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VIA E-MAIL (rule-comments@sec.gov;
File Number S7-13-09)

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-13-09 Release No. 34-60280
Proxy Disclosure and Solicitation Enhancements

Dear Ms. Murphy:

In *Proxy Disclosure and Solicitation Enhancements,* Release No. 34-60280 (the "Release"), the Securities and Exchange Commission (the "SEC" or the "Commission") published proposed rules that are intended to enhance certain compensation and corporate governance disclosures that registrants are required to make in proxy statements, annual reports and registration statements, and to accelerate the timing of the disclosure of shareholder voting results (the "Proposed Rules"). Protective Life Corporation ("Protective") recognizes the importance of these matters to shareholders, and thanks the Commission for its thoughtful consideration of the disclosures that companies make to the investing public.

Protective's comments on the Proposed Rules follow the order set forth in Section II -- "Discussion of the Proposed Amendments" in the Release.

Section II. A. Enhanced Compensation Disclosure
1. Compensation Discussion and Analysis Disclosure

Proposed Item 402(b)(2) of Regulation S-K would require certain disclosures "[to] the extent that risks arising from the registrant's compensation practices and overall actual compensation practices for employees generally ***may*** have a material effect on the registrant....The purpose of this paragraph (b)(2) is to provide investors material information

concerning how the registrant compensates and incentivizes its employees that ***may create risk***." (Emphasis added.)

Protective understands that recent economic and financial developments and conditions have raised awareness of business risks—particularly risks that have not been previously recognized by business leaders, regulators and the investing public—and appreciates the SEC's desire to ensure that shareholders receive information that is relevant to that topic. However, Protective has serious reservations about the proposed disclosures.

First, while the Release states that "[it] has been suggested" and "[critics] have argued" that compensation practices at some companies may not have appropriately balanced compensation with long-term performance and risk assessments, the SEC cites little empirical evidence to validate these concerns. Protective encourages the Commission to revise its regulatory regime only after a thorough factual analysis of the issues it hopes to address, and not to act based on unproven speculation or theories.

Second, in Protective's opinion, the proposed rule is too broad, and will result in general "boilerplate" disclosures that will apply to almost any company and almost any incentive program or other compensation arrangement. Simply stated, any compensation program (except perhaps base salary arrangements) "***may*** have a material effect on the registrant ...[and] ***may*** create ***risk***" (to quote from the proposed rule, with emphasis added). (For example, any program that rewards income or revenues ***may*** encourage employees to take risks that they would not take if no program existed and ***may*** have a negative (or positive) material effect on the company; the funding of a company's defined benefit pension plan ***may*** negatively (or positively) materially affect the registrant or create risks with respect to earnings, cash flow or legal liability.) As a result, the proposed rule would result in lengthy, theoretical recitations of virtually everything that could go wrong with a compensation program, regardless of its materiality to the company or its shareholders. In Protective's view, these disclosures would clutter a document that already contains extended discussions of very complex compensation matters, and would be of little interest to shareholders.

To address the concerns discussed above, if the SEC decides to adopt some version of these risk assessment disclosures, Protective strongly urges the Commission to revise proposed Item 401(b)(2) of Regulation S-K:

- to require the types of disclosures contemplated thereby only with respect to programs that apply to the named executives (excluding other incentive programs and programs (such as base salary and tax-qualified pension and welfare plans) that apply to a broad group of employees).

- with respect to programs that apply to the named executives, to require the disclosures only if the risks arising from the programs could ***reasonably be expected*** to have a ***material adverse effect*** on the company. (This approach

is suggested in the Requests for Comment on proposed Item 402(b)(2), in which the Commission asked that if "a company determines that disclosure under the proposed amendments is not required, should we require the company to affirmatively state in its CD&A that it has determined that the risks arising from its broader compensation policies are not reasonably expected to have a material effect on the company.")

- to delete the requirement for proxy statement disclosure regarding risks arising from the company's broader compensation programs (that is, those that cover all employees, including the named executives). Protective believes that these risks merit discussion only if they are material or significant, in which case the risks should be discussed as provided under Item 503(c) of Regulation S-K and the SEC forms (including Form 10-K) that refer to that Item. It may also be appropriate for the Commission to remind registrants of this disclosure obligation.

Section II. A. Enhanced Compensation Disclosure
2. Revisions to the Summary Compensation Table

Disclosure of Aggregate Grant Date Fair Values in the Summary Compensation Table

Protective generally agrees that presentation of the aggregate grant date fair value of stock and stock option/SAR awards in the Summary Compensation Table (and the resulting adjustment of the total compensation disclosure) would improve the disclosure of the annual compensation provided to the company's named executives. However, Protective respectfully disagrees with the Commission's view that this aggregate grant date fair value should be used to determine which executives (other than the chief executive officer and the chief financial officer) should be deemed named executives for a particular year.

Many companies (including Protective) give newly hired senior officers "one time," multi-year awards to secure their services and to immediately align their interests to those of other officers and the shareholders. Also, Protective, like other major employers, sometimes makes special awards that are designed to enhance retention of an officer, to reward the officer for significant accomplishments, or to correct perceived compensation inequities with other officers or with the market for executive talent. In these situations, the use of aggregate grant date fair value to identify the named executives may result in relatively frequent changes in the named executive group (since the "value" of the award is allocated to a single year, and not over the period over which services are to be performed). Therefore, the company would be required to discuss the compensation decisions with respect to the new named executives, while dropping from the table named executives who generally have a greater level of responsibility (and compensation). Protective appreciates that some investors would be interested in the compensation decisions made with respect to the new named executives; however, Protective also believes that the cost to the companies to

compile and present the necessary information and the confusion that would result from year-to-year changes in the identity of the named executives would exceed the value of this special "one-time" compensation disclosure.

To address this concern, Protective suggests an approach that combines certain provisions of the current rules and the proposed rules:

- use the dollar amount recognized for financial statement reporting purposes for the fiscal year to determine which executives (other than the chief executive officer and the chief financial officer) are deemed named executives for that fiscal year (as required by the current rules). This would effectively spread the expected long-term incentive compensation costs over the periods during which the services will be performed, reduce the number of changes to the identity of the named executives due to one-time or special awards, and give shareholders a better "long-term" view of the identity of the named executives and the compensation practices with respect to those individuals.

- for the named executives (as identified as described above), present the aggregate grant date fair value of stock and stock option/SAR awards in the Summary Compensation Table (as set forth in the Proposed Rules, and subject to the discussion below).

Request for Comment—Determination of Full Grant Date Fair Value

The proposed rules would require disclosure in the Summary Compensation Table of the "aggregate grant date fair value [of stock and option awards] computed in accordance with FAS 123R." It is Protective's understanding that if a stock or option award has a performance condition, FAS 123R provides that determination of the aggregate grant date fair value of the award must take into account the probable outcome of the performance condition. However, in a Request for Comment regarding this proposed disclosure, the SEC stated that for awards with performance conditions, the "full grant date fair value would be reported without regard to the likelihood of achieving the performance objectives," and asked whether this proposal could discourage companies from tying stock awards to performance conditions. (The language about disregarding the likelihood of achieving performance objectives also appears in Question 120.05 in a recent Compliance and Disclosure Interpretation by the staff of the Division of Corporation Finance.)

Protective believes that the aggregate grant date fair value of stock and option awards should be determined by taking into account the probable outcome of applicable performance conditions and that the language in the Request for Comment and in Question 120.05 is inconsistent with FAS 123R and with the text of the proposed rule, and respectfully requests the Commission for clarification.

In Protective's view, if a stock or option award has a performance condition, the disclosure of the aggregate grant date fair value of the award should take into account the

probable outcome of the performance condition, as required by FAS 123R and as apparently contemplated by the proposed rule as currently drafted. Protective believes that most companies (and their boards or compensation committees) take the possible outcome of performance conditions into account when granting performance-based awards, and that disclosure of the value of the awards based on the assumption that the maximum payout would ultimately occur would distort the compensation decisions made by most companies. Furthermore, as suggested by the Commission, if the Summary Compensation Table disclosure of the aggregate grant date fair value of an award is the same regardless of the probability that performance conditions will be achieved, companies will likely be encouraged to make awards that have only service-based conditions, rather than awards that provide for various level of payout depending on actual company performance (as well as the service condition). Therefore, Protective recommends that the final rule should make it clear that the aggregate grant date fair value of the award should take into account the probable outcome of the performance condition, as required by FAS 123R, and that the answer to Question 120.05 should be revised accordingly.

Request for Comment—Reporting Grant Date Value of Awards made after the Fiscal Year in which Services were Performed

In a Request for Comment regarding proposed Item 402(b)(2), the SEC asked whether "the Summary Compensation Table [should] … report the aggregate grant date fair value of equity awards granted for services in the relevant fiscal year, even if the awards were granted after fiscal year end [instead of reporting the aggregate grant date fair value of awards granted during the relevant fiscal year, as currently proposed]?" If the Commission changes the Summary Compensation Table to require reporting of aggregate grant date fair values, Protective strongly urges the Commission to require disclosures only for awards granted *during* the relevant fiscal year. A rule that required companies to determine whether, and to what extent, an award had been made for services performed prior to the year of grant would result in inconsistent and confusing disclosures that would be of little interest to shareholders.

Request for Comment—Disclosure of Annual Change in Value of Awards

In a Request for Comment regarding proposed Item 402, the SEC asked whether the Commission should revise its disclosure rules to require companies to report the annual change in value of awards (which is driven primarily by changes in stock price) instead of reporting the aggregate grant date fair value of awards granted during the year (as described in the rulemaking petition submitted by Ira T. Kay and Steven Seelig, Watson Wyatt Worldwide). For the reasons suggested in the Release, Protective does not endorse this approach. Protective believes that both the SEC's current disclosure rules and the proposed disclosure rules regarding stock and stock option awards would provide more meaningful disclosures than the rule suggested in the rulemaking petition.

Other Comments

If the Summary Compensation Table is amended as to require disclosure of aggregate grant date fair values, Protective believes that (1) the Grants of Plan-Based Awards Table disclosure of the full grant date fair value of each individual award should be rescinded, as proposed in the Release, and (2) the incremental fair value with respect to individual awards that were repriced or otherwise materially modified during the last completed fiscal year should also be disclosed in the Summary Compensation Table.

Protective agrees that if the Summary Compensation Table is amended to require disclosure of aggregate grant date fair values, companies should be required to present recomputed disclosure for each preceding fiscal year required to be included in the Summary Compensation Table, so that the Stock Awards and Option Awards columns would present the applicable full grant date fair values and Total Compensation would be recomputed correspondingly. Reporting companies will have the needed information readily available, the costs of determining and presenting the revised numbers will be low, and the proposed disclosure, while it would change the disclosures for prior years, would be less confusing than a disclosure that included aggregate grant date fair values for some years and the dollar amount recognized for financial statement reporting purposes for other years.

Section II. B. Enhanced Director and Nominee Disclosure

Protective does not support the proposed revisions to Item 401(e) of Regulation S-K regarding "the specific experience, qualifications, attributes or skills that qualify that person to serve as a director for the registrant ... and as a member of any committee that the person serves on or is chosen to serve on" for the following reasons:

- The proposed rules are likely to result in lengthy, boilerplate discussions of the director's or nominee's business experience, education, community involvement, personal characteristics, and other attributes that most shareholders will find repetitive and uninformative.

- Under current law, a company may provide additional disclosures regarding its directors and nominees if it believes shareholders do not have enough information to make informed decisions, or if there are multiple nominees from whom the shareholders will be asked to select (as contemplated by the Commission's proposed rules regarding shareholder nominations of directors).

- Many characteristics that boards consider (such as critical thinking, the ability and willingness to ask questions and to challenge management and other directors, the ability to exercise independent judgment, and interpersonal and communication skills) are difficult to quantify, distinguish, and describe in any meaningful way.

- Boards of directors, and their nominating committees, generally look for a mix of directors who bring various attributes to the board, and view each member or nominee in the context of the entire board (and not purely on their individual abilities and experiences). Under the proposed rule, a company may have to specifically acknowledge that certain directors have more business knowledge, risk assessment skills, or other traditional business skill sets than others. In Protective's opinion, the resulting disparities in the nature and content of the proposed individualized disclosures would hinder a company's ability to find potential board candidates possessing a diversity of experiences, particularly candidates who are not senior business leaders or otherwise occupy "traditional" business roles.

Section II. C. New Disclosure about Company Leadership Structure and the Board's Role in the Risk Management Process

Proposed Item 407(h) of Regulation S-K would require a company to provide various disclosures about a company's leadership structure and risk management practices. Protective has reservations about this proposed rule, as discussed in detail below.

General Discussion of the Registrant's Leadership Structure

The proposed rule can be read to require a general discussion of the "registrant's leadership structure" (in addition to the specific discussions of the chairman of the board, chief executive officer, and lead director roles set forth in the rule). In Protective's view, such a general discussion (which would presumably include details about internal reporting relationships and responsibilities among the company's executive officers and other senior leaders) would evolve into generic boilerplate that would be of little interest or use to shareholders.

Chairman/CEO Disclosure

The proposed rule would require a registrant to disclose "whether the same person serves as both principal executive officer and chairman of the board, or whether two individuals serve in those positions." Protective does not object to this requirement.

Lead Independent Director

The proposed rule would require that "If one person serves as both principal executive officer and chairman of the board...[the registrant must] disclose whether the registrant has a lead independent director and what specific role the lead independent director plays in the leadership of the registrant." Protective does not object to a rule that would require identification of a company's lead independent director. However, Protective believes that the proposed requirement that a company disclose "what specific role the lead independent director plays in the leadership of the registrant" is confusing, and should instead refer to "the duties of the lead independent director."

Appropriateness of the Leadership Structure

The proposed disclosure is to "indicate why the registrant has determined that its leadership structure is appropriate given the specific characteristics or circumstances of the registrant." It is unclear to Protective whether this proposed discussion is intended to address only the specific items discussed above (regarding the chairman, chief executive officer, and lead independent director roles) or an overall "leadership structure." In either event, Protective believes that a discussion of the board's decision making process and the business judgment that it reaches will result in conclusory, boilerplate discussions which will vary little from registrant to registrant and will be of little interest or use to shareholders.

The Board's Role in Risk Management

The last sentence of the proposed rule would require disclosure of "the extent of the board's role in the registrant's risk management and the effect that this has on the company's leadership structure." The Release explains that "disclosure about the ***board's involvement in the risk management process*** should provide important information to investors about how a company perceives the role of its board and the relationship between the board and senior management in managing the material risks facing the company. ... For example, ***how does the board implement and manage its risk management function***, through the board as a whole or through a committee, such as the audit committee? Such disclosure might address questions such as whether the persons who oversee risk management report directly to the board as whole, to a committee, such as the audit committee, or to one of the other standing committees of the board; and whether and how the board, or board committee, monitors risk. We believe that this disclosure will provide key insights into ***how a company's board perceives and manages a company's risks***." (Emphasis added.)

Protective has concerns about this proposed disclosure. The language above suggests that a board of directors, or one or more of its committees, should be responsible for "managing" a company's risk or "implement[ing] and manag[ing]" its risk management function," and that the contemplated disclosure would conform to that assumption. For companies that are incorporated in Delaware (like Protective), and for many other companies, the contemplated disclosure is inconsistent with a director's role and legal obligations.

Under Delaware law, directors are not responsible for "managing" a company's risk assessment function (or any other function or operation related to a company's business). Instead, "directors of Delaware corporations have certain responsibilities to implement and monitor a ***system of oversight***" (emphasis added). In *In re Citigroup Inc. Shareholder Derivative Litigation* (decided by the Delaware Court of Chancery on February 24, 2009), the Court cited with approval the actions of a committee of Citigroup's board of directors in providing "*oversight responsibility* relating to *policy standards and guidelines* for risk assessment and risk management... by (1) *discussing with management and independent auditors* the annual audited financial statements, (2) *reviewing with management* an evaluation of Citigroup's internal control structure, and (3) *discussing with management* Citigroup's major credit, market, liquidity, and operational risk exposures *and the steps taken*

by management to monitor and control such exposures, including Citigroup's risk assessment and risk management policies" (emphasis added).

If the Commission decides to retain a disclosure regarding the board's oversight responsibility regarding the risk management activities of the company's management, Protective recommends that the language in proposed Item 407(h) be revised, and clarifying discussion provided in the adopting release, to address the concerns set forth above.

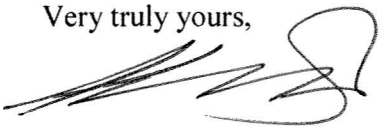
Section II. D. New Disclosure Regarding Compensation Consultants

Proposed Item 407(e)(3)(iii) of Regulation S-K would require a company to provide, among other disclosures, the "nature and extent of all additional services provided" (that is, services other than the compensation-related services provided to the compensation committee) by the compensation committee's consultant or its affiliates, including consulting on broad-based benefit programs.

Protective believes that disclosure of the "nature and extent" of the non-executive compensation services is likely to result in significant competitive harm to both the consultant and the company for whose board or committee the consultant provides services. Many of the major compensation consulting firms have affiliates that engage in lines of business that are quite removed from the executive compensation area, and engage in business that involves significant confidential and proprietary information. Protective does not object to disclosure of the aggregate fees paid for these services, but believes that companies should have the option to disclose as much, or as little, of the nature of these services as it believes to be appropriate. In any event, Protective does not believe that disclosure of the "extent" of the other services should be required—that term is vague, and is best addressed by disclosure of the aggregate fees paid.

Protective appreciates the opportunity to comment on the Proposed Rules. Please feel free to contact me if you have any questions.

Very truly yours,



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