

Press Release

Contact: Investor Relations
Phone: 267-256-3943
E-mail: invrel@dlfi.com

FOR IMMEDIATE RELEASE
4/24/2001 5:15 EST

Delphi Announces First Quarter 2001 Results

Wilmington, Delaware – April 24, 2001 -- Delphi Financial Group, Inc. (NYSE: DFG) today announced first quarter 2001 operating earnings⁽¹⁾ of \$0.82 per share, or \$17.3 million. These levels are on plan, and consistent with the earnings guidance of \$3.50 for 2001 that the Company has provided. Net income for the quarter was \$0.98 per share, or \$20.6 million. Net income includes a \$0.15 per share gain on the repurchase of Capital Securities and realized investment gains of \$0.01 per share.

During the quarter, the Company substantially completed its deleveraging strategy. Bank debt of \$150 million was repaid in full, and \$21.3 million of Capital Securities were repurchased. By quarter end, the ratio of debt to total capitalization was reduced to 15%, down from 30% at year-end and 32% a year ago.

The substantial reduction in trading account securities and other higher yielding investment activities at the holding company had the anticipated effect of reducing operating net income per share compared with last year. But the Company's deleveraging strategy was designed to allow insurance operations to be clearly reflected. And these results were indeed excellent.

Core group employee benefit premiums grew 14% from the same period a year ago. Group employee benefits combined ratio was 92.0% in the first quarter, in line with full year 2000 results, and significantly improved from 95.1% in the first quarter of 2000. Pricing trends continue strong in the flagship excess workers' compensation and long-term disability lines. The Company maintained disciplined pricing of our annuity products in the first quarter, deliberately cutting back on new production as competitors failed to react quickly enough to declining interest rates.

Robert Rosenkranz, Chairman and Chief Executive Officer, commented, "We are very pleased with the performance of our insurance operations during the first quarter of 2001. The strength of these operations is more readily apparent after the substantial completion of our deleveraging strategy. Core premiums were up decisively and profitability remained strong. We also paid our first quarterly cash dividend of \$0.07 per share in March."

On April 25, 2001 at 11:00 AM (Eastern Daylight Time), Delphi will broadcast the Company's first quarter 2001 earnings teleconference live on the Internet, hosted by Robert Rosenkranz, Chairman and Chief Executive Officer. Investors can access the broadcast at www.delphifin.com. It is advisable to register at least 15 minutes prior to the call to download and install any necessary audio software. The on-line replay will be available for one week beginning at approximately 1:00 PM (Eastern Daylight Time) on April 25, 2001.

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, prospects, outlooks 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, competitive and other 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, federal and state legislative and regulatory developments, including but not limited to changes in financial services and tax laws and regulations, 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 and changes in Delphi's investment strategy, 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 gains and losses and extraordinary gain. All per share amounts are on a diluted basis.

#####

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

	<u>Three Months Ended</u>	
	<u>03/31/01</u>	<u>03/31/00</u>
Revenue:		
Premium and fee income.....	\$ 123,305	\$ 112,759
Net investment income.....	<u>39,066</u>	<u>50,676</u>
	<u>162,371</u>	<u>163,435</u>
Benefits and expenses:		
Benefits, claims and interest credited to policyholders.....	89,699	85,771
Commissions and expenses.....	<u>41,067</u>	<u>37,446</u>
	<u>130,766</u>	<u>123,217</u>
Operating income.....	31,605	40,218
Interest expense.....	3,809	5,359
Income tax expense.....	8,981	11,046
Dividends on Capital Securities of Delphi Funding L.L.C.....	<u>1,480</u>	<u>1,513</u>
Income before realized investment gains (losses) and extraordinary gain.....	17,335	22,300
Realized investment gains (losses), net of taxes.....	293	(1,006)
Extraordinary gain on repurchase of Capital Securities, net of taxes.....	<u>3,017</u>	<u>-</u>
Net income.....	<u>\$ 20,645</u>	<u>\$ 21,294</u>
Basic results per share of common stock:		
Income before realized investment gains (losses) and extraordinary gain.....	\$ 0.84	\$ 1.09
Realized investment gains (losses), net of taxes.....	0.01	(0.05)
Extraordinary gain on repurchase of Capital Securities, net of taxes.....	<u>0.16</u>	<u>-</u>
Net income.....	<u>\$ 1.01</u>	<u>\$ 1.04</u>
Weighted average shares outstanding (in thousands).....	20,528	20,387
Diluted results per share of common stock:		
Income before realized investment gains (losses) and extraordinary gain.....	\$ 0.82	\$ 1.06
Realized investment gains (losses), net of taxes.....	0.01	(0.05)
Extraordinary gain on repurchase of Capital Securities, net of taxes.....	<u>0.15</u>	<u>-</u>
Net income.....	<u>\$ 0.98</u>	<u>\$ 1.01</u>
Weighted average shares outstanding (in thousands).....	21,090	20,996

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

	<u>03/31/01</u>	<u>12/31/00</u>
Assets:		
Invested assets.....	\$ 2,390,165	\$ 2,488,289
Other assets	<u>983,050</u>	<u>951,721</u>
Total assets.....	<u>\$ 3,373,215</u>	<u>\$ 3,440,010</u>
Liabilities and shareholders' equity:		
Policy liabilities and accruals.....	\$ 1,189,318	\$ 1,170,144
Policyholder account balances	794,548	782,452
Corporate debt.....	117,733	267,770
Other liabilities.....	<u>620,096</u>	<u>581,451</u>
Total liabilities	2,721,695	2,801,817
Capital Securities of Delphi Funding L.L.C.....	78,750	100,000
Shareholders' equity.....	<u>572,770</u>	<u>538,193</u>
Total liabilities and shareholders' equity	<u>\$ 3,373,215</u>	<u>\$ 3,440,010</u>
Diluted book value per share of common stock	\$ 28.01	\$ 26.87
Diluted book value per share of common stock before net unrealized depreciation on investments	\$ 29.67	\$ 29.15