

It is always important to make financial decisions based on careful consideration of the facts. That means judging Phoenix by metrics important to the strength of a life insurance business, such as capital, liquidity, persistency and mortality. We manage by these metrics, and our priorities remain to:

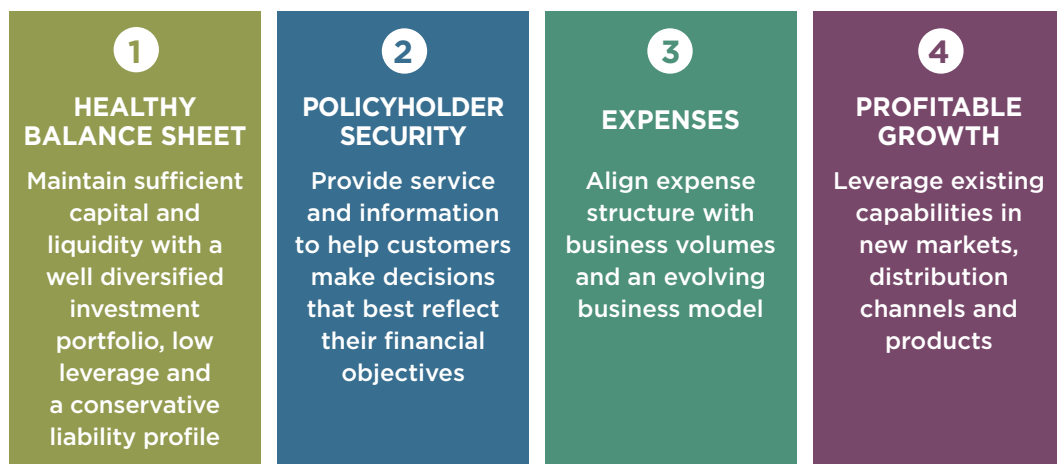
- deliver the financial security our customers expect; and
- preserve value for shareholders.

We are maintaining the financial strength and flexibility needed to see us through the

current challenging environment, and we have made many changes to our business that strengthen our competitive position. We believe our quarterly results indicate we have turned the corner in a number of key areas.

Our business is designed and built with a long-term view, in keeping with the long-term commitments we make to policyholders and contract holders. Our sense of stewardship has guided us through many cycles over our long history and continues to do so today.

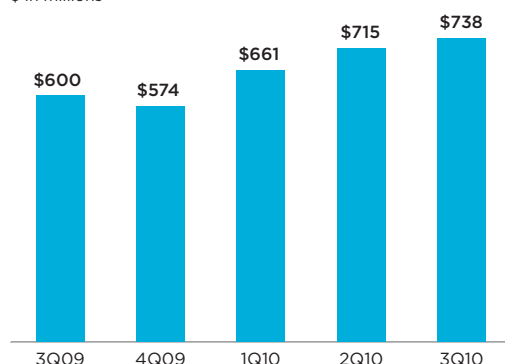
Our strategy is built on four pillars from which to grow.



1 HEALTHY BALANCE SHEET

Statutory surplus and AVR levels are rising.

STATUTORY SURPLUS & AVR
\$ in millions



AS OF SEPTEMBER 30, 2010

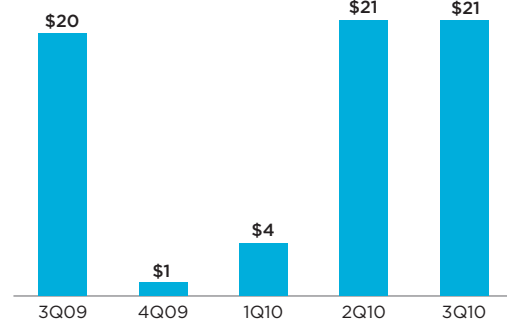
- Total Statutory Assets: \$14.5 billion
- Total Statutory Reserves & Other Liabilities: \$13.8 billion

Statutory surplus has risen 29% since year-end, demonstrating the earnings capacity of our in-force business, the strength of our investment portfolio and the impact of expense cuts. Several factors contributed to a decline in 2009, including realized losses, charges related to a discontinued business, lower alternative asset returns and taxes. Some of these were one-time only or have reversed.

Statutory earnings have grown.

PHOENIX LIFE NET STATUTORY GAIN FROM OPERATIONS

\$ in millions

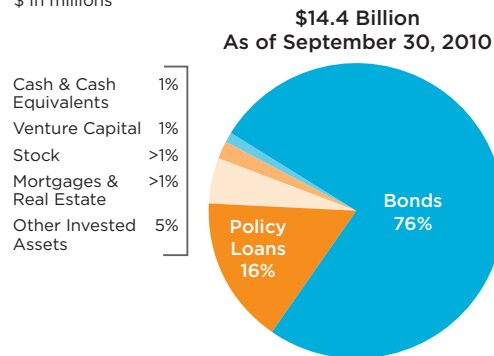


Recent statutory earnings show that Phoenix is now generating capital organically. Higher investment income and mortality that remains in line with long-term expectations have contributed. Results in the fourth quarter of 2009 were affected by charges related to a discontinued business, and first quarter 2010 results were affected by a relatively large pension plan contribution.

Net investment income is solid.

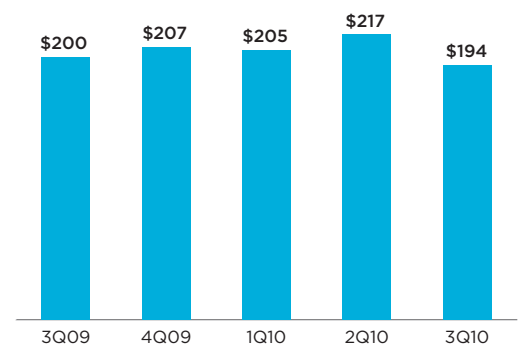
TOTAL GAAP INVESTED ASSETS

\$ in millions



GAAP NET INVESTMENT INCOME

\$ in millions

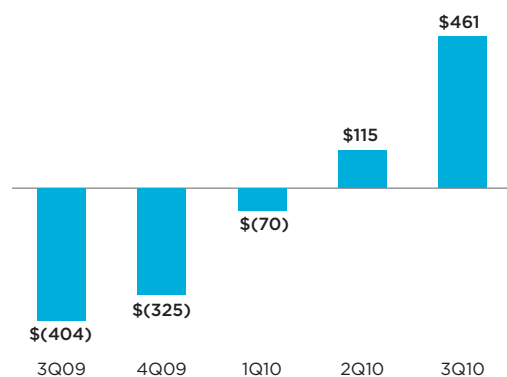


Phoenix's investment portfolio is well diversified and liquid. The annualized yield declined modestly to 5.7% in the third quarter of 2010 reflecting the low interest rate environment.

Portfolio market value and credit impairments continue to improve.

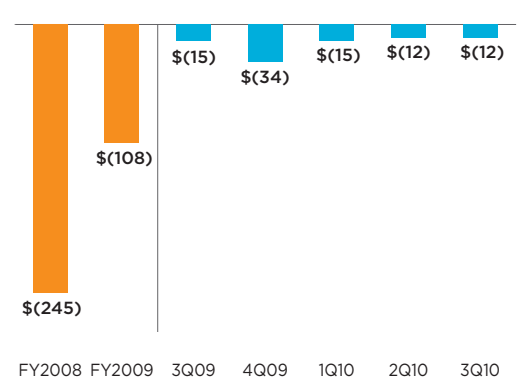
GAAP NET UNREALIZED GAINS/LOSSES

\$ in millions



GAAP CREDIT IMPAIRMENTS

\$ in millions

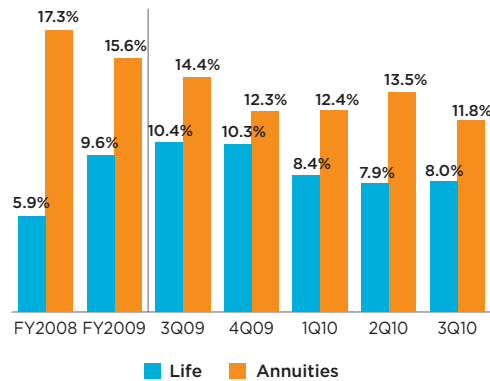


The investment portfolio appreciated to a net unrealized gain position of \$461 million in the third quarter, a \$786 million improvement from year-end 2009 as credit market conditions continued to normalize. Overall levels of credit impairments improved significantly in 2009 and year-to-date 2010 results reflect further improvements.

2 POLICYHOLDER SECURITY

Surrender levels are better.

ANNUALIZED SURRENDER RATIOS



AS OF SEPTEMBER 30, 2010

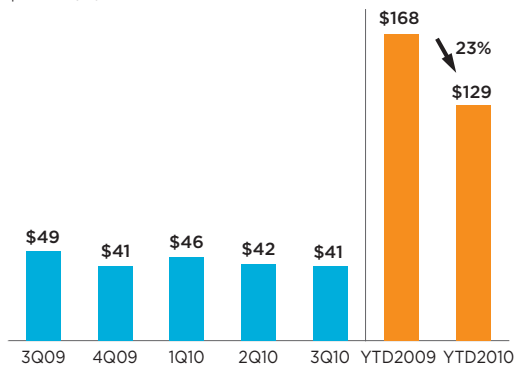
- Total Portfolio Liquidity: \$908 million
- Liquidity as a % of Total Fixed Income Portfolio: 8.2%

We have a large, stable book of in-force business comprised almost entirely of individual life insurance policies and annuity contracts. Surrender levels in 2009 were higher than in the past, but they have improved significantly in 2010. When the unsettled markets began in 2008, we built a larger cushion of liquid assets in the company's portfolio. Based on the improvement in portfolio valuations and reduced surrenders during 2010, we have decreased the level of the most highly liquid assets and redeployed these assets to enhance investment income.

3 EXPENSES

Expenses are lower.

CORE STATUTORY EXPENSES¹
\$ in millions



Phoenix took a number of actions in 2009 that reduced expenses and is helping Phoenix be more profitable in 2010. Year-to-date 2010 statutory expenses at September 30 were 23% below the same period last year.

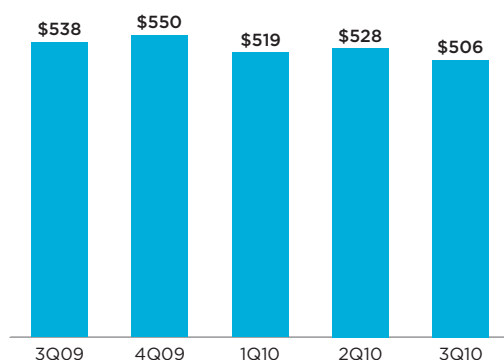
1. Consolidated statutory expenses excluding severance, pension contributions, write-offs and other non-core expenses of \$17.6 million, \$4.9 million, \$18.0 million, \$3.7 million and \$2.4 million in 3Q09 through 3Q10 and \$28.4 million, and \$24.1 million for YTD Sept 2009 and YTD Sept 2010.

4 PROFITABLE GROWTH

Revenue base is stable as growth initiatives gain traction.

TOTAL GAAP REVENUE

\$ in millions



PROGRESS ON GROWTH INITIATIVES AS OF SEPTEMBER 30, 2010

- ▶ Launched distribution company, Saybrus Partners, and secured agreements with three client firms.
- ▶ Released several new annuity and life products for broader middle market. Annuity sales continue to grow.
- ▶ Established nearly two dozen new distribution relationships for core life and annuity products.
- ▶ Launched stand-alone retirement income guarantee product.

Our in-force policies and contracts generate a sizable, ongoing revenue stream that is not directly affected by near-term sales trends. Since seeing sales in our historical market segments decline in 2009, Phoenix is pursuing growth in new markets. We have repositioned our annuity portfolio for new markets and distribution channels and are beginning to see sales growth. We are working to expand life insurance distribution further as we reposition our life portfolio.

Glossary of Financial Terms

Generally Accepted Accounting Principles (GAAP) –

Conventions, rules and procedures that define accepted U.S. accounting practice, governed by the Financial Accounting Standards Board (FASB).

Statutory Accounting Practice – Conventions, rules and procedures that define insurance regulatory accounting practice, governed by the National Association of Insurance Commissioners (NAIC).

Annualized Surrender Ratio – Measures the persistency, or staying quality, of policies and contracts. It is the ratio of lapsed business to total business, translated to an annual rate at the end of each month and quarter.

GAAP Credit Impairments – A loss recognized on an investment, regardless of whether or not it was sold. Some level of impairments is expected in managing an insurance company investment portfolio.

GAAP Revenue – The sum of premiums, fees, net investment income and other miscellaneous income.

GAAP Net Investment Income – Income received from invested assets such as bonds, stocks, mutual funds, loans and other investments less related investment expenses.

GAAP Unrealized Gains/Losses – A gain or loss in an investment that has not been recognized, which happens only when the investment is sold or impaired. The gain or loss reflects the fluctuation in market value of the investment.

Mortality – The rate of death claims.

Statutory Gain from Operations – Statutory net income before realized capital gains/losses.

Statutory Surplus & Asset Valuation Reserve (AVR) – The excess of assets over liabilities including policy reserves plus a reserve based on an NAIC formula to cover credit-related and equity risks of the company's assets.

Insurance and annuities issued by Phoenix Life Insurance Company (East Greenbush, NY), PHL Variable Insurance Company (PHLVIC) (Hartford, CT) and Phoenix Life and Annuity Company (PLAC) (Hartford, CT). PHLVIC is not authorized to conduct business in NY and ME. PLAC is not authorized to conduct business in CA, GA, MA, ME, MN, NH, and NY and not authorized to conduct variable universal life insurance business in ID and LA. The insurers referenced are separate entities and each is responsible only for its own financial condition and contractual obligations.

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