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**Delphi 2Q Operating EPS Grows 17% to Record \$1.09 Per Share**

Wilmington, Delaware – July 25, 2000 – Delphi Financial Group, Inc. (NYSE:DFG) today reported that second quarter operating earnings grew 17% to \$1.09 per share, or \$22.9 million, from \$.93 per share, or \$20.1 million, a year ago.<sup>(1)</sup> This record performance is attributable to solid operating and investment performance and fewer shares outstanding resulting from the Company's stock repurchases. Pre-tax operating income from the Company's group employee benefits segment rose nearly 18% to \$33.8 million in the second quarter of 2000 from the same period a year ago. The group employee benefits combined ratio was 92.1% in the second quarter of 2000 as compared with 94.3% for the second quarter of 1999 and 95.2% for all of 1999. Revenues were flat, reflecting the Company's decision to exit the Federal Employee Group Life Insurance Program and other pools, and to reallocate capital to its core lines of business. This shift in business mix has led to improved profit margins. Group employee benefit production of \$36.5 million during the second quarter of 2000 was consistent with the Company's plan, and new annuity production grew to a record \$45.5 million, up 141% from the second quarter of 1999.

Operating earnings for the first half of 2000 were \$2.15 per share, or \$45.2 million, up 16% from \$1.85 per share, or \$40.3 million, a year ago.<sup>(1)</sup> The group employee benefits combined ratio was 93.6% in the first half of 2000 as compared with 94.4% for the same period in 1999.

Robert Rosenkranz, Chairman and Chief Executive Officer, said, "We are very pleased with our record performance for the second quarter of 2000. Our core businesses produced good growth; profit margins expanded in insurance operations, assets increased and investment results were very solid. For five years, Delphi has delivered 33% growth in annual operating earnings and consistent quarterly results. Given our growth and profitability record, we believe our stock continues to be undervalued."

Net income for the second quarter of 2000 was up 57% to \$22.9 million, or \$1.09 per share. Net income for the second quarter of 1999 was \$14.6 million, or \$.68 per share, and included realized investment losses, net of taxes, of \$5.4 million or \$.25 per share. Net income for the first half of 2000 was up 118% to \$44.2 million, or \$2.11 per share, and included realized investment losses, net of taxes, of \$1.0 million, or \$.04 per share. Net income for the first half of 1999 was \$20.3 million, or \$.93 per share, and included realized investment losses, net of taxes, of \$6.2 million, or \$.29 per share, and a loss from discontinued operations of \$13.8 million, or \$.63 per share.

Delphi Financial Group, Inc. is an integrated employee benefit services company. Delphi is a leader in managing all aspects of employee absence to enhance the productivity of its clients and provides the related insurance coverages: long-term and short-term disability, excess and primary workers' compensation, group life, and travel accident. Delphi's asset accumulation business emphasizes individual annuity products. Delphi's common stock is listed on the New York Stock Exchange under the symbol DFG and its 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,” “judgment” or other similar expressions. 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 emergence of Year 2000 problems not currently apparent, 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 after-tax realized investment losses and discontinued operations. The 1999 results have been restated to reflect the rescission of a reinsurance contract. All per share amounts are on a diluted basis and are adjusted for the 2% stock dividend distributed in December, 1999.

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

	Three Months Ended		Six Months Ended	
	06/30/00	06/30/99	06/30/00	06/30/99
Revenue:				
Premium and fee income.....	\$ 112,123	\$ 113,628	\$ 224,882	\$ 238,989
Net investment income.....	<u>46,536</u>	<u>44,353</u>	<u>97,212</u>	<u>88,154</u>
	<u>158,659</u>	<u>157,981</u>	<u>322,094</u>	<u>327,143</u>
Benefits and expenses:				
Benefits, claims and interest credited to policyholders ....	81,904	88,699	167,675	185,602
Commissions and expenses.....	<u>36,161</u>	<u>33,520</u>	<u>73,607</u>	<u>69,635</u>
	<u>118,065</u>	<u>122,219</u>	<u>241,282</u>	<u>255,237</u>
Operating income .....	40,594	35,762	80,812	71,906
Interest expense.....	5,380	4,340	10,739	8,823
Income tax expense.....	10,790	9,851	21,836	19,744
Dividends on Capital Securities of Delphi Funding L.L.C. ....	<u>1,513</u>	<u>1,513</u>	<u>3,026</u>	<u>3,026</u>
Income from continuing operations excluding realized investment losses .....	22,911	20,058	45,211	40,313
Realized investment losses, net of taxes .....	<u>(3)</u>	<u>(5,447)</u>	<u>(1,009)</u>	<u>(6,173)</u>
Income from continuing operations.....	22,908	14,611	44,202	34,140
Loss on disposal of discontinued operations, net of taxes ..	-	-	-	<u>(13,847)</u>
Net income .....	<u>\$ 22,908</u>	<u>\$ 14,611</u>	<u>\$ 44,202</u>	<u>\$ 20,293</u>
Basic results per share of common stock:				
Income from continuing operations excluding realized investment losses .....	\$ 1.13	\$ 0.96	\$ 2.22	\$ 1.91
Realized investment losses, net of taxes .....	-	<u>(0.26)</u>	<u>(0.05)</u>	<u>(0.29)</u>
Income from continuing operations.....	1.13	0.70	2.17	1.62
Loss on disposal of discontinued operations, net of taxes ..	-	-	-	<u>(0.66)</u>
Net income .....	<u>\$ 1.13</u>	<u>\$ 0.70</u>	<u>\$ 2.17</u>	<u>\$ 0.96</u>
Weighted average shares outstanding .....	20,323	20,904	20,355	21,090
Diluted results per share of common stock:				
Income from continuing operations excluding realized investment losses .....	\$ 1.09	\$ 0.93	\$ 2.15	\$ 1.85
Realized investment losses, net of taxes .....	-	<u>(0.25)</u>	<u>(0.04)</u>	<u>(0.29)</u>
Income from continuing operations.....	1.09	0.68	2.11	1.56
Loss on disposal of discontinued operations, net of taxes ..	-	-	-	<u>(0.63)</u>
Net income .....	<u>\$ 1.09</u>	<u>\$ 0.68</u>	<u>\$ 2.11</u>	<u>\$ 0.93</u>
Weighted average shares outstanding .....	20,968	21,608	20,982	21,818

Note: The June 1999 results have been restated to reflect the rescission of a reinsurance contract and the 2% stock dividend distributed December 15, 1999. Shares outstanding have also been restated to reflect the stock dividend.

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

	<u>06/30/00</u>	<u>12/31/99</u>
Assets:		
Invested assets .....	\$ 2,638,115	\$ 2,515,810
Other assets .....	<u>945,432</u>	<u>879,878</u>
Total assets .....	<u>\$ 3,583,547</u>	<u>\$ 3,395,688</u>
Liabilities and shareholders' equity:		
Policy liabilities and accruals .....	\$ 1,165,033	\$ 1,140,687
Policyholder account balances .....	721,260	676,664
Corporate debt.....	274,841	283,938
Other liabilities .....	<u>828,530</u>	<u>692,982</u>
Total liabilities .....	2,989,664	2,794,271
Capital Securities of Delphi Funding L.L.C. ....	100,000	100,000
Shareholders' equity .....	<u>493,883</u>	<u>501,417</u>
Total liabilities and shareholders' equity .....	<u>\$ 3,583,547</u>	<u>\$ 3,395,688</u>
Diluted book value per share of common stock.....	\$ 24.87	\$ 24.52
Diluted book value per share of common stock before net unrealized depreciation on investments .....	\$ 31.00	\$ 28.96