

# SALE OF FAMILY HERITAGE TO TORCHMARK

*WCMA is acting as financial advisor to Family Heritage (“FHL”) in its sale to Torchmark Corporation*

\$218.5 million

Pending

**FAMILY HERITAGE**<sup>®</sup>

Sale to

**Torchmark**  
Corporation

Financial Advisor to  
Family Heritage Life Insurance  
Company of America

**Willis**  
Capital Markets & Advisory

## Transaction Overview

- n **On 7/31/11, FHL entered into a definitive agreement with Torchmark (“TMK”)**
  - Aggregate valuation of approximately \$218.5 million, subject to closing adjustments
  - Represents ~10x GAAP net income and ~3.7x statutory surplus
- n **FHL is a specialty insurer focused on direct selling of supplemental insurance products**
  - Top 3 provider in direct sales of supplemental health products
  - Distributes through approximately 1,200 captive sales agents
  - Serves approximately 200,000 families nationwide
- n **Strategic rationale**
  - FHL offers protection-oriented insurance to middle income families
  - FHL’s captive sales force will be additive to Torchmark’s existing distribution channels
  - FHL’s unique product offerings will further differentiate Torchmark’s product suite
  - Family Heritage’s ability to leverage Torchmark’s rating and resources
  - Expected to be approximately 13 to 17 cents per share accretive to TMK’s 2013 EPS
- n **Transaction expected to close in Q4 2012**
  - Family Heritage management team, agents and all employees to remain post-closing

## Willis Capital Markets & Advisory Role

- n **WCMA acted as financial advisor to Family Heritage and its shareholders**
  - Conducted a thorough auction, involving both strategic and financial investors
  - Provided value-creating transaction structuring advice leading to maximum valuation