

All Things Digital. Tech and Media News		more stories
Walter S. Mossberg	Amazon's Kindle 2 Improves the Good, Leaves Out the Bad	02.26 - 6:02 pm PT
Kara Swisher	Kara Visits Demo09!	03.03 - 10:00 am PT
John Paczkowski	Sprint CEO: We Will Sell No Pre Before Its Time	03.03 - 10:00 am PT

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

See a sample reprint in PDF format.

Order a reprint of this article now

THE WALL STREET JOURNAL.

WSJ.com

FEBRUARY 27, 2009, 7:45 A.M. ET

Phoenix Cos. Swings To Fourth-Quarter Loss

Financial Concern Plans To Cut Jobs, Suspend Dividend

By MIKE BARRIS

Financial-services concern **Phoenix Cos.** swung to a fourth-quarter loss, reflecting costs tied to its spinoff of its asset-management business and the crumbling equity markets.

The company, which helps affluent customers build wealth with a portfolio of life insurance and annuity products and services, also said it would eliminate its annual dividend this year and will cut 250 jobs, or 25% of its work force, within six months. It also will expand alternative retirement product offerings and develop new distribution channels for core products.

The quarter's loss reflects "a brutal economy in which all businesses have had to operate in uncharted territory," said Chief Executive Dona D. Young. "The volatile markets affected many aspects of our business."

Two weeks ago, Moody's Investors Services cut Phoenix's credit ratings to junk status, while also downgrading the company's life-insurance units. The industry has been dealing in recent months with rising investment-portfolio losses amid the slumping equities market. Concerns have also emerged about life insurers' commercial real-estate and annuities portfolios, and whether they may force the companies to raise new capital.

Phoenix had delayed the release of its fourth-quarter results earlier this month to allow more time to complete an analysis of its investment portfolio and resolve accounting treatment related to its asset-management spinoff in December.

The company swung to a net loss of \$424.3 million, or \$3.71 a share, from year-earlier net income of \$3.1 million, or 3 cents a share. The latest quarter included a \$193.2 million loss from discontinued operations, largely a goodwill write-down and \$142.5 million in costs largely related to Phoenix's spinoff at the end of last year of the struggling **Virtus Investment Partners**. Excluding those and other items, the latest quarter's earnings would have been 10 cents a share.

Revenue skidded 32% to \$399.7 million as life-insurance sales tumbled 71%.

In spite of its loss, Phoenix said it remains "well capitalized," with strong liquidity as the company has no debt maturing until 2032. Late last year, it announced a deal with a unit of Swiss Reinsurance Co. that Phoenix's chief executive said would help improve its capital position. The deal with the Swiss Re subsidiary, Reassure America Life Insurance Co., was for a group of in-force term life insurance policies. Terms were not disclosed.

In November, Phoenix confirmed it filed to become a savings and loan holding company to meet the Treasury Department's requirements to participate in the Capital Purchase Program, but said it "made no final decision to participate in the program." The company said Friday it will seek to retain its options to participate "if it is available to life insurance companies and advantageous" to shareholders.

Phoenix shares closed Thursday at 70 cents and were inactive premarket. Publicly traded life insurers such as Phoenix -- which serve both shareholders and policyholders -- have seen their stocks get whacked in the ongoing market carnage. Phoenix is down more than 90% since September.

Write to Mike Barris at mike.barris@dowjones.com

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com