

**For Release at 5:15 pm**

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**Delphi Fourth Quarter Operating Earnings Jump 58%**

Wilmington, Delaware – February 10, 2000 -- Delphi Financial Group, Inc. (NYSE:DFG) today reported a 58% jump in fourth quarter operating earnings to \$.93 per share, or \$20.1 million, from \$.59 per share, or \$13.1 million, a year ago.<sup>(1)</sup> This achievement is attributable to strong performance within the Company's group employee benefits segment and solid investment results. The group employee benefits combined ratio was 95.6% in the fourth quarter of 1999 as compared with 99.3% for the same period a year ago. This improvement was partially driven by the Company's decision to terminate its participation in a marginally profitable federal employee group life program and its associated premium.

Operating earnings for the full year of 1999 were \$3.73 per share, or \$80.9 million, up 19% from \$3.13 per share, or \$68.6 million, in 1998. Driving these results was a 21% increase in pre-tax operating income from the group employee benefits segment. The group employee benefits combined ratio was 95.2% for the full year of 1999 as compared with 96.5% for 1998. Group employee benefits premium income was \$467.9 million in 1999, up 12% from 1998. New premium production for the full year of 1999 was \$174.5 million, up 23% from 1998. Investment yields in 1999 were modestly higher at 8.4%.

Robert Rosenkranz, Chairman and Chief Executive Officer, said, "We are very pleased with the Company's performance for the fourth quarter and full year. The 19% improvement in per share operating income we achieved is well above the 15% growth we regard as a corporate minimum target. Over the past five years, operating income has, in fact, increased from \$32.3 million to \$80.9 million, a 26% compound rate. Our integrated employee benefits initiative made significant strides in 1999 and we expect these efforts to have a meaningful financial impact in 2000."

Net income for the fourth quarter of 1999 was \$13.3 million, or \$.62 per share, and included realized investment losses, net of taxes, of \$6.8 million, or \$.31 per share. Net income for the fourth quarter of 1998 was \$16.5 million, or \$.74 per share, and included realized investment losses, net of taxes, of \$9.9 million, or \$.44 per share, and income from discontinued operations of \$13.2 million, or \$.59 per share. Net income for the full 1999 year was \$50.3 million, or \$2.32 per share, and included realized investment losses, net of taxes of \$16.7 million, or \$.77 per share, and a loss from discontinued operations of \$13.8 million, or \$.64 per share. Net income for the full 1998 year was \$87.0 million, or \$3.97 per share, and included realized investment gains of \$5.2 million, or \$.24 per share, and income from discontinued operations of \$13.2 million, or \$.60 per share.

Delphi Financial Group, Inc. is an integrated employee benefit services company. We are a leader in managing all aspects of employee absence to enhance the productivity of our clients and we provide the related insurance coverages: short-term and long-term disability, primary and excess workers' compensation, group life, and travel accident. Our asset accumulation business emphasizes individual annuity products. Our common stock is listed on the New York Stock Exchange under the symbol DFG and our corporate website address is [www.delphifin.com](http://www.delphifin.com).

In connection with, and because it desires to take advantage of, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, Delphi cautions readers regarding certain forward-looking statements in the foregoing discussion and in any other statement made by, or on behalf of, Delphi, whether in future filings with the Securities and Exchange Commission or otherwise. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Some forward-looking statements may be identified by the use of terms such as “expects,” “believes,” “anticipates,” “intends” or “judgment”. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Delphi’s control and many of which, with respect to future business decisions, are subject to change. Examples of such uncertainties and contingencies include, among other important factors, those affecting the insurance industry generally, such as the economic and interest rate environment, legislative and regulatory developments and market pricing and competitive trends relating to insurance products and services, and those relating specifically to Delphi’s business, such as the level of its insurance premiums and fee income, the claims experience and other factors affecting the profitability of its insurance products, the performance of its investment portfolio, the successful completion of its Year 2000 compliance program, acquisitions of companies or blocks of business, and ratings by major rating organizations of its insurance subsidiaries. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, Delphi. Delphi disclaims any obligation to update forward-looking information.

- (1) Operating earnings exclude discontinued operations and after-tax realized investment gains or losses. All per share amounts are on a diluted basis and are adjusted for 2% stock dividends distributed in June and December, 1999.

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**DELPHI FINANCIAL GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited; in thousands, except per share data)

|   | Three Months Ended |            | Twelve Months Ended |            |
|---|--------------------|------------|---------------------|------------|
|   | 12/31/99           | 12/31/98   | 12/31/99            | 12/31/98   |
| Revenue:  |                    |            |                     |            |
| Premium and fee income .....  | \$ 119,962         | \$ 123,011 | \$ 485,268          | \$ 426,874 |
| Net investment income .....   | 46,533             | 46,285     | 180,945             | 168,692    |
|   | 166,495            | 169,296    | 666,213             | 595,566    |
| Benefits and expenses:  |                    |            |                     |            |
| Benefits, claims and interest credited to policyholders ...                         | 91,977             | 102,991    | 378,409             | 342,997    |
| Commissions and expenses .....  | 38,035             | 40,155     | 142,809             | 127,609    |
|   | 130,012            | 143,146    | 521,218             | 470,606    |
| Operating income .....  | 36,483             | 26,150     | 144,995             | 124,960    |
| Interest expense .....  | 4,903              | 5,313      | 18,178              | 17,369     |
| Income tax expense .....  | 9,985              | 6,183      | 39,915              | 32,975     |
| Dividends on Capital Securities of Delphi Funding L.L.C.                            | 1,513              | 1,513      | 6,052               | 6,052      |
| Income from continuing operations excluding realized investment (losses) gains..... | 20,082             | 13,141     | 80,850              | 68,564     |
| Realized investment (losses) gains, net of taxes .....                              | (6,782)            | (9,877)    | (16,718)            | 5,238      |
| Discontinued operations, net of taxes.....  | -                  | 13,233     | (13,847)            | 13,233     |
| Net income.....   | \$ 13,300          | \$ 16,497  | \$ 50,285           | \$ 87,035  |
| Basic results per share of common stock*:   |                    |            |                     |            |
| Income from continuing operations excluding realized investment (losses) gains..... | \$ 0.96            | \$ 0.61    | \$ 3.85             | \$ 3.25    |
| Realized investment (losses) gains, net of taxes.....                               | (0.32)             | (0.46)     | (0.79)              | 0.25       |
| Discontinued operations, net of taxes .....   | -                  | 0.62       | (0.66)              | 0.63       |
| Net income.....   | \$ 0.64            | \$ 0.77    | \$ 2.40             | \$ 4.13    |
| Weighted average shares outstanding .....   | 20,873             | 21,372     | 20,979              | 21,095     |
| Diluted results per share of common stock*:   |                    |            |                     |            |
| Income from continuing operations excluding realized investment (losses) gains..... | \$ 0.93            | \$ 0.59    | \$ 3.73             | \$ 3.13    |
| Realized investment (losses) gains, net of taxes.....                               | (0.31)             | (0.44)     | (0.77)              | 0.24       |
| Discontinued operations, net of taxes .....   | -                  | 0.59       | (0.64)              | 0.60       |
| Net income.....   | \$ 0.62            | \$ 0.74    | \$ 2.32             | \$ 3.97    |
| Weighted average shares outstanding.....  | 21,491             | 22,156     | 21,674              | 21,920     |

\* The 1998 results per share and shares outstanding have been restated to reflect the 2% stock dividends distributed on June 8, 1999 and December 15, 1999.

**DELPHI FINANCIAL GROUP, INC.**  
**SUMMARIZED CONSOLIDATED BALANCE SHEETS**  
(Unaudited; in thousands, except per share data)

|  | <u>12/31/99</u>     | <u>12/31/98</u>     |
|--|---------------------|---------------------|
| Assets:  |                     |                     |
| Invested assets .....  | \$ 2,515,810        | \$ 2,359,716        |
| Other assets .....   | <u>879,878</u>      | <u>927,341</u>      |
| Total assets .....   | <u>\$ 3,395,688</u> | <u>\$ 3,287,057</u> |
| Liabilities and shareholders' equity:  |                     |                     |
| Policy liabilities and accruals .....  | \$ 1,140,687        | \$ 1,046,388        |
| Policyholder account balances.....   | 676,664             | 664,576             |
| Corporate debt .....   | 283,938             | 265,165             |
| Other liabilities .....  | <u>692,982</u>      | <u>644,488</u>      |
| Total liabilities .....  | 2,794,271           | 2,620,617           |
| Capital Securities of Delphi Funding L.L.C.....  | 100,000             | 100,000             |
| Shareholders' equity .....   | <u>501,417</u>      | <u>566,440</u>      |
| Total liabilities and shareholders' equity .....   | <u>\$ 3,395,688</u> | <u>\$ 3,287,057</u> |
| Diluted book value per share of common stock* .....  | \$ 24.52            | \$ 26.59            |
| Diluted book value per share of common stock before<br>net unrealized depreciation on investments* ..... | \$ 28.96            | \$ 27.36            |

\* The 1998 book value per share amounts have been restated to reflect the 2% stock dividends distributed on June 8, 1999 and December 15, 1999.