



Presidential Life Announces First Quarter 2010 Results

- Reports first quarter 2010 EPS of \$0.07 compared to a loss of \$0.29 for first quarter 2009 -**
- Investment portfolio improves to a net unrealized gain of \$72.5 million, a sequential increase of \$70.1 million from year-end -**
- Significant expansion in the sales of accident and health products -**

Nyack, N.Y. (May 10, 2010) — Presidential Life Corporation (“Presidential Life” or the “Company”) (Nasdaq: PLFE) today announced results for the first quarter ended March 31, 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 first quarter of 2010 were \$66.4 million, an increase of 61.5% or \$25.3 million from \$41.1 million in the first quarter of 2009. First quarter 2010 net income was \$2.2 million or \$0.07 per share, compared with a net loss of \$8.4 million (\$0.29 per share) for the comparable three-month period in 2009.

Key Highlights for the First Quarter Results

- First quarter earnings per share were \$0.07 compared to a loss of \$0.29 for the first quarter of 2009.
- Investment portfolio improved from a net unrealized gain of \$2.4 million at December 31, 2009, to a net unrealized gain of \$72.5 million at March 31, 2010.
- The Company reduced its cash-equivalent investments in the first quarter by approximately 22% to \$227.7 million. The reinvestment of approximately \$65 million during the quarter is expected to increase investment income on an annualized basis by approximately \$3.3 million per year.
- Accident & health premiums have increased by \$695,000 or 57% in the first quarter as Presidential Life expands into the group dental and limited medical accident product lines.
- Total annuity sales of \$34.2 million, a decrease of 44% over 2009 levels¹ due to the continued low interest rate environment.
- Annuity surrenders amounted to \$28.9 million in the first quarter of 2010 compared to \$56.4 million for the same period in 2009, a 49% decrease.
- Risk-based capital (“RBC”) ratio of 392% at March 31, 2010 vs. 388% at December 31, 2009.
- Book value per share as of March 31, 2010, was \$20.61.

¹ In accordance with Generally Accepted Accounting Principles (“GAAP”), sales of deferred annuities and immediate annuities without life contingencies (\$24.1 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 \$10.1 million.

“This improvement in our first quarter results underlines the progress we continue to make against our strategic plan,” said Donald Barnes, Presidential Life’s Vice Chairman, Chief Executive Officer and President. “Our limited partnership holdings improved considerably and we successfully redeployed a significant portion of our cash holdings into higher yielding fixed-income instruments, all of which are expected to boost our investment income in coming quarters. Furthermore, throughout the quarter, we maintained our disciplined approach to managing deferred annuity product sales in the current low-interest rate environment by focusing on profitable sales.”

“Overall, we continued to execute against our strategy in the first quarter of 2010 and will do so in the remainder of the year. Our plan remains consistent: diversifying our product portfolio by expanding our successful accident & health product lines, prudently managing our investment portfolio and enhancing our balance sheet strength. We firmly believe that adhering to these priorities is the best strategy to generate maximum value for all shareholders,” Barnes added.

Discussion of First Quarter 2010 Financial and Operating Results

Total revenues in the first quarter of 2010 were \$66.4 million, an increase of 61.5% or \$25.3 million from \$41.1 million in the first quarter of 2009. As discussed below, the increase from the prior year was largely attributable to an increase in immediate annuity considerations with life contingencies, an increase in net investment income and a reduction in realized investment losses.

Total annuity considerations with life contingencies, life insurance and accident & health premiums were \$15.2 million in the first quarter of 2010 versus \$8.6 million in the prior period in 2009. Life insurance and accident & health premiums of \$4.6 million in the first quarter of 2010 grew \$0.9 million or 23.7% from \$3.8 million in the first quarter of 2009. Annuity considerations with life contingencies, which consist solely of immediate annuities, increased \$5.9 million to \$10.1 million in the first quarter of 2010 from \$4.2 million in the same period in 2009.

Sales of deferred annuities and immediate annuities without life contingencies were \$24.1 million in the first quarter of 2010, a decrease of \$32.7 million or 57% from \$56.8 million in the 2009 comparable period. The decrease was primarily due to the low interest rate environment that continued into the first quarter of 2010.

Net investment income was \$50.5 million in the first quarter of 2010, an increase of \$14.6 million or 40.8% from the \$35.8 million in the comparable period in 2009. The two principal drivers of the improvement were a strengthening of the limited partnership holdings and a redeployment of cash balances from low-yielding, short-term commercial paper into longer-dated, higher-yielding fixed income instruments. The portfolio benefited from a substantial improvement in the limited partnership holdings, which swung from a loss of \$11.7 million in the first quarter of 2009 to a gain of \$2.4 million in the first quarter of 2010, an improvement of \$14.0 million or 120.2%. The redeployment of roughly \$65 million of cash balances during the first quarter at an approximate 500 basis point improvement is expected to increase investment income by \$3.3 million on an annualized basis going forward. The Company continues to examine options to prudently deploy additional cash balances at attractive rates.

The Company's ratio of net investment income to average cash and invested assets, at amortized cost, for the 2010 first quarter was 5.7% compared with 4.0% in the 2009 comparable period. Excluding the return on the Company's limited partnership investments in both periods, the ratio for the 2010 first quarter would have been 5.8% versus 5.7% in the 2009 comparable period. Net realized investment losses were \$0.3 million in the first quarter of 2010, an improvement of \$3.2 million from the prior year's loss of \$3.5 million in the 2009 first quarter.

Interest credited and benefits paid and accrued to policyholders were \$51.8 million in the 2010 first quarter, in-line with the \$50.2 million in the 2009 first quarter. The growth in annuity considerations with life contingencies resulted in an increase in the liability for future policy benefits of \$2.0 million, a \$6.0 million change from the prior period in 2009. Net commissions to agents were \$1.8 million in the 2010 first quarter, a decrease of \$1.3 million or 42.1% from the prior year's \$3.1 million, reflecting lower annuity sales. General expenses, commissions to agents, and costs related to the Company's consent revocation solicitation and related matters were \$8.1 million in the first quarter of 2010 compared to \$8.1 million in the 2009 comparable period. Excluding the costs for the consent revocation solicitation and related matters, these expenses would have decreased by \$968,000 or 12.8%, compared to the same period in 2009.

The Company recorded an income tax expense of \$1.2 million in the first quarter of 2010 compared to an income tax benefit of \$4.4 million in the 2009 period. The principal driver of the reduced tax benefit was higher pre-tax income.

Update on Consent Revocation Solicitation

In December 2009, the Company's former Chairman, Herbert Kurz, commenced a solicitation of stockholder consents for the purpose of, among other things, removing from office, without cause, all of the current directors (other than Mr. Kurz) and electing in their place a slate of nominees proposed by Mr. Kurz. Mr. Kurz did not obtain the requisite stockholder consents to his proposals within the time frame prescribed by Delaware law. The Company recorded \$2.5 million in 2009 and \$968,000 in the first quarter of 2010 of corporate and legal expenses related to its consent revocation solicitation and related matters, including the previously reported ongoing internal and New York State Insurance Department investigations of Mr. Kurz and the Kurz Family Foundation, a principal stockholder of the Company.

On February 12, 2010, Mr. Kurz notified the Company of his intention to nominate, for election at the next annual shareholders' meeting, the same slate of nominees that he had proposed in his unsuccessful consent solicitation. Mr. Kurz further indicated that he may initiate a proxy contest in connection with those nominations.

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

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

	Three Months Ended March 31	
	<u>2010</u>	<u>2009</u>
REVENUES:		
Insurance revenues:		
Premiums	\$4,583	\$3,759
Annuity considerations	10,135	4,216
Universal life and investment type		
Policy fee income	525	606
Net investment income	50,468	35,840
Net realized investment losses	(327)	(3,451)
Other income	990	129
TOTAL REVENUES	<u>66,374</u>	<u>41,099</u>
 BENEFITS AND EXPENSES:		
Death and other life insurance benefits	4,460	3,606
Annuity benefits	20,397	19,457
Interest credited to policyholders'		
account balances	26,590	26,901
Interest expense on notes payable	-	753
Other interest and other charges	339	264
Increase (Decrease) in liability for future policy benefits	1,982	(3,964)
Commissions to agents, net	1,812	3,129
Costs related to consent revocation solicitation	968	-
General expenses and taxes	5,271	4,995
Change in deferred policy acquisition costs	1,185	(1,165)
TOTAL BENEFITS AND EXPENSES	<u>63,004</u>	<u>53,976</u>
 Income (loss) before income taxes	 <u>3,370</u>	 <u>(12,877)</u>
 Provision (benefit) for income taxes:		
Current	1,788	(6,164)
Deferred	(625)	1,721
	<u>1,163</u>	<u>(4,443)</u>
 NET INCOME	 <u>\$2,207</u>	 <u>(\$8,434)</u>
 Earnings per common share, basic	 <u>\$0.07</u>	 <u>(\$0.29)</u>
Earnings per common share, diluted	<u>\$0.07</u>	<u>(\$0.29)</u>
 Weighted average number of shares outstanding during the period, basic	 <u>29,574,697</u>	 <u>29,574,315</u>
Weighted average number of shares outstanding during the year, diluted	<u>29,574,697</u>	<u>29,574,315</u>

PRESIDENTIAL LIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands)

	March 31, <u>2010</u>	December 31, <u>2009</u>
ASSETS:		
Investments:		
Fixed maturities:		
Available for sale at fair value (Amortized cost of \$3,111,901 and \$3,043,757, respectively)	\$3,223,363	\$3,087,021
Common stocks:		
Available for sale at fair value (Amortized cost of \$476 and \$475, respectively)	2,016	1,947
Derivatives, at fair value	-	390
Real estate	415	415
Policy loans	18,814	18,959
Short-term investments	227,722	293,136
Other long-term investments	204,133	196,191
Total investments	3,676,463	3,598,059
Cash and cash equivalents	2,472	8,763
Accrued investment income	42,932	41,281
Federal income tax recoverable	16,525	18,313
Deferred federal income taxes, net	-	4,855
Deferred policy acquisition costs	65,802	76,762
Furniture and equipment, net	425	447
Amounts due from reinsurers	15,575	15,056
Other assets	1,507	1,506
TOTAL ASSETS	\$3,821,701	\$3,765,042
 LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Policy Liabilities:		
Policyholders' account balances	\$2,440,168	\$2,444,984
Future policy benefits:		
Annuity	647,031	645,801
Life and accident and health	77,562	76,457
Other policy liabilities	11,563	10,592
Total policy liabilities	3,176,324	3,177,834
Deposits on policies to be issued	1,458	1,905
General expenses and taxes accrued	2,074	2,461
Deferred federal income taxes, net	14,034	-
Amounts due from security transactions	5,995	-
Other liabilities	12,242	14,462
Total Liabilities	3,212,127	3,196,662
 Commitments and Contingencies		
 Shareholders' Equity:		
Capital stock (\$.01 par value; authorized 100,000,000 shares; issued and outstanding 29,574,697 and 29,574,697 shares, respectively)	296	296
Additional paid in capital	6,783	6,639
Accumulated other comprehensive loss	36,243	(4,448)
Retained earnings	566,252	565,893
Total Shareholders' Equity	609,574	568,380
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,821,701	\$3,765,042