



Presidential Life Corporation

Letter to Shareholders



BUILDING FOR THE FUTURE

2009

Fellow Shareholders:

2009 was a year of significant change at Presidential Life, and I am delighted to report that we remain a well funded company with a strong management team and a growing business. Over the past year, we have made substantial progress moving forward with our three-year strategic plan, unanimously adopted by the Board of Directors in November 2008, while also solidifying our executive leadership team under President and CEO Donald Barnes. Now more than ever, we are better positioned to address uncertainty and capitalize on opportunity.

We have worked towards these ends, even while enduring the many changes experienced by the financial services industry in 2009.

- Last year brought uncertainty for many in the financial services industry. However, in general, the insurance industry was well positioned because of lower risk investments.
- While financial headwinds continue in 2010, the general outlook for companies like Presidential Life, which have a strong capital position, profitable top-line sales growth and a disciplined expense profile, is favorable.
- Some analysts continue to question whether inflation and rising interest rate risks pose challenges to insurers in 2010. Regardless of these threats, Presidential Life is well positioned with competitive in-force minimum interest rate guarantees, strong liquidity and balance sheet positions that protect all policy holders.

Having been a member of the Board since May 2008, I was honored to begin serving in 2009 as the Lead Independent Director and, most recently, to be appointed as Non-Executive Chairman of the Board in March 2010. I look forward to working with our strong management team and experienced Board of Directors as we continue shaping the company's future and executing against our strategic plan. Together we share a commitment to strengthen our company, and our focus remains on adding value for all shareholders.

Moving forward, we are excited to build on the work accomplished during the last year. As the economy begins to stabilize, there will continue to be new opportunities for us to pursue, and the outlook for our future remains exciting. I am proud to be a part of the team that is building a stronger Presidential Life.

Sincerely,



William M. Trust, Jr.

Non-Executive Chairman of the Board

Dear Fellow Shareholders:

While the past two years have seen a tremendous amount of turmoil in the overall economy, in 2009 Presidential Life built upon its commitment to provide safe, simple financial solutions that protect our customers' families and futures.

Even though 2009 was a year characterized by many changes, the new management team at Presidential Life has continued to reinforce the foundations needed to sustain this vision over the coming years. I am pleased to report that we are already seeing the positive effects of these changes, which have allowed us to provide even better products and better service to our more than 100,000 clients and approximately 14,000 agents across the United States. We now look forward to 2010 as a year of ongoing successful execution as we continue aligning our business around these strategic goals.

Notable highlights from the past year include:

- Total annuity sales of \$225.3 million in 2009, a 30% increase over 2008 levels.
- The investment portfolio improved from a net unrealized loss of \$250.7 million at December 31, 2008, to a net unrealized gain of \$2.4 million at December 31, 2009, and, most recently, to a net unrealized gain of \$72.5 million at March 31, 2010.
- Ongoing product diversification through the expansion of our accident & health insurance lines in 2009 with the introduction of dental and limited medical accident products.
- Securing a license in New Hampshire so that we are now licensed in all 50 states plus the District of Columbia.

- Implementing several best practice corporate governance standards, including the appointment of a Non-Executive Chairman of the Board and the formalization of a Nominating and Governance Committee.

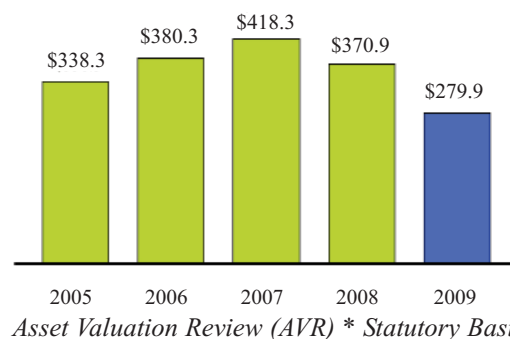
These accomplishments track closely with the goals of our strategic plan, which was adopted after extensive collaboration between the management team and your Board of Directors to determine the best future steps for Presidential Life. The plan was adopted unanimously in November 2008 and has guided our work during 2009.

We have worked throughout 2009 to diversify our product lines. Our reliance on annuity products, both deferred and immediate, for approximately 95% of our revenue has historically led to overconcentration. To increase our diversification, we launched as part of our strategic plan a simplified issue whole life product in April 2009, followed by a dental insur-

PREMIUM INCOME*
(in millions)



CAPITAL/SURPLUS/AVR*
(in millions)



ance product and a medical accident product in the third and fourth quarters of 2009 respectively. Furthermore, in January 2010, we launched a deferred benefit fixed annuity product designed to help customers during both the deferral and income periods, and we are on track to launch a deferred benefit immediate annuity and a market value adjusted annuity product.

The simplified issue whole life policy is for customers who would not qualify for standard risk rates, but want immediate coverage as opposed to graded benefit life. The dental benefit plan is available for employer groups in New York and provides funding for necessary or elective dental care, while accident insurance provides a selected benefit amount to cover emergency medical expenses. I am pleased to report that these products have been well received by our agents and their customers, and we have been pleased with the results we have seen so far.

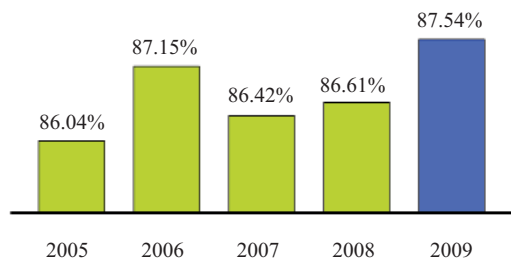
Optimizing the investment portfolio was another key focus area in our strategic plan for 2009. As mentioned above, the portfolio improved from a net unrealized loss of \$250.7 million at December 31, 2008, to a net unrealized gain of \$2.4 million at December 31, 2009, and, more recently, to a net unrealized gain of \$72.5 million at March 31, 2010. Throughout the market turmoil of the past two years, we have focused on maintaining disciplined asset-liability management, improving credit quality, managing interest rate risk and right-sizing liquidity levels. While net investment income was down almost 30% for 2009, the decline was largely attributable to lower returns on the Company's limited

partnership portfolio and lower returns on the short-term commercial paper portfolio. This decline was driven by credit market conditions and the economic crisis. Through the first quarter of 2010, we have redeployed 20% of the company's short-term commercial paper portfolio into fixed-income bonds, which is expected to increase investment income by \$3.3 million on an annualized basis going forward. The Company continues to examine alternatives to prudently deploy additional cash balances at attractive rates.

We continue to focus on the future of the business — delivering the best products to our policyholders, while growing value for all of you, our shareholders.

We also continued to enhance our marketing practices. Obtaining our license in New Hampshire now allows us to sell our products in all 50 states plus the District of Columbia. Recently we completed a website redesign that makes our site more informative and functional for our agents and our investors. Not only does this new site enhance our ability to communicate with agents in the field, but it also helps us continue to expand awareness of our excellent products throughout the United States.

**INVESTMENT GRADE SECURITIES
TO INVESTED ASSETS***

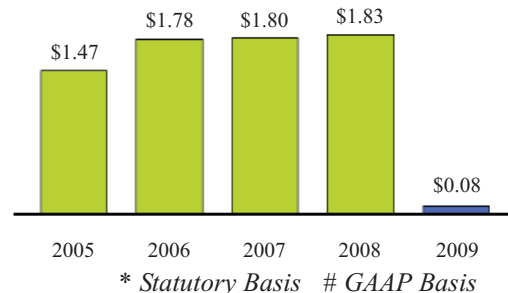


Throughout 2009, we continued to strengthen our corporate governance practices to provide improved, independent guidance for our management team, helping to ensure we are delivering value for our shareholders. This includes, among other things:

- Appointing five new independent directors to the Company's Board.
- Appointing William M. Trust, Jr., a highly experienced executive, as Lead Independent Director in 2009 and subsequently Non-Executive Chairman in 2010.
- Appointing a Nominating and Governance Committee, as identified on the Company's website.
- Appointing an independent insurance industry financial expert to the Audit Committee.

Paul B. Pheffer has recently joined Presidential Life succeeding Dominic D'Adamo as Chief Financial Officer.

**OPERATING EARNINGS
PER SHARE#**



We continue to focus on the future of the business — delivering the best products to our policyholders, while growing value for all of you, our shareholders.

In summary, 2009 brought a number of opportunities for progress, and we experienced many successes. I would like to thank the many people who have supported the company throughout the past year, including our shareholders, our clients and agents, our more than 100 home office employees, and our highly qualified management and Board of Directors. We look forward to continue executing our strategic plan and developing and expanding our business.

Sincerely,

Donald L. Barnes
President and Chief Executive Officer

Officers and Directors

Officers and Directors of Presidential Life Corporation

Donald Barnes * <i>Director</i> <i>President/Chief Executive Officer</i>	Lawrence Rivkin • + <i>Director</i>
William A. DeMilt • - <i>Director</i>	Stanley Rubin * - <i>Director</i>
W. Thomas Knight * + <i>Director</i>	William M. Trust Jr. * - <i>Director</i>
John D. McMahon * - + <i>Director</i>	Kathleen Dash <i>Secretary</i>
Lawrence Read • - <i>Director</i>	Paul B. Pheffer <i>Chief Financial Officer</i>

- Member of Audit Committee
- + Member of Compensation Committee
- Member of Nominating & Governance Committee
- * Member of Finance & Investment Committee

Officers and Directors of Presidential Life Insurance Company

Donald Barnes <i>Director</i> <i>President/Chief Executive Officer</i>	Dominic D'Adamo <i>Director</i>
William DeMilt <i>Director</i>	Kathleen Dash <i>Director</i> <i>Vice President,</i> <i>Secretary</i> <i>Client Service and Claims</i>
W. Thomas Knight <i>Director</i>	Ronald Delgrosso <i>Director</i> <i>Vice President,</i> <i>Information Technology</i>
John D. McMahon <i>Director</i>	Donna Jones <i>Director</i> <i>Vice President,</i> <i>New Business & Life Services</i>
Lawrence Read <i>Director</i>	Paul B. Pheffer <i>Senior Vice President,</i> <i>Chief Financial Officer</i>
Lawrence Rivkin <i>Director</i>	Jerrold Scher <i>Director</i> <i>Senior Vice President,</i> <i>Chief Actuary</i>
Stanley Rubin <i>Director</i>	
William M. Trust Jr. <i>Director</i>	
Mark Abrams <i>Director</i> <i>Executive Vice President</i> <i>Chief Investment Officer</i>	
Mitchell Anderson <i>Director</i> <i>Senior Vice President</i> <i>Chief Marketing Officer</i>	

Vice Presidents

John Herlihy Maria Kramer Paul Marsico Gary Mettler	Joseph Monacelli Tara Munderville Duncan Szeto David Weiner
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Regional Vice Presidents

Marikay Flemming David Klein Dominic Minieri	Michael Maloney Donald C. Rogers
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First Vice Presidents

Diana Barbas Linda Burger Louise Del Giudice	John Leone Karen Panettieri Lisa Schumm
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Second Vice Presidents

Demetra Anayannis Antoinette Costello	Donald Sanderson
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Assistant Vice Presidents

Harvey Fishman Matthew Geevarghese	Donna Gunney-Satterfield Sandra LoBue
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Assistant Secretaries

Eileen Bacchi John Bohuniek Matthew Dubin Barbara Hansen	Alice Hawver Reidlynn Newton Eva Steinmetz Michael Underwood
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Presidential Life Corporation
Nyack, New York

www.presidentiallife.com