



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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A.M. Best Revises Outlook of Issuer Credit Ratings to Stable for The Phoenix Companies, Inc. and Its Key Operating Entities

OLDWICK, N.J., Nov. 14, 2008—A.M. Best Co. has revised the outlook to stable from positive for the issuer credit ratings of “a” of the core life insurance entities of **The Phoenix Companies, Inc.** (Phoenix) (Hartford, CT) [NYSE: PNX] and all outstanding debt securities of Phoenix and **Phoenix Life Insurance Company** (Phoenix Life) (New York), the group’s lead operating company. In addition, A.M. Best has revised the outlook to stable from positive and affirmed the ICR of “bbb” of Phoenix. A.M. Best also has affirmed the financial strength rating (FSR) of A (Excellent) and ICRs of “a” of the core life insurance entities of Phoenix. The outlook for the FSR remains stable. Concurrently, A.M. Best has affirmed the debt ratings of Phoenix and Phoenix Life. (See below for a detailed list of the companies and ratings.)

The ratings of Phoenix and its core life insurance entities reflect the adequate risk-adjusted capital positions of Phoenix’s insurance entities and the profitable operating results in its life insurance and annuity segment. Phoenix maintains significant market positions in the sale of individual life and annuity products, utilizing a broad, non-affiliated distribution platform to meet the needs of the affluent and high net worth market. A.M. Best notes that although Phoenix realized a decline in both absolute and risk-adjusted capital through the first three quarters of 2008, the company is actively pursuing a number of strategic initiatives, which are intended to improve the statutory surplus position of the life companies by year-end.

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The ratings also recognize A.M. Best's generally favorable view of Phoenix's pending spin off of Phoenix Investment Partners, LTD. The transaction would alleviate A.M. Best's concerns regarding the sub-par operating performance and significant management distractions associated with the company's asset management segment in recent years. A.M. Best notes that the spin off will eliminate the earnings volatility from Phoenix's asset management segment, while maintaining financial leverage and interest coverage ratios that are within A.M. Best's tolerances for its current ratings.

Offsetting rating factors include below average operating returns and challenges to grow statutory life and annuity premium due to the competitive and economic pressures on life sales, and declining closed block renewals. A.M. Best also notes that the company's exposure to below investment grade bonds exceeds 100% of statutory surplus. In addition, due to strong life and annuity sales in recent years, Phoenix's total intangibles to adjusted equity ratio remains above similarly rated peers.

The revised outlook on the ICRs and debt ratings reflects the continued uncertainty within the investment marketplace, as well as the dampening effect that the current environment has on Phoenix's previously favorable financial trends. A.M. Best acknowledges that although the company likely has enough financial flexibility remaining to replenish the statutory surplus lost since year-end 2007, A.M. Best believes it is unlikely that Phoenix will re-establish pre-2008 financial and operating trends within the timeframe necessary to favorably resolve the positive outlook assigned early this year.

The FSR of A (Excellent) and ICRs of "a" have been affirmed for the following core life insurance entities of **The Phoenix Companies, Inc.**:

- **Phoenix Life Insurance Company**

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- **PHL Variable Insurance Company**
- **AGL Life Assurance Company**

The FSR of A- (Excellent) and ICRs of “a-” have been affirmed with a stable outlook for the following non-core life insurance entities of **The Phoenix Companies, Inc.:**

- **Phoenix Life and Annuity Company**
- **American Phoenix Life and Reassurance Company**

The ICR of “bbb” has been affirmed for **The Phoenix Companies, Inc.**

The following debt ratings have been affirmed:

The Phoenix Companies, Inc.—

-- “bbb” on \$300 million 7.45% senior unsecured notes, due 2032

Phoenix Life Insurance Company—

-- “bbb+” on \$175 million 7.15% surplus notes, due 2034

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit www.ambest.com.

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