

Press Release

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Delphi 3Q Operating EPS Grows 13% to \$1.07 Per Share

Wilmington, Delaware -- October 24, 2000 -- Delphi Financial Group, Inc. (NYSE:DFG) today reported that third quarter operating earnings grew 13% to \$1.07 per share, or \$22.6 million, from \$.95 per share, or \$20.5 million, a year ago.⁽¹⁾ These results are attributable to strong operating performance, solid investment returns 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 19% to \$34.4 million in the third quarter of 2000 from the same period a year ago. The group employee benefits combined ratio was 90.9% in the third quarter of 2000 as compared with 96.6% for the third quarter of 1999 and 95.2% for all of 1999. Group employee benefit premiums for the third quarter of 2000 grew nearly 17% after adjusting for loss portfolio transfer business, which is episodic in nature, and the Company's departure from the Federal Employee Group Life Insurance Program and other pools. The Company's decision to exit these businesses and reallocate capital to its core lines of business has led to improved profit margins. Group employee benefit production of \$56.4 million during the third quarter of 2000 increased 35% from the third quarter of 1999. New annuity production grew to \$40.9 million, up 61% from the third quarter of 1999, and reached \$119.4 million for the first nine months of 2000 compared to \$78.8 million for all of 1999.

Operating earnings for the first nine months of 2000 were \$3.23 per share, or \$67.9 million, up 15% from \$2.80 per share, or \$60.8 million, a year ago.⁽¹⁾ The group employee benefits combined ratio was 92.7% in the first nine months of 2000 as compared with 95.1% for the same period in 1999.

Robert Rosenkranz, Chairman and Chief Executive Officer, said, "We are very pleased with our performance for the third quarter of 2000. Our core businesses produced good growth; profit margins expanded in insurance operations and investment results were solid. The environment has improved for several of our products, in particular excess workers' compensation, and we look forward to focusing on these opportunities."

Net income for the third quarter of 2000 was up 28% to \$21.3 million, or \$1.01 per share, and included realized investment losses, net of taxes, of \$1.3 million, or \$.06 per share. Net income for the third quarter of 1999 was \$16.7 million, or \$.77 per share, and included realized investment losses, net of taxes, of \$3.8 million, or \$.18 per share. Net income for the first nine months of 2000 was up 77% to \$65.5 million, or \$3.11 per share, and included realized investment losses, net of taxes, of \$2.4 million, or \$.12 per share. Net income for the first nine months of 1999 was \$37.0 million, or \$1.70 per share, and included realized investment losses, net of taxes, of \$9.9 million, or \$.46 per share, and a loss from discontinued operations of \$13.8 million, or \$.64 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.

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)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>09/30/00</u>	<u>09/30/99</u>	<u>09/30/00</u>	<u>09/30/99</u>
Revenue:				
Premium and fee income	\$ 120,961	\$ 126,317	\$ 345,843	\$ 365,306
Net investment income	<u>45,687</u>	<u>46,258</u>	<u>142,899</u>	<u>134,412</u>
	166,648	172,575	488,742	499,718
Benefits and expenses:				
Benefits, claims and interest credited to policyholders	88,225	100,830	255,900	286,432
Commissions and expenses.....	<u>37,674</u>	<u>35,139</u>	<u>111,281</u>	<u>104,774</u>
	125,899	135,969	367,181	391,206
Operating income	40,749	36,606	121,561	108,512
Interest expense.....	5,357	4,452	16,096	13,275
Income tax expense	11,233	10,186	33,069	29,930
Dividends on Capital Securities of Delphi Funding L.L.C. .	<u>1,513</u>	<u>1,513</u>	<u>4,539</u>	<u>4,539</u>
Income from continuing operations excluding realized investment losses.....	22,646	20,455	67,857	60,768
Realized investment losses, net of taxes	<u>(1,344)</u>	<u>(3,763)</u>	<u>(2,353)</u>	<u>(9,936)</u>
Income from continuing operations	21,302	16,692	65,504	50,832
Loss on disposal of discontinued operations, net of taxes....	-	-	-	(13,847)
Net income	<u>\$ 21,302</u>	<u>\$ 16,692</u>	<u>\$ 65,504</u>	<u>\$ 36,985</u>
Basic results per share of common stock:				
Income from continuing operations excluding realized investment losses	\$ 1.11	\$ 0.98	\$ 3.33	\$ 2.89
Realized investment losses, net of taxes.....	<u>(0.06)</u>	<u>(0.18)</u>	<u>(0.11)</u>	<u>(0.47)</u>
Income from continuing operations	1.05	0.80	3.22	2.42
Loss on disposal of discontinued operations, net of taxes	-	-	-	(0.66)
Net income	<u>\$ 1.05</u>	<u>\$ 0.80</u>	<u>\$ 3.22</u>	<u>\$ 1.76</u>
Weighted average shares outstanding	20,358	20,864	20,356	21,014
Diluted results per share of common stock:				
Income from continuing operations excluding realized investment losses	\$ 1.07	\$ 0.95	\$ 3.23	\$ 2.80
Realized investment losses, net of taxes.....	<u>(0.06)</u>	<u>(0.18)</u>	<u>(0.12)</u>	<u>(0.46)</u>
Income from continuing operations	1.01	0.77	3.11	2.34
Loss on disposal of discontinued operations, net of taxes	-	-	-	(0.64)
Net income	<u>\$ 1.01</u>	<u>\$ 0.77</u>	<u>\$ 3.11</u>	<u>\$ 1.70</u>
Weighted average shares outstanding	21,154	21,569	21,039	21,735

Note: The September 1999 results have been restated to reflect the rescission of a reinsurance contract and the 2% stock dividend distributed in December, 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>09/30/00</u>	<u>12/31/99</u>
Assets:		
Invested assets	\$ 2,630,694	\$ 2,515,810
Other assets	<u>940,729</u>	<u>879,878</u>
Total assets	<u>\$ 3,571,423</u>	<u>\$ 3,395,688</u>
Liabilities and shareholders=equity:		
Policy liabilities and accruals	\$ 1,173,728	\$ 1,140,687
Policyholder account balances.....	742,619	676,664
Corporate debt	267,806	283,938
Other liabilities.....	<u>771,353</u>	<u>692,982</u>
Total liabilities.....	2,955,506	2,794,271
Capital Securities of Delphi Funding L.L.C.	100,000	100,000
Shareholders=equity	<u>515,917</u>	<u>501,417</u>
Total liabilities and shareholders=equity.....	<u>\$ 3,571,423</u>	<u>\$ 3,395,688</u>
Diluted book value per share of common stock	\$ 26.05	\$ 24.52
Diluted book value per share of common stock before		
net unrealized depreciation on investments	\$ 32.18	\$ 28.96