 278,747                                         | 242,696          |

|                                                   |                   |                   |
|---------------------------------------------------|-------------------|-------------------|
| Amortization of deferred policy acquisition costs | 118,598           | 104,034           |
| Sales commissions                                 | 204,569           | 191,722           |
| Insurance expenses                                | 96,541            | 89,192            |
| Insurance commissions                             | 27,555            | 38,618            |
| Interest expense                                  | 33,101            | 27,968            |
| Other operating expenses                          | 164,716           | 164,954           |
| Total benefits and expenses                       | 923,827           | 859,184           |
| Income before income taxes                        | 266,888           | 243,909           |
| <b>Income taxes</b>                               | 93,082            | 86,718            |
| Net income                                        | <u>\$ 173,806</u> | <u>\$ 157,191</u> |

**Earnings per share:**

|         |                |                |
|---------|----------------|----------------|
| Basic   | <u>\$ 2.77</u> | <u>\$ 2.11</u> |
| Diluted | <u>\$ 2.71</u> | <u>\$ 2.08</u> |

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

|         |               |               |
|---------|---------------|---------------|
| Basic   | <u>61,059</u> | <u>72,283</u> |
| Diluted | <u>62,401</u> | <u>73,107</u> |

(1) Unaudited

(2) Reflects revised accounting standards related to costs associated with acquiring or renewing insurance contracts.

**PRIMERICA, INC. AND SUBSIDIARIES**  
**Consolidated Operating Results Reconciliation**  
**(Unaudited – in thousands)**

|                                                    | <b>Three months ended<br/>December 31,</b> |                   | <b>% Change</b> |
|----------------------------------------------------|--------------------------------------------|-------------------|-----------------|
|                                                    | <b>2012</b>                                | <b>2011 (1)</b>   |                 |
| Operating revenues                                 | <u>\$ 303,443</u>                          | <u>\$ 271,599</u> | 12%             |
| Realized investment gains (losses), including OTTI | <u>1,058</u>                               | <u>4,256</u>      |                 |
| Total revenues                                     | <u>\$ 304,501</u>                          | <u>\$ 275,855</u> | 10%             |
| Operating income before income taxes               | <u>\$ 62,962</u>                           | <u>\$ 55,840</u>  | 13%             |
| Realized investment gains (losses), including OTTI | <u>1,058</u>                               | <u>4,256</u>      |                 |
| Other operating expense - equity awards            | <u>(3,074)</u>                             | <u>(3,415)</u>    |                 |
| Income before income taxes                         | <u>\$ 60,946</u>                           | <u>\$ 56,681</u>  | 8%              |

|                                                    |    |               |    |               |     |
|----------------------------------------------------|----|---------------|----|---------------|-----|
| Net operating income                               | \$ | 41,603        | \$ | 36,652        | 14% |
| Realized investment gains (losses), including OTTI |    | 1,058         |    | 4,256         |     |
| Other operating expense - equity awards            |    | (3,074)       |    | (3,415)       |     |
| Tax impact of reconciling items                    |    | 684           |    | (291)         |     |
| Net income                                         | \$ | <u>40,271</u> | \$ | <u>37,202</u> | 8%  |
| Diluted operating earnings per share (2)           | \$ | 0.69          | \$ | 0.51          | 36% |
| Net after-tax impact of operating adjustments      |    | (0.02)        |    | -             |     |
| Diluted earnings per share (2)                     | \$ | <u>0.67</u>   | \$ | <u>0.51</u>   | 29% |

(1) Reflects revised accounting standards related to costs associated with acquiring or renewing insurance contracts.

(2) Percentage change in earnings per share is calculated prior to rounding per share amounts.

**CORPORATE AND OTHER DISTRIBUTED PRODUCTS SEGMENT**  
**Operating Results Reconciliation**  
**(Unaudited – in thousands)**

|                                                    | Three months ended December 31, |                   |
|----------------------------------------------------|---------------------------------|-------------------|
|                                                    | 2012                            | 2011 (1)          |
| Operating revenues                                 | \$ 29,253                       | \$ 33,136         |
| Realized investment gains (losses), including OTTI | 1,058                           | 4,256             |
| Total revenues                                     | <u>\$ 30,311</u>                | <u>\$ 37,392</u>  |
| Operating loss before income taxes                 | \$ (12,478)                     | \$ (10,026)       |
| Realized investment gains (losses), including OTTI | 1,058                           | 4,256             |
| Other operating expense - equity awards            | (3,074)                         | (3,415)           |
| Loss before income taxes                           | <u>\$ (14,494)</u>              | <u>\$ (9,185)</u> |

**PRIMERICA, INC. AND SUBSIDIARIES**  
**Adjusted Stockholders' Equity Reconciliation**  
**(Unaudited – in thousands)**

|                                                                   | <b>December 31, 2012</b> |
|-------------------------------------------------------------------|--------------------------|
| Adjusted stockholders' equity                                     | \$ 1,161,493             |
| Unrealized net investment gains recorded in stockholders' equity, |                          |
| net of income tax                                                 | 113,923                  |
| Stockholders' equity                                              | <u>\$ 1,275,416</u>      |

Primerica, Inc.

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Source: Primerica, Inc.