A Message From CEO Dona Young

Our Financial Strength

PHOENIX

October 31, 2008

To our policyholders, shareholders and all interested parties:

I know these unprecedented economic times – which are reshaping our financial institutions – raise concerns about Phoenix and how we are being affected. My message is simple: while Phoenix has not been immune from the turmoil, we have a strong balance sheet with adequate capital and liquidity to meet our obligations and are focused on maintaining it with even greater discipline and vigilance than ever. You should also know that we have been prudent in our investments and the management of our general account portfolio, which is high quality, diversified and liquid.

The uncertainty in the financial markets here and around the world has driven the increase in the volume of questions both inside and outside the company. In response, we have prepared the FAQ below. You can also read more about our General Account beginning in our regular quarterly SEC filings. For your convenience, we have summarized a few key points about our portfolio here:

- 91% of bond investments are investment grade.
- Our emphasis is on liquidity, with 72% of bonds invested in public securities.
- We have no sub-prime collateralized debt obligations.
- We have no credit default swap exposure.
- 75% of our counterparty exposure — only $72.5 million — is with three larger double-A rated banks – JP Morgan Chase, Bank of New York Mellon and Deutsche Bank. We have no counterparty exposure to Lehman or AIG.
- We do not own preferred or common stock of Fannie Mae or Freddie Mac.

If you have questions specific to your Phoenix policies, please talk to your financial advisor or contact a Customer Care Representative.

We cannot predict the outcome of this fast-moving situation. I wish to assure you, however, that we remain focused on delivering quality products and service to our customers as we also remain focused on capital preservation and liquidity.

Sincerely,

Dona D. Young

Dona D. Young
Chairman, President and Chief Executive Officer
The Phoenix Companies, Inc.

Financial Strength FAQs

The Phoenix Companies, Inc.

PHOENIX

Q. Is Phoenix financially strong?

A. *Yes. Phoenix remains well capitalized, with strong liquidity and a stable liability profile, which are paramount in this environment. As of September 30, 2008:*

- Phoenix has a strong balance sheet, with $835 million in statutory surplus.
- Phoenix has a conservative debt profile, with debt-to-capital of about 18%. Even after the planned spin-off of our Asset Management business, Phoenix will be well capitalized with debt-to-capital of approximately 21%. Phoenix has no debt maturities until 2032.
- Phoenix carefully matches assets and liabilities and maintains an extra cushion of liquid assets in our investment portfolio necessary for our business needs, even in volatile environments.
- Phoenix's liability profile is stable, with no exposure to guaranteed investment contracts (GICs), no institutional funding agreements, no securities lending activities, and strong persistency in our core business lines.
- Phoenix has achieved substantial financial flexibility over the last few years and has more options to reinforce our capital position, including our sizable closed block.

Q. Given the market environment, how is Phoenix's investment portfolio positioned?

A. *Phoenix has a well diversified and liquid general account investment portfolio, managed by a team with a successful track record of investing over a variety of market cycles, following a disciplined monitoring process. Here are some key facts about our investment portfolio as of September 30, 2008:*

- 91% of bond investments are investment grade. Our emphasis is on liquidity with 72% of bonds invested in public securities.
- Phoenix has no subprime collateralized debt obligations (CDO) exposure.
- Phoenix has no credit default swap (CDS) exposure.
- 75% of counterparty exposure is with three large double-A rated banks (JP Morgan Chase, Bank of New York Mellon and Deutsche Bank).
- Residential mortgage exposure is concentrated in agency and prime-rated securities.
- 3% of the general account portfolio is in Alt-A and subprime investments, with 93% rated Aaa and Aa.
- Commercial mortgage exposure is in highly rated public securities.

Q. What is Phoenix's exposure to financial institutions in the news?

A. *Phoenix has strict limits on individual exposures that mitigate our loss potential to any one particular entity. Key exposures (Lehman, AIG, Washington Mutual, Fannie Mae and Freddie Mac) are detailed in the table below:*

Phoenix Insurance Companies Investment Portfolio Holdings as of September 30, 2008
Amortized Cost ($ in millions)

Investment Type	Lehman	AIG	WAMU	FNMA	FHLMC
GIC's	-	-	-	-	-
Senior Debt	$0.9	$20.3	-	-	$26.5
Subordinated Debt		$12.5	$0.1	-	-
Preferred Stock	-	-	-	-	-
Common Stock	-	-	-	-	-
CDS	-	-	-	-	-
Securities Lending	-	-	-	-	-
Commercial Paper*	-	$6.7	-	-	-
Derivatives	-	-	-	-	-
Total	**$0.9**	**$39.5**	**$0.1**	**-**	**$26.5**
% of Portfolio	0.01%	0.33%	0%	0%	0.22%
Amt. in Closed Block	$0.3	$19.0	$0.0	-	$21.7

**Note - Indicates amortized cost as of September 30, 2008*

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Q. Is Phoenix able to pay its claims?

A. *Yes, absolutely. Phoenix has a strong balance sheet, adequate surplus, a liquid asset base, and a quality investment portfolio. These and other key metrics are evaluated by independent rating agencies, and, overall, Phoenix's current financial strength ratings remain solid.*

Phoenix Life Insurance Company Ratings

	Financial Strength Rating	Interpretation
A.M. Best	A	"Excellent"
S&P	BBB+	"Good"
Moody's	A3	"Good"
Fitch	A	"Strong"

Ratings are as of October 31, 2008. A.M. Best rating ranks 3rd out of 16 ratings. S&P rating ranks 8th out of 21 ratings. Moody's rating ranks 7th out of 25 ratings. Fitch's rating ranks 6th out of 24 ratings. The financial strength and senior debt ratings are assigned to PLIC & PNX and in some cases apply to other Phoenix companies. They also are not applicable to any of our variable accounts, which fluctuate in value and are subject to market risk.

Q. Will the planned spin-off of Asset Management benefit Phoenix's Life and Annuity business?

A. *We expect the planned spin-off to have a positive long-term impact.*

- The planned spin-off will result in a greater focus on our life and annuity business, enhancing our prospects in the marketplace.
- As a pure life and annuity company, Phoenix will continue to develop competitive products, deliver superior service and support our distribution relationships.
- From a financial standpoint – the planned spin-off will reduce the level of intangibles and goodwill on Phoenix's balance sheet, and, in turn, reduce reported GAAP equity. Given Phoenix's very low leverage, even this reduction in equity will leave the company very well capitalized.

Q. What happens if an insurance company becomes insolvent?

A. *Insurance company insolvencies are regulated under state insurance laws and policyholders are protected through state insurance guarantee associations. The National Organization of Life & Health Insurance Guaranty Associations (NOLHGA) Web site (www.nolhga.com) provides information on insolvency issues.*

Life Insurance 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. 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 above are separate entities and each is responsible only for its own financial condition and contractual obligations

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