



Presidential Life Announces Third Quarter 2010 Results

- Reports third quarter 2010 EPS of \$0.02 compared to a zero EPS for the third quarter 2009 –**
 - Investment portfolio continues to strengthen with a sequential increase resulting in a net unrealized gain of \$96.0 million over the second quarter 2010 –**
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Nyack, N.Y. (November 2, 2010) — Presidential Life Corporation (“Presidential Life” or the “Company”) (Nasdaq: PLFE) today announced results for the third quarter ended September 30, 2010. Presidential Life, through its wholly owned subsidiary Presidential Life Insurance Company, is engaged in the sale of fixed deferred and immediate annuities, life insurance and accident & health insurance products.

Total revenues in the third quarter of 2010 were \$76.2 million, an increase of 26.5% or \$16.0 million from \$60.2 million in the third quarter of 2009. Revenues for the first nine months totaled \$203.9 million, an increase of 26.9% or \$43.3 million from \$160.6 million for the comparable nine month period in 2009. Third quarter 2010 net income was \$0.7 million or \$0.02 per share, compared with net income of \$63 thousand or \$0.00 per share for the comparable three-month period in 2009. Net income for the first nine months of 2010 was \$4.6 million or \$0.15 per share compared with a net loss of \$10.0 million or (\$0.34 per share) for the comparable nine month period in 2009.

“In a difficult economic environment, we continue to make progress, as witnessed by our fifth consecutive profitable quarter,” said Donald Barnes, Presidential Life’s Vice Chairman, Chief Executive Officer and President. “We are particularly pleased by the continued strengthening of our statutory capital base, as evidenced by the Company’s increasing risk-based capital ratio.”

Key Items for the Third Quarter Results

- Investment spread¹ totaled 81 basis points in the third quarter of 2010 compared to 61 basis points for the third quarter of 2009.
- The Company continued to reduce its cash-equivalent investments in the third quarter by approximately 25% to \$119.4 million. The reinvestment of approximately \$40 million during the third quarter and \$174 million in the first nine months of 2010 is expected to increase investment income on an annualized basis by approximately \$8.3 million.
- Total annuity sales² of \$41.7 million in the third quarter, a decrease of 17% over 2009 levels due to the continued low interest rate environment.

¹ Defined as the yield on invested assets (exclusive of limited partnerships) over the cost of money on annuity liabilities.

² In accordance with Generally Accepted Accounting Principles (“GAAP”), sales of deferred annuities and immediate annuities without life contingencies (\$20.6 million) are not reported as insurance revenues, but rather as additions to policyholder account balances. In addition, sales of immediate annuities with life contingencies, which are reported as insurance revenues under GAAP, totaled \$21.1 million.

- Annuity surrenders amounted to \$26.6 million in the third quarter of 2010 compared to \$29.6 million for the same period in 2009, a 10% decrease.
- Capital base continues to strengthen with the company action level risk-based capital (“RBC”) ratio increasing to 430% in the third quarter from 388% at year-end.
- As of September 30, 2010, the book value per share increased to \$24.57, an increase of 28% from \$19.22 at December 31, 2009. Book value per share, excluding other comprehensive income (loss), decreased to \$19.35 at September 30, 2010, from \$19.37 at December 31, 2009.

Discussion of Third Quarter 2010 and Year-to-Date Financial and Operating Results

Total revenues in the third quarter of 2010 were \$76.2 million, an increase of 26.5% or \$16.0 million from \$60.2 million in the third quarter of 2009. Total revenues for the first nine months totaled \$203.9 million, an increase of 26.9% or \$43.3 million from \$160.6 million in the first half of 2009. As discussed below, the increase from the prior year was largely attributable to an increase in realized investment gains, net investment income and annuity considerations.

Total annuity considerations with life contingencies, life insurance and accident & health premiums were \$25.4 million in the third quarter and \$53.3 million for the first nine months of 2010 versus \$14.6 million and \$36.9 million for the same respective periods in 2009. Immediate annuity considerations with life contingencies increased \$12.1 million in the third quarter and \$13.9 million in the first nine months of 2010 when compared to the same respective periods in 2009. Life insurance and accident & health premiums totaled \$4.3 million in the third quarter and \$13.0 million in the first nine months of 2010. These amounts represent an increase of \$0.9 million and \$2.5 million or 28.3% and 23.7% from the same respective periods in 2009.

Sales of deferred annuities and immediate annuities without life contingencies were \$20.6 million in the third quarter of 2010 and \$66.3 million in the first nine months, a decrease of \$18.1 million or 47% and \$82.4 million or 55.4% from the same respective periods in 2009. The decrease was primarily due to the low interest rate environment that continued throughout the first nine months of 2010 as well as the comparison to a solid first nine months in 2009.

Net investment income was \$49.0 million in the third quarter and \$144.0 million for the first nine months of 2010, an increase of \$2.4 million or 5.2% and \$18.0 million or 14.3% from the same respective periods in 2009. The two principal drivers were the continued reinvestment of cash balances into longer-dated, higher-yielding fixed income instruments and the reduction in the loss in investment income from the limited partnership portfolio. The Company redeployed roughly \$40 million of cash balances during the third quarter at an approximate 438 basis point improvement. This action is expected to increase investment income by \$1.8 million on an annualized basis going forward. The cumulative impact of the Company’s cash deployment actions during the first nine months of 2010 is the reinvestment of approximately \$174 million (at approximately 475 basis points improvement) is expected to boost investment income by \$8.3 million on an annualized basis. The Company continues to examine options to prudently deploy additional cash balances at more attractive rates.

The Company’s ratio of net investment income to average cash and invested assets, at amortized cost, was 5.52% in the third quarter and 5.41% in the first nine months of 2010 as compared with 5.28% and 4.75% for the same respective 2009 periods. Excluding the return on the Company’s limited partnership investments in both periods, the ratio for the 2010 third quarter and first nine months would have been 5.89% and 5.88% versus 5.78% and 5.80% in the 2009 comparable periods. Net realized investment gains were \$158,000 in the third quarter and \$1.3

million in the first nine months of 2010, an improvement of \$2.7 million and \$8.0 million from the same respective periods in 2009.

Interest credited and benefits paid and accrued to policyholders were \$51.4 million in the third quarter and \$155.1 million in the first nine months of 2010, in-line with the \$51.3 million and \$151.7 million in the same respective periods in 2009. Net commissions to agents were \$2.1 million in the third quarter and \$5.6 million in the first nine months of 2010, a decrease of \$169,000 or 7.4% and \$2.8 million or 33.6% from the same respective periods in 2009, reflecting lower annuity sales. General expenses were \$5.2 million in the third quarter and \$14.0 million in the first nine months of 2010, an increase of \$1.7 million or 48.8% and \$1.5 million or 11.8% from the same respective periods in 2009.

The Company recorded an income tax expense of \$0.4 million in the third quarter and \$2.4 million in the first nine months of 2010 compared to an income tax expense of \$33,000 and an income tax benefit of \$5.3 million in the comparable 2009 periods. The principal driver of the reduced tax benefit was higher pre-tax income.

Cautionary statement regarding forward-looking statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, quotations from management, statements about our future plans and business strategy, and expected or anticipated future events or performance.

These forward-looking statements involve risks and uncertainties that are discussed in our filings with the Securities and Exchange Commission, including economic, competitive, legal and other factors. Accordingly, there is no assurance that our plans, strategy and expectations will be realized. Actual future events and results may differ materially from those expressed or implied in forward-looking statements.

About Presidential Life

Presidential Life Corporation, through its wholly owned subsidiary Presidential Life Insurance Company, is a leading provider of fixed deferred and immediate annuities, life insurance and accident & health insurance products to financial service professionals and their clients. Headquartered in Nyack, New York, the Corporation was founded in 1969 and, through the Insurance Company, markets its products in 50 states and the District of Columbia. For more information, visit our website www.presidentiallife.com.

Contacts

Presidential Life Corporation Donald Barnes President and Chief Executive Officer (845) 358-2300 ext. 250	Presidential Life Corporation P.B. (Pete) Pheffer Senior Vice President and Chief Financial Officer (845) 358-2300 ext. 205
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PRESIDENTIAL LIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	September 30, <u>2010</u> (Unaudited)	December 31, <u>2009</u> (Audited)
ASSETS:		
Investments:		
Fixed maturities:		
Available for sale at market (Amortized cost of \$3,214,438 and \$3,043,757 respectively)	\$ 3,499,713	\$ 3,087,021
Common stocks (Cost of \$476 and \$475, respectively)	2,042	1,947
Derivative instruments, at fair value	-	390
Real estate	415	415
Policy loans	19,495	18,959
Short-term investments	119,441	293,136
Other long-term investments	228,650	196,191
Total Investments	3,869,756	3,598,059
Cash and cash equivalents	1,833	8,763
Accrued investment income	43,868	41,281
Deferred policy acquisition costs	46,044	76,762
Furniture and equipment, net	417	447
Amounts due from reinsurers	16,286	15,056
Federal income taxes recoverable	22,805	18,313
Deferred federal income taxes, net	-	4,855
Other assets	1,443	1,506
TOTAL ASSETS	\$ 4,002,452	\$ 3,765,042
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Policy Liabilities:		
Policyholders' account balances	\$ 2,420,280	\$ 2,444,984
Future policy benefits:		
Annuity	661,430	645,801
Life and accident and health	80,548	76,457
Other policy liabilities	10,292	10,592
Total Policy Liabilities	3,172,550	3,177,834
Deposits on policies to be issued	923	1,905
General expenses and taxes accrued	2,258	2,461
Deferred federal income taxes, net	74,122	-
Amounts due for security transactions	12,497	-
Other liabilities	13,441	14,462
Total Liabilities	\$ 3,275,791	\$ 3,196,662
Commitments and Contingencies		
Shareholders' Equity:		
Capital stock (\$.01 par value; authorized 100,000,000 shares outstanding, 29,574,697 and 29,574,697 shares, respectively)	296	296
Additional paid in capital	7,052	6,639
Accumulated other comprehensive gain (loss)	154,352	(4,448)
Retained earnings	564,961	565,893
Total Shareholders' Equity	726,661	568,380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,002,452	\$ 3,765,042

PRESIDENTIAL LIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2010	2009	2010	2009
REVENUES:				
Insurance Revenues:				
Premiums	\$ 4,274	\$ 3,331	\$ 13,031	\$ 10,537
Annuity considerations	21,114	11,239	40,267	26,365
Universal life and investment type policy fee income	528	489	1,587	1,635
Net investment income	48,980	46,573	143,986	125,964
Realized investment gains, excluding other than temporary impairment("OTTI") losses	158	(1,604)	1,287	3,184
Total OTTI losses recognized in earnings	-	(979)	-	(9,927)
Other income	1,124	1,148	3,738	2,864
TOTAL REVENUES	76,178	60,197	203,896	160,622
BENEFITS AND EXPENSES:				
Death and other life insurance benefits	4,408	3,704	13,549	10,604
Annuity benefits	19,991	20,044	60,670	58,934
Interest credited to policyholders' account balances	26,677	27,123	79,996	81,373
Interest expense on notes payable	-	-	-	753
Other interest and other charges	319	418	877	1,068
Increase in liability for future policy benefits	15,344	3,143	18,540	4,256
Commissions to agents, net	2,117	2,286	5,578	8,405
Costs related to consent revocation solicitation and related expenses	297	-	1,470	-
General expenses and taxes	5,237	3,519	13,966	12,496
Change in deferred policy acquisition costs	718	(136)	2,206	(2,003)
TOTAL BENEFITS AND EXPENSES	75,108	60,101	196,852	175,886
Income (loss) before income taxes	1,070	96	7,044	(15,264)
Provision (benefit) for income taxes:				
Current	181	4,003	6,565	(676)
Deferred	188	(3,970)	(4,135)	(4,590)
	369	33	2,430	(5,266)
NET INCOME (LOSS)	\$ 701	\$ 63	\$ 4,614	\$ (9,998)
Earnings per common share, basic	\$.02	\$ -	\$.15	\$ (.34)
Earnings per common share, diluted	\$.02	\$ -	\$.15	\$ (.34)
Weighted average number of shares outstanding during the period, basic	29,574,697	29,574,697	29,574,697	29,574,511
Weighted average number of shares outstanding during the period, diluted	29,574,697	29,574,697	29,574,697	29,574,511