

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 7, 2008

DELPHI FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-11462	13-3427277
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1105 North Market Street, Suite 1230, P.O. Box 8985, Wilmington, DE 19899	
-----	-----
(Address of principal executive offices)	(ZIP Code)

Registrant's telephone number, including area code 302-478-5142

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

(e) On May 7, 2008, the Compensation Committee (the "Committee") of the Registrant's Board of Directors approved the amendment and consolidation of the option award agreements governing the performance-contingent incentive options previously granted to the seven members of executive management of the Registrant's subsidiary, Reliance Standard Life Insurance Company ("RSL"), including, among others, Lawrence E. Daurelle, President and Chief Executive Officer of RSL, and Thomas W. Burghart, Senior Vice President and Treasurer of the Registrant and of RSL, pursuant to the Registrant's 2003 Employee Long-Term Incentive and Share Award Plan (the "2003 Plan") and Second Amended and Restated Employee Stock Option Plan (the "Second Restated Plan"). The amendments effected by such consolidated agreements entailed, among other things, the modification of the definition of generally accepted accounting principles for purposes of application of the financial performance conditions contained therein and the elimination of the Registrant's option to make cash payments to the optionees in lieu of accelerated option vesting in certain employment termination circumstances. Complete copies of the consolidated option award agreements for Messrs. Daurelle and Burghart are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated by reference herein.

Also on May 7, 2008, the Registrant's Board of Directors approved various amendments to the 2003 Plan, the Second Restated Plan and the Registrant's Employee Stock Purchase Plan (the "ESPP"). These amendments were for the purpose of clarifying the effect of stock splits, stock dividends and similar events under the 2003 Plan and the ESPP and, in the cases of the 2003 Plan and the Second Restated Plan, providing for accelerated option vesting upon the death or disability of an optionee. Copies of the amendments to the 2003 Plan, the Second Restated Plan, and the ESPP are attached hereto as Exhibit 10.3, Exhibit 10.4, and Exhibit 10.5, respectively, and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit Number -----	Description of Exhibit -----
10.1	Consolidated Award Agreement for Lawrence E. Daurelle
10.2	Consolidated Award Agreement for Thomas W. Burghart
10.3	Amendment to 2003 Employee Long-Term Incentive and Share Award Plan
10.4	Amendment to Second Amended and Restated Employee Stock Option Plan
10.5	Amendment to Employee Stock Purchase Plan

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELPHI FINANCIAL GROUP, INC.

/s/ ROBERT ROSENKRANZ

Robert Rosenkranz
Chairman of the Board
and Chief Executive Officer
(Principal Executive Officer)

Date: May 13, 2008

May 12, 2008

Lawrence E. Daurelle
c/o Reliance Standard Life Insurance Company
2001 Market Street, Suite 1500
Philadelphia, Pennsylvania 19103-7303

Re: Amendment and Consolidation of Prior Stock Option Award
Agreements

Dear Larry:

This letter will serve as notice that, by action of the Compensation Committee (the "Committee") of the Board of Directors of Delphi Financial Group, Inc. (the "Company") taken on May 7, 2008, the terms and conditions of the options (collectively, the "Options") to purchase (a) up to 225,000 shares of Delphi's Class A Common Stock (the "Stock") at the price of \$27.8733 per share (the "First Options") granted to you on April 22, 2004 and (b) up to 75,000 shares of the Stock at the price of \$31.10 per share (the "Second Options") granted to you on December 28, 2005, each pursuant to the Company's 2003 Employee Long-Term Incentive and Share Award Plan, as amended (the "Plan"), as described in the Award Agreements dated May 19, 2004, and January 4, 2006 (collectively, the "Prior Award Agreements"), respectively have, pursuant to Section 9(d) of the Plan and subject to your consent thereto, been amended and restated in accordance with the terms hereof. The share amounts and exercise prices reflected in the preceding sentence reflect adjustments previously made pursuant to the Plan to take into account the effect of the Company's 3-for-2 stock split effected in June 2006. Capitalized terms used but not defined herein shall have the respective meanings set forth in the Plan.

As previously confirmed in the letter to you dated February 28, 2007, 112,500 of the First Options have previously become exercisable (such Options, the "Vested First Options"). The remainder of the First Options (the "Unvested First Options") and the Second Options (together with the Unvested First Options, the "Unvested Options"), will become exercisable, in accordance with

Lawrence E. Daurelle
May 12, 2008
Page 2

the procedures set forth herein, in their entirety if the aggregate Pre-Tax Operating Income, as defined in Exhibit A hereto ("Pre-Tax Operating Income"), of Reliance Standard Life Insurance Company of Texas and its consolidated subsidiaries (collectively, "the RSL Companies") for the period consisting of Delphi's 2004, 2005, 2006, 2007 and 2008 fiscal years (the "Performance Period") is at least \$646,159,683.

Alternatively, if the RSL Companies' aggregate Pre-Tax Operating Income for such period does not reach \$646,159,683, but is greater than \$559,927,799, a reduced number of the Unvested Options shall become exercisable in accordance with such procedures, to be determined by interpolating between zero and 112,500 (in the case of the Unvested First Options) and zero and 75,000 (in the case of the Second Options), in both cases in relation to the point at which the Pre-Tax Operating Income amount falls in the range between \$559,927,799 and \$646,159,683.

In addition, if prior to December 31, 2008, your employment with Delphi's subsidiary, Reliance Standard Life Insurance Company ("RSL"), terminates due to death or Disability or is terminated by RSL without Cause or by you for Good Reason, then, notwithstanding any provisions hereof or of the Plan to the contrary, with respect to the Unvested Options, such Unvested Options will become exercisable at such time, if any, as would have been the case pursuant to the two preceding paragraphs if not for such termination; provided, however, that the number of Unvested Options that becomes exercisable will, in each case, be reduced by a percentage equal to the applicable percentage of the Performance Period during which you were not employed by RSL by reason of such termination. For purposes of this paragraph, the following definitions shall apply:

"Disability" shall mean an illness, injury, accident or condition of either a physical or psychological nature as a result of which you are unable to perform substantially the duties and responsibilities of your position during a period of 180 days during a period of 365 consecutive calendar days.

"Cause" shall mean (i) conviction of a felony or other crime involving fraud, dishonesty or moral turpitude, (ii) fraud or intentional misrepresentation, embezzlement, misappropriation

Lawrence E. Daurelle
May 12, 2008
Page 3

or conversion of assets or opportunities of Delphi or any Subsidiary thereof, or any unauthorized disclosure of confidential information or trade secrets of Delphi or any Subsidiary thereof (a "Breach of Confidentiality"), or (iii) gross neglect of duties of your office specified by the Board of Directors of RSL.

"Good Reason" shall mean with respect to the Unvested Options, (i) reduction of your base salary for any fiscal year to less than 100 percent of the rate of base salary in effect for you as in effect on the respective dates of grant thereof; or (ii) the failure of RSL to continue in effect any retirement, life insurance, medical insurance or disability plan in which you were participating on the respective dates of grant thereof, except, as to any such plan, where RSL provides you with a plan that provides substantially comparable benefits or where the discontinuation of such plan applies generally with respect to the employees of RSL (or, in the case of a plan furnished only to a specified group of RSL employees, with respect to such group).

Unvested Options which do not become exercisable pursuant to the preceding provisions of this Award Agreement shall expire and terminate in their entirety without becoming exercisable.

For purposes of application of the foregoing provisions relating to the exercisability of the Unvested Options, the following procedures shall apply:

Each determination of Pre-Tax Operating Income shall be made by Delphi, based upon a statement of operations of the RSL Companies for the applicable period conforming to the provisions of Exhibit A hereto and in form and substance reasonably acceptable to Delphi.

Delphi shall notify you in writing, within 65 days following the close of the Performance Period, of its determination as to the level of aggregate Pre-Tax Operating Income achieved and, based on such determination, the extent to which the Unvested Options have become exercisable pursuant to the second (or, if applicable, third) paragraph of this Award Agreement. Unvested Options having become exercisable, as

Lawrence E. Daurelle
May 12, 2008
Page 4

described in such notice, shall for all purposes of the Plan be exercisable immediately as of the date of such notice.

The Vested First Options, as well as the Unvested First Options that become exercisable as provided herein, will, if not sooner exercised or terminated pursuant to the provisions hereof, terminate at the close of business on April 22, 2014 (in the case of all of the First Options) and December 28, 2015 (in the case of the Second Options). The Options are in all respects subject to each of the terms and conditions of the Plan, a copy of which is attached hereto as Exhibit B, except as otherwise provided herein and except that: (i) the provisions of Sections 5(b)(iii), (iv), (vi) and (viii) of the Plan will not limit your ability to exercise, following a termination of your employment by RSL or for the other reasons set forth therein, Options having become exercisable as of the date of such termination or that become exercisable thereafter pursuant to the third paragraph of this Award Agreement; provided, however, that the Options will terminate in their entirety upon the occurrence of a Breach of Confidentiality on your part occurring subsequent to such termination of employment; (ii) for purposes of Section 5(b)(v) of the Plan, your discharge for cause shall result in the termination of Options that are exercisable at the time of such discharge only where the Committee determines that the discharge was based on an event of the type described in clause (ii) of the definition of "Cause" above; and (iii) notwithstanding the provisions of Section 5(b)(ix) of the Plan, the exercise price for the Options may be paid by your directing that Delphi withhold from the Option shares a number of shares having a market value, at the time of exercise, equal to such exercise price, so long as such payment method will not, in Delphi's judgment, result in adverse accounting consequences for Delphi; and (iv) the provisions of Section 8(a) of the Plan shall not apply to the Options.

In addition, if RSL terminates your employment without Cause or if you terminate your employment for Good Reason (as such term is defined above) subsequent to the occurrence of a Change of Ownership, and all or a portion of the Unvested Options remain outstanding as of the date (the "Termination Date") of such termination (whether such Options are then exercisable for shares of Delphi or another company, cash or

Lawrence E. Daurelle
May 12, 2008
Page 5

other property), the remaining Unvested Options shall become exercisable in their entirety. For purposes of this paragraph:

"Change of Ownership" shall mean, in addition to the events specified in the definition of such term contained in the Plan, the occurrence of any transaction pursuant to which Delphi ceases to own, directly or indirectly, a majority of the total voting power of the voting securities of RSL.

"Performance Condition" shall mean the attainment by the RSL Companies, for the period commencing on January 1, 2004 through and including the full calendar quarter most recently having been completed as of the Termination Date, of aggregate Pre-Tax Operating Income in an amount representing a compound average annualized growth rate of at least eleven percent (11%), as compared with the 2003 base amount of \$80,998,000. For example, as to a Termination Date occurring on July 12, 2008, the Performance Condition would relate to the period from January 1, 2004 through June 30, 2008, and would require that aggregate Pre-Tax Operating Income for such period equal at least \$491,684,629.

Finally, in accordance with Section 6(d) of the Plan, this will confirm that you may, upon written notice to Delphi, transfer the Options, for or without consideration, to members of your immediate family (as defined below), to a partnership or limited liability company in which one or more of your immediate family members are the only partners or members, or to a trust or trusts established for your exclusive benefit or the exclusive benefit of one or more members of your immediate family. Any Options held by the transferee will continue to be subject to the same terms and conditions that were applicable to the Options immediately prior to the transfer, except that the Options will be transferable by the transferee only by will or the laws of descent and distribution. For purposes hereof, "immediate family" means your children, grandchildren, and spouse. You are further advised that, under existing rules of the Securities and Exchange Commission, any Form S-8 registration statement filed by Delphi relating to the Plan will not cover the exercise of Options transferred for consideration, and therefore, such exercise would be required to be covered by an effective registration statement under the Securities Act of

Lawrence E. Daurelle
May 12, 2008
Page 6

1933, as amended (the "1933 Act"), or otherwise be exempt from registration under the 1933 Act, and shares of Stock acquired on such exercise would constitute "restricted securities" within the meaning of Rule 144 under the 1933 Act. No assurance can be given that, under such circumstances, registration under the 1933 Act with respect to such exercise or such shares can or will be effected or that an exemption from such registration will be available.

If you are in agreement with the amended and restated terms and conditions of the Options set forth above, which shall supersede the provisions of the Prior Award Agreements in their entirety, please confirm such agreement and acceptance by executing and dating both counterparts of this Award Agreement and returning one fully executed counterpart to me. The other counterpart should be retained for your files.

Very truly yours,

/s/ CHAD W. COULTER

Chad W. Coulter
Senior Vice President, Secretary
and General Counsel

Agreed:

/s/ LAWRENCE E. DAURELLE
Lawrence E. Daurelle

Date: May 13, 2008

Exhibit A
to
Stock Option Award Agreement

General

Capitalized terms used but not defined herein shall have the meanings given to them in the Stock Option Award Agreement to which this Exhibit A is attached (the "Award Agreement"). For purposes of the Award Agreement, "Pre-Tax Operating Income" shall mean the operating income of the RSL Companies, excluding realized investment gains and losses, net of interest expense and before extraordinary gain or loss and federal income tax expense, all as determined in accordance with Generally Accepted Accounting Principles, as in effect from time to time ("GAAP"), subject to the Special Adjustments for which this Exhibit A provides.

Special Adjustments

Adjustment events: Each of the following shall constitute an Adjustment Event for purposes of the Award Agreement:

(A) the receipt by Delphi Financial Group, Inc. ("DFG") from the RSL Companies of stockholder dividends exceeding (i) \$16,300,000 in the aggregate during the period consisting of Delphi's 2004, 2005 and 2006 fiscal years or (ii) \$27,200,000 in the aggregate during the period consisting of the 2004, 2005, 2006, 2007 and 2008 fiscal years (the "Performance Period");

(B) the making by DFG of capital and/or surplus contributions to any of the RSL Companies at any time during the Performance Period, regardless of the form of such contribution, which, taken together with any previous such contributions during the Performance Period, exceed \$10,000,000 in the aggregate;

(C) the acquisition by DFG, directly or indirectly, of a company or a division or business unit thereof by merger, consolidation, purchase of equity interests or assets or any other similar transaction, the business activities of which are substantially related to any of the business activities then conducted (or intended to be conducted subsequent to such acquisition) by the RSL

Companies.

Upon the occurrence of an Adjustment Event, DFG executive management, in consultation with the Chief Executive Officer of the RSL Companies, may recommend to the Committee any amendments or modifications to the conditions to vesting of the Options relating to the financial performance of the RSL Companies, as set forth in the second paragraph of the Award Agreement (the "Vesting Provisions"), which DFG executive management believes in good faith to be necessary or appropriate to take into account the effect of such Adjustment Event, including but not limited to the adjustment of one or more of the Pre-Tax Operating Income thresholds set forth therein. It is anticipated that such adjustments will consist of reductions (in the case of an Adjustment Event described in clause (A) above) and increases (in the case of an Adjustment Event described in clause (B) above) in such thresholds, respectively, by applying an appropriate interest factor to the relevant amounts paid as dividends or contributed to capital, as the case may be.

Upon receipt of any such recommendation, the Committee shall determine in its sole discretion whether to amend or modify the Vesting Provisions based on the relevant Adjustment Event, and the terms and conditions of any such amendment or modification. Any such amendment or modification shall be communicated in writing to, and shall be final and binding on, each holder of Stock options whose terms contain goals relating to Pre-Tax Operating Income for the Performance Period (collectively, the "RSL Optionholders"). For the purpose of avoidance of doubt, no such amendment or modification shall be deemed to have materially and adversely affected the rights of any RSL Optionholder under the Options for any purpose of Section 9(d) of the Plan.

Employee option expenses: SFAS 123 expenses attributable to options granted to RSL employees on or after January 1, 2004 (other than the options granted to the RSL Optionholders) shall be included as items of expense.

Arbitration

Delphi shall provide each RSL Optionholder with a detailed written calculation supporting Delphi's determination as to

whether the applicable goal has been achieved (each, a "Delphi Determination") and, where such calculation indicates such goal having been achieved, confirming the number of Options having become exercisable as a result thereof, within ninety (90) days after the completion of the Performance Period. If a majority of the RSL Optionholders shall disagree with any Delphi Determination, the RSL Optionholders shall give written notice of such disagreement to Delphi within ten (10) business days after receipt of such Delphi Determination. If within twenty (20) business days after Delphi's receipt of the notice of disagreement from the RSL Optionholders referenced in the immediately preceding sentence, Delphi and the RSL Optionholders are unable to agree with regard to any Delphi Determination, the disagreement may be submitted to arbitration by either Delphi or the RSL Optionholders, which arbitration determination shall be final and binding on the parties. The party instituting the arbitration procedures shall give written notice to the other party of its desire to arbitrate and such notice shall specify the name and address of the person designated to act as an arbitrator on its behalf. Within twenty (20) business days after the service of this notice, the other party shall notify the first party of the appointment of its arbitrator within the twenty (20) business day period specified above, then the appointment of the second arbitrator shall be made in the same manner as hereinafter provided for the appointment of a third arbitrator in a case where the two appointed arbitrators are unable to agree upon a third arbitrator. The two arbitrators so chosen shall meet within 10 business days after the second arbitrator is appointed and shall select the third arbitrator by mutual agreement. If the two arbitrators shall fail to appoint a third arbitrator within 10 business days after the second arbitrator is appointed, then the third arbitrator shall be appointed by the American Arbitration Association ("AAA"), or any organization successor thereto, in accordance with its prevailing rules. Each arbitrator chosen or appointed pursuant to the foregoing provisions shall be an active or retired officer of an insurance or reinsurance company and shall be a disinterested person.

The arbitrators shall review the provisions of this Exhibit A and the Award Agreement, as well as any other documents or materials supplied by either party supporting such party's position. The arbitrators shall render their

decision with regard to the disputed Delphi Determination upon the concurrence of at least two of their number not later than thirty (30) business days after the appointment of the third arbitrator. The decision of the arbitrators shall be in writing and counterpart copies shall be delivered to each of Delphi and the RSL Optionholders. In rendering their decision, the arbitrators shall have no power to modify any of the provisions of the Award Agreement or this Exhibit A. All arbitration proceedings shall occur in Philadelphia, Pennsylvania. Judgment may be entered on the award of the arbitrators and may be enforced in accordance with the laws of the Commonwealth of Pennsylvania.

Immediately upon a party hereto giving written notice of its desire to arbitrate hereunder, Delphi agrees upon request to provide the RSL Optionholders with access to the books and records of the RSL Companies which reasonably relate to the Delphi Determinations (including, without limitation, examination rights and the right to make abstracts or copies from such books and records) during the normal business hours of RSL.

Each party shall pay the fees and expenses of the original arbitrator that it appointed (or in the case of the second party, the arbitrator appointed on its behalf if it should fail to appoint its own arbitrator). The fees and expenses of the third arbitrator and all other expenses of the arbitrators shall be borne by Delphi, on one hand, and the RSL Optionholders, on the other hand, equally. Each party shall bear the expense of its own counsel and the preparation and presentation of proof or supportive documentation.

May 12, 2008

Thomas W. Burghart
c/o Reliance Standard Life Insurance Company
2001 Market Street, Suite 1500
Philadelphia, Pennsylvania 19103-7303

Re: Amendment and Consolidation of Prior Stock Option Award
Agreements

Dear Tom:

This letter will serve as notice that, by action of the Compensation Committee (the "Committee") of the Board of Directors of Delphi Financial Group, Inc. (the "Company") taken on May 7, 2008, the terms and conditions of the options (collectively, the "Options") to purchase (a) up to 225,000 shares of Delphi's Class A Common Stock (the "Stock") at the price of \$27.8733 per share (the "First Options") granted to you on April 22, 2004 pursuant to the Company's 2003 Employee Long-Term Incentive and Share Award Plan, as amended (the "2003 Plan"), and (b) up to 75,000 shares of the Stock at the price of \$31.10 per share (the "Second Options") granted to you on December 28, 2005, pursuant to the Company's Second Amended and Restated Employee Stock Option Plan, as amended (the "Restated Plan" and, together with the 2003 Plan, the "Plans"), as described in the Award Agreements dated May 19, 2004, and January 4, 2006 (collectively, the "Prior Award Agreements"), respectively have, pursuant to Section 9(d) of the 2003 Plan and Section 5(n) of the Restated Plan, subject to your consent thereto, been amended and restated in accordance with the terms hereof. The share amounts and exercise prices reflected in the preceding sentence reflect adjustments previously made pursuant to the Plans to take into account the effect of the Company's 3-for-2 stock split effected in June 2006. Capitalized terms used but not defined herein shall have the respective meanings set forth in the 2003 Plan (in relation to the First Options) and the Restated Plan (in relation to the Second Options), and all references herein to specific provisions of the Plans shall relate to (and only to) the Options having been granted under the referenced Plan.

As previously confirmed in the letter to you dated February 28, 2007, 112,500 of the First Options have previously become exercisable (such Options, the "Vested First Options"). The remainder of the First Options (the "Unvested First Options") and the Second Options (together with the Unvested First Options, the "Unvested Options"), will become exercisable, in accordance with the procedures set forth herein, in their entirety if the aggregate Pre-Tax Operating Income, as defined in Exhibit A hereto ("Pre-Tax Operating Income"), of Reliance Standard Life Insurance Company of Texas and its consolidated subsidiaries (collectively, "the RSL Companies") for the period consisting of Delphi's 2004, 2005, 2006, 2007 and 2008 fiscal years (the "Performance Period") is at least \$646,159,683.

Alternatively, if the RSL Companies' aggregate Pre-Tax Operating Income for such period does not reach \$646,159,683, but is greater than \$559,927,799, a reduced number of the Unvested Options shall become exercisable in accordance with such procedures, to be determined by interpolating between zero and 112,500 (in the case of the Unvested First Options) and zero and 75,000 (in the case of the Second Options), in both cases in relation to the point at which the Pre-Tax Operating Income amount falls in the range between \$559,927,799 and \$646,159,683.

In addition, if prior to December 31, 2008, your employment with Delphi's subsidiary, Reliance Standard Life Insurance Company ("RSL"), terminates due to death or Disability or is terminated by RSL without Cause or by you for Good Reason, then, notwithstanding any provisions hereof or of the Plans to the contrary, with respect to the Unvested Options, such Unvested Options will become exercisable at such time, if any, as would have been the case pursuant to the two preceding paragraphs if not for such termination; provided, however, that the number of Unvested Options that becomes exercisable will, in each case, be reduced by a percentage equal to the applicable percentage of the Performance Period during which you were not employed by RSL by reason of such termination. For purposes of this paragraph, the following definitions shall apply:

"Disability" shall mean an illness, injury, accident or condition of either a physical or psychological nature as a result of which you are unable to perform substantially the duties and responsibilities of your position during a period of 180 days during a period of 365 consecutive calendar days.

"Cause" shall mean (i) conviction of a felony or other

crime involving fraud, dishonesty or moral turpitude, (ii) fraud or intentional misrepresentation, embezzlement, misappropriation or conversion of assets or opportunities of Delphi or any Subsidiary thereof, or any unauthorized disclosure of confidential information or trade secrets of Delphi or any Subsidiary thereof (a "Breach of Confidentiality"), or (iii) gross neglect of duties of your office specified by the Board of Directors of RSL.

"Good Reason" shall mean with respect to the Unvested Options, (i) reduction of your base salary for any fiscal year to less than 100 percent of the rate of base salary in effect for you as in effect on the respective dates of grant thereof; or (ii) the failure of RSL to continue in effect any retirement, life insurance, medical insurance or disability plan in which you were participating on the respective dates of grant thereof, except, as to any such plan, where RSL provides you with a plan that provides substantially comparable benefits or where the discontinuation of such plan applies generally with respect to the employees of RSL (or, in the case of a plan furnished only to a specified group of RSL employees, with respect to such group).

Unvested Options which do not become exercisable pursuant to the preceding provisions of this Award Agreement shall expire and terminate in their entirety without becoming exercisable.

For purposes of application of the foregoing provisions relating to the exercisability of the Unvested Options, the following procedures shall apply:

Each determination of Pre-Tax Operating Income shall be made by Delphi, based upon a statement of operations of the RSL Companies for the applicable period conforming to the provisions of Exhibit A hereto and in form and substance reasonably acceptable to Delphi.

Delphi shall notify you in writing, within 65 days following the close of the Performance Period, of its determination as to the level of aggregate Pre-Tax Operating Income achieved and, based on such determination, the extent to which the Unvested Options have become exercisable pursuant to the second (or, if applicable, third) paragraph of this Award Agreement. Unvested Options having become exercisable, as described in such notice, shall for all purposes of the 2003 Plan (in the case of the First Options) and the Restated Plan

(in the case of the Second Options) be exercisable immediately as of the date of such notice.

The Vested First Options, as well as the Unvested First Options that become exercisable as provided herein, will, if not sooner exercised or terminated pursuant to the provisions hereof, terminate at the close of business on April 22, 2014 (in the case of all of the First Options) and December 28, 2015 (in the case of the Second Options). The Options are in all respects subject to each of the terms and conditions of the respective Plans under which they were granted, except as otherwise provided herein and except that: (i) the provisions of Sections 5(b)(iii), (iv), (vi) and (viii) of the 2003 Plan and Sections 5(f), 5(g), 5(i) and 5(k) of the Restated Plan will not limit your ability to exercise, following a termination of your employment by RSL or for the other reasons set forth therein, Options having become exercisable as of the date of such termination or that become exercisable thereafter pursuant to the third paragraph of this Award Agreement; provided, however, that the Options will terminate in their entirety upon the occurrence of a Breach of Confidentiality on your part occurring subsequent to such termination of employment; (ii) for purposes of Section 5(b)(v) of the 2003 Plan and Section 5(h) of the Restated Plan, your discharge for cause shall result in the termination of Options that are exercisable at the time of such discharge only where the Committee determines that the discharge was based on an event of the type described in clause (ii) of the definition of "Cause" above; and (iii) notwithstanding the provisions of Section 5(b)(ix) of the 2003 Plan and Section 5(d) of the Restated Plan, the exercise price for the Options may be paid by your directing that Delphi withhold from the Option shares a number of shares having a market value, at the time of exercise, equal to such exercise price, so long as such payment method will not, in Delphi's judgment, result in adverse accounting consequences for Delphi; and (iv) the provisions of Section 8(a) of the 2003 Plan and Section 5(e)(iii) of the Restated Plan shall not apply to the Options.

In addition, if RSL terminates your employment without Cause or if you terminate your employment for Good Reason (as such term is defined above) subsequent to the occurrence of a Change of Ownership, and all or a portion of the Unvested Options remain outstanding as of the date (the "Termination Date") of such termination (whether such Options are then exercisable for shares of Delphi or another company, cash or other property), the remaining Unvested Options shall become

exercisable in their entirety. For purposes of this paragraph:

"Change of Ownership" shall mean, in addition to the events specified in the definition of such term contained in the Plans, the occurrence of any transaction pursuant to which Delphi ceases to own, directly or indirectly, a majority of the total voting power of the voting securities of RSL.

"Performance Condition" shall mean the attainment by the RSL Companies, for the period commencing on January 1, 2004 through and including the full calendar quarter most recently having been completed as of the Termination Date, of aggregate Pre-Tax Operating Income in an amount representing a compound average annualized growth rate of at least eleven percent (11%), as compared with the 2003 base amount of \$80,998,000. For example, as to a Termination Date occurring on July 12, 2008, the Performance Condition would relate to the period from January 1, 2004 through June 30, 2008, and would require that aggregate Pre-Tax Operating Income for such period equal at least \$491,684,629.

Finally, in accordance with Section 6(d) of the 2003 Plan and Section 5(e)(i) of the Restated Plan, this will confirm that you may, upon written notice to Delphi, transfer the Options, for or without consideration, to members of your immediate family (as defined below), to a partnership or limited liability company in which one or more of your immediate family members are the only partners or members, or to a trust or trusts established for your exclusive benefit or the exclusive benefit of one or more members of your immediate family. Any Options held by the transferee will continue to be subject to the same terms and conditions that were applicable to the Options immediately prior to the transfer, except that the Options will be transferable by the transferee only by will or the laws of descent and distribution. For purposes hereof, "immediate family" means your children, grandchildren, and spouse. You are further advised that, under existing rules of the Securities and Exchange Commission, any Form S-8 registration statement filed by Delphi relating to the Plan will not cover the exercise of Options transferred for consideration, and therefore, such exercise would be required to be covered by an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), or otherwise be exempt from registration under the 1933 Act, and shares of Stock acquired on such exercise would constitute "restricted securities" within the meaning of Rule 144 under the 1933 Act. No assurance can be

given that, under such circumstances, registration under the 1933 Act with respect to such exercise or such shares can or will be effected or that an exemption from such registration will be available.

If you are in agreement with the amended and restated terms and conditions of the Options set forth above, which shall supersede the provisions of the Prior Award Agreements in their entirety, please confirm such agreement and acceptance by executing and dating both counterparts of this Award Agreement and returning one fully executed counterpart to me. The other counterpart should be retained for your files.

Very truly yours,

/s/ CHAD W. COULTER

Chad W. Coulter
Senior Vice President, Secretary
and General Counsel

Agreed:

/s/ THOMAS W. BURGHART
Thomas W. Burghart

Date: May 13, 2008

Exhibit A
to
Stock Option Award Agreement

General

Capitalized terms used but not defined herein shall have the meanings given to them in the Stock Option Award Agreement to which this Exhibit A is attached (the "Award Agreement"). For purposes of the Award Agreement, "Pre-Tax Operating Income" shall mean the operating income of the RSL Companies, excluding realized investment gains and losses, net of interest expense and before extraordinary gain or loss and federal income tax expense, all as determined in accordance with Generally Accepted Accounting Principles, as in effect from time to time ("GAAP"), subject to the Special Adjustments for which this Exhibit A provides.

Special Adjustments

Adjustment events: Each of the following shall constitute an Adjustment Event for purposes of the Award Agreement:

(A) the receipt by Delphi Financial Group, Inc. ("DFG") from the RSL Companies of stockholder dividends exceeding (i) \$16,300,000 in the aggregate during the period consisting of Delphi's 2004, 2005 and 2006 fiscal years or (ii) \$27,200,000 in the aggregate during the period consisting of the 2004, 2005, 2006, 2007 and 2008 fiscal years (the "Performance Period");

(B) the making by DFG of capital and/or surplus contributions to any of the RSL Companies at any time during the Performance Period, regardless of the form of such contribution, which, taken together with any previous such contributions during the Performance Period, exceed \$10,000,000 in the aggregate;

(C) the acquisition by DFG, directly or indirectly, of a company or a division or business unit thereof by merger, consolidation, purchase of equity interests or assets or any other similar transaction, the business activities of which are substantially related to any of the business activities then conducted (or intended to be conducted subsequent to such acquisition) by the RSL

Companies.

Upon the occurrence of an Adjustment Event, DFG executive management, in consultation with the Chief Executive Officer of the RSL Companies, may recommend to the Committee any amendments or modifications to the conditions to vesting of the Options relating to the financial performance of the RSL Companies, as set forth in the second paragraph of the Award Agreement (the "Vesting Provisions"), which DFG executive management believes in good faith to be necessary or appropriate to take into account the effect of such Adjustment Event, including but not limited to the adjustment of one or more of the Pre-Tax Operating Income thresholds set forth therein. It is anticipated that such adjustments will consist of reductions (in the case of an Adjustment Event described in clause (A) above) and increases (in the case of an Adjustment Event described in clause (B) above) in such thresholds, respectively, by applying an appropriate interest factor to the relevant amounts paid as dividends or contributed to capital, as the case may be.

Upon receipt of any such recommendation, the Committee shall determine in its sole discretion whether to amend or modify the Vesting Provisions based on the relevant Adjustment Event, and the terms and conditions of any such amendment or modification. Any such amendment or modification shall be communicated in writing to, and shall be final and binding on, each holder of Stock options whose terms contain goals relating to Pre-Tax Operating Income for the Performance Period (collectively, the "RSL Optionholders"). For the purpose of avoidance of doubt, no such amendment or modification shall be deemed to have materially and adversely affected the rights of any RSL Optionholder under the Options for any purpose of Section 9(d) of the Plan.

Employee option expenses: SFAS 123 expenses attributable to options granted to RSL employees on or after January 1, 2004 (other than the options granted to the RSL Optionholders) shall be included as items of expense.

Arbitration

Delphi shall provide each RSL Optionholder with a detailed written calculation supporting Delphi's determination as to

whether the applicable goal has been achieved (each, a "Delphi Determination") and, where such calculation indicates such goal having been achieved, confirming the number of Options having become exercisable as a result thereof, within ninety (90) days after the completion of the Performance Period. If a majority of the RSL Optionholders shall disagree with any Delphi Determination, the RSL Optionholders shall give written notice of such disagreement to Delphi within ten (10) business days after receipt of such Delphi Determination. If within twenty (20) business days after Delphi's receipt of the notice of disagreement from the RSL Optionholders referenced in the immediately preceding sentence, Delphi and the RSL Optionholders are unable to agree with regard to any Delphi Determination, the disagreement may be submitted to arbitration by either Delphi or the RSL Optionholders, which arbitration determination shall be final and binding on the parties. The party instituting the arbitration procedures shall give written notice to the other party of its desire to arbitrate and such notice shall specify the name and address of the person designated to act as an arbitrator on its behalf. Within twenty (20) business days after the service of this notice, the other party shall notify the first party of the appointment of its arbitrator within the twenty (20) business day period specified above, then the appointment of the second arbitrator shall be made in the same manner as hereinafter provided for the appointment of a third arbitrator in a case where the two appointed arbitrators are unable to agree upon a third arbitrator. The two arbitrators so chosen shall meet within 10 business days after the second arbitrator is appointed and shall select the third arbitrator by mutual agreement. If the two arbitrators shall fail to appoint a third arbitrator within 10 business days after the second arbitrator is appointed, then the third arbitrator shall be appointed by the American Arbitration Association ("AAA"), or any organization successor thereto, in accordance with its prevailing rules. Each arbitrator chosen or appointed pursuant to the foregoing provisions shall be an active or retired officer of an insurance or reinsurance company and shall be a disinterested person.

The arbitrators shall review the provisions of this Exhibit A and the Award Agreement, as well as any other documents or materials supplied by either party supporting such party's position. The arbitrators shall render their

decision with regard to the disputed Delphi Determination upon the concurrence of at least two of their number not later than thirty (30) business days after the appointment of the third arbitrator. The decision of the arbitrators shall be in writing and counterpart copies shall be delivered to each of Delphi and the RSL Optionholders. In rendering their decision, the arbitrators shall have no power to modify any of the provisions of the Award Agreement or this Exhibit A. All arbitration proceedings shall occur in Philadelphia, Pennsylvania. Judgment may be entered on the award of the arbitrators and may be enforced in accordance with the laws of the Commonwealth of Pennsylvania.

Immediately upon a party hereto giving written notice of its desire to arbitrate hereunder, Delphi agrees upon request to provide the RSL Optionholders with access to the books and records of the RSL Companies which reasonably relate to the Delphi Determinations (including, without limitation, examination rights and the right to make abstracts or copies from such books and records) during the normal business hours of RSL.

Each party shall pay the fees and expenses of the original arbitrator that it appointed (or in the case of the second party, the arbitrator appointed on its behalf if it should fail to appoint its own arbitrator). The fees and expenses of the third arbitrator and all other expenses of the arbitrators shall be borne by Delphi, on one hand, and the RSL Optionholders, on the other hand, equally. Each party shall bear the expense of its own counsel and the preparation and presentation of proof or supportive documentation.

AMENDMENT TO 2003 EMPLOYEE LONG TERM INCENTIVE
AND SHARE AWARD PLAN

AMENDMENT, dated May 7, 2008, to the Delphi Financial Group, Inc. (the “Company”) 2003 Employee Long Term Incentive and Share Award Plan, as amended to date (the “Plan”).

By action of the Board of Directors of the Company duly taken on the above-referenced date, the Plan is hereby amended as follows:

1. The text of Section 4(c) of the Plan is hereby amended and restated in its entirety to read as follows:

“Subject to any required action by the Company’s stockholders, the number of Shares covered or represented by each outstanding Award, and the price per Share of any Option so covered, shall automatically be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares or the payment of a stock dividend (including but not limited to a stock split effected in the form of a stock dividend) or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company. In addition, in the event that the Committee shall determine that any reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event not covered by the preceding sentence, affects the Shares or the value thereof such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Eligible Persons under the Plan, then the Committee shall make such equitable changes or adjustments as it deems appropriate, including but not limited to the adjustment, in such manner as it may deem equitable, of any or all of (i) the number and kind of shares which may thereafter be issued under the Plan, (ii) the number and kind of shares, other securities or other consideration issued or issuable in respect of outstanding Awards, and (iii) the exercise price, grant price, or purchase price relating to any Award; provided, however, in each case that, with respect to ISOs, such adjustment shall be made in accordance with Section 424(a) of the Code, unless the Committee determines otherwise. In addition, subject to the limitations set forth in Section 3(d) and Section 7 hereof, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria and performance objectives, if any, included in, Awards in recognition of unusual or non-recurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Subsidiary or Affiliate or the financial statements of the Company or any Subsidiary or Affiliate, or in response to changes in applicable laws, regulations, or accounting principles.”

2. The text of Section 5(b)(iv) of the Plan is hereby amended and restated in its entirety to read as follows:

“Death or Disability. Unless otherwise specified in an Award Agreement, in the event a Participant shall die or become disabled while in the employ of the Company, a Subsidiary or an Affiliate, all of such Participant’s outstanding Options shall become

exercisable, and all of such outstanding Options may be exercised at any time within one (1) year after the Participant's death or disability or such longer period as may be established by the Committee at the time of grant or thereafter, but in no event may an Option be exercised after its Expiration Date. During such one-year period, the Option may be exercised by the Participant or a representative, or in the case of death, by the executors or administrators of the Participant or by any person or persons who shall have acquired the Option directly from the Participant by bequest or inheritance. Whether a Participant shall have become disabled for the purposes of the Plan shall be determined by the Committee, which determination shall be final and conclusive."

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be executed on the Company's behalf.

DELPHI FINANCIAL GROUP, INC.

By: /s/ CHAD W. COULTER
Chad W. Coulter
Secretary

AMENDMENT TO
SECOND AMENDED AND RESTATED EMPLOYEE STOCK OPTION PLAN

AMENDMENT, dated May 7, 2008, to the Delphi Financial Group, Inc. (the “Company”) Second Amended and Restated Employee Stock Option Plan, as amended to date (the “Plan”).

By action of the Board of Directors of the Company duly taken on the above-referenced date, the text of Section 5(f) of the Plan is hereby amended and restated in its entirety to read as follows:

“Death or Disability of Optionee. Unless otherwise specified in an Option Notice, in the event an Optionee shall die or become disabled while in the employ of the Company or a Subsidiary, all of such Participant’s outstanding Options shall become exercisable, and such Options may be exercised at any time within one (1) year after the Optionee's death or disability or such longer period as may be established by the Committee at the time of grant or thereafter, but in no event may an Option be exercised after its Expiration Date. During such one-year period, the Option may be exercised by the Optionee or a representative, or in the case of death, by the executors or administrators of the Optionee or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance. Whether an Optionee shall have become disabled for the purposes of the Plan shall be determined by the Committee, which determination shall be final and conclusive.”

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be executed on the Company’s behalf.

DELPHI FINANCIAL GROUP, INC.

By: /s/ CHAD W. COULTER
Chad W. Coulter
Secretary

AMENDMENT TO EMPLOYEE STOCK PURCHASE PLAN

AMENDMENT, dated May 7, 2008, to the Delphi Financial Group, Inc. (the “Company”) Employee Stock Purchase Plan, as amended to date (the “Plan”).

By action of the Board of Directors of the Company duly taken on the above-referenced date, the Plan is hereby amended as follows:

1. The text of Section 15 of the Plan is hereby amended and restated in its entirety to read as follows:

“15. Effect of Certain Changes. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock which have been authorized for issuance under the Plan (the “Reserve”), as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall automatically be proportionately adjusted for any change in or increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or similar capital adjustment or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.”

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be executed on the Company’s behalf.

DELPHI FINANCIAL GROUP, INC.

By: /s/ CHAD W. COULTER
Chad W. Coulter
Secretary