

Tokio Marine Holdings, Inc.

Agreement to Acquire Delphi Financial Group

Tokio Marine Holdings, Inc. ("TMHD") (President: Shuzo Sumi) today announced a definitive agreement to acquire 100% of the outstanding shares of Delphi Financial Group, Inc. ("Delphi"), a U.S. life and property & casualty ("P&C") insurance group (hereinafter: "the Acquisition"), through TMHD's wholly owned subsidiary, Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF").

The Acquisition has been approved by the Board of Directors of Delphi.

1. Background

- (1) The Tokio Marine Group, aiming to be a global insurance group originating from Japan, has been seeking expansion of its international insurance business as a driving force for its mid to long term growth strategy. We are strengthening our M&A activities in addition to organic growth by pursuing a balanced growth strategy in markets of developed countries as well as high growth emerging countries.
- (2) Based on this initiative, for the markets of developed countries, we entered the Lloyd's market through the acquisition of Kiln Ltd. ("Kiln") in March, 2008, and the acquisition of Philadelphia Consolidated Holding Corp. ("PHLY") in December, 2008. For high growth emerging markets, we achieved remarkable growth by actively expanding in both life and P&C in such countries as China, India and Brazil. Throughout our expansion, we have continued to look for quality acquisition opportunities to achieve further growth and capital efficiency.
- (3) As described in "2" and "3" below and in Appendix 1, Delphi is an outstanding insurance group in both the P&C and life insurance markets in the U.S. The life insurance subsidiary, Reliance Standard, was founded in 1907 and the P&C subsidiary, Safety National, was founded in 1942. Both companies have long and successful histories of operation. With its experienced management teams, the companies have consistently achieved superior growth and profitability since the founding of Delphi in 1987.
- (4) The Acquisition will allow the Tokio Marine Group to establish another excellent business operation in the U.S., the largest insurance market in the world, and to realize significant profit expansion, as well as reinforcing our operational platform which will lead to sustainable growth for the Tokio Marine Group.

2. Overview of Delphi (see Appendix 1 for further details)

(1) Company name	Delphi Financial Group, Inc.
(2) Location	1105 North Market Street, Suite 1230, P. O. Box 8985, Wilmington, Delaware U.S.A.
(3) Name of CEO	Chairman & CEO Robert Rosenkranz
(4) Nature of business	Holding company (listed on the New York Stock Exchange) of an insurance group owning subsidiaries such as Reliance Standard Life, a life insurance company, and Safety National, a P&C insurance company.

(5) Capital	USD 625, 000		
(6) Date of Establishment	May 27, 1987		
(7) Major shareholders and investment rate	Robert Rosenkranz 49.9% (voting rights basis)		
(8) TMHD's relationship with the company	Capital and management	No notable capital or management relationships between TMHD and the company or with our affiliates and the company's affiliates.	
	Business	Reinsurance transaction exists between company's affiliate and TMHD's affiliate.	
(9) Consolidated financial results of the past three years ^(*1)			
Fiscal year	December, 2008	December 2009	December, 2010
Consolidated net assets	USD 821 M	USD 1,359 M	USD 1,595M
Consolidated total assets	USD 5,954 M	USD 6,921 M	USD 7,760 M
Consolidated net assets per share	USD 17.48	USD 25.17	USD 29.28
Premium and fee income	USD 1,385 M	USD 1,401 M	USD 1,420 M
Pre tax earnings	USD 35 M	USD 119 M	USD 226 M
Consolidated net income	USD 39 M	USD 99 M	USD 174 M
Consolidated net income per share	USD 0.76	USD 1.92	USD 3.13
Dividend per share	USD 0.39	USD 0.40	USD 0.42
Combined ratio ^(*2)	92.2%	93.3%	94.8%

^(*1) Adoption of FASB rule changes in 2011 on a retrospective basis are not reflected in the figures

^(*2) A profitability index used by P&C insurance companies expressed as a percentage, by having the premium as a denominator and losses/expenses as the numerator. 100% is break even and the lower the number is below 100%, the higher the underwriting profitability.

3. Description of Delphi and its subsidiaries

Delphi and its subsidiaries focus on niche business lines (*3) of their expertise in the employee benefits insurance market. Delphi's strengths of experienced underwriting, strong relationships with distribution channels and expertise in investing, has made them leaders in their market, consistently achieving high growth and profitability outperforming their peer companies.

High growth: Average growth rate of premium and fees for the past ten years was 12.2%. Current year growth is also 9.7% year to date as of end of September.

Profitability: Combined ratio of the past ten years is 94.6% which is much lower than the U.S. P&C industry average of 101.3%. The ratio is also stable with minimal volatility.

(*3) Life insurance business lines: Group disability insurance, group life insurance, fixed annuities etc.

P&C insurance business lines: Excess workers compensation, workers' compensation assumed treaty reinsurance etc.

Note: Excess workers' compensation clients are companies and groups which self-insure workers' compensation coverage. When the self-insured losses exceed a specified amount, excess workers' compensation pays insurance claims for the portion exceeding that amount.

4. Overview of the Acquisition

(1) **Acquisition Target:** Delphi Financial Group, Inc. (TMHD intends to acquire 100% of Delphi's outstanding shares through TMNF.)

(2) Shares to be acquired, acquiring price and shares owned before and after the transaction

(a) Number of shares held before the acquisition	0 shares (Ownership percentage : 0%)
(b) Number of shares to be acquired	Class A Common Stock 49,056,362 shares(*4) Class B Common Stock 6,765,793 shares(*4) (percentage of outstanding shares : 100%) (acquisition price : USD 2,664 M (approx. JPY 205 billion))

(*4) The number show above are outstanding as of September 30, 2011, and we will purchase all of the outstanding shares at the time of closing.

(3) **Acquisition terms :** USD \$43.875 per Class A Common Stock (approximately JPY 3,378) and \$52.875 per Class B Common Stock (approximately JPY 4,071).(*5, 6) This price (relative to Class A Common Stock) constitutes an acquisition price to book ratio of x1.50 times Delphi's fully diluted book value per share of \$29.31 as of the end of September 2011 and after deduction of a \$1 special dividend (*7) .

Furthermore, the acquisition premium for Class A Common Stock represents a 59% premium to the average share price of the past twelve months.

After careful analysis and review of Delphi's assets, business operations and prospects, TMHD considers that this price is fair and reasonable.

(*5) Exchange rate is \$1 = JPY 77 unless otherwise noted.

(*6) Class A Common Stock is stock owned by common shareholders. Class B Common Stock is principally equivalent to voting rights of 10 Class A Common Stock and owned by the Chairman and CEO Robert Rosenkranz and entities he controls.

(*7) Delphi is scheduled to pay a special dividend of \$1 per share to existing shareholders shortly after closing of the Acquisition.

(4) **Financing:** The Acquisition will be financed through the utilization of Tokio Marine Group's cash on hand and borrowings.

5. Strategic Rationale

(1) Continued expansion of revenues and profits of international insurance business through the acquisition of a quality insurance operation in the U.S.

- The U.S. insurance market is the largest in the world with a market volume of JPY 89 trillion (of which P&C is JPY 50 trillion and life is JPY 39 trillion), and we consider it to be an important market that is expected to continue growing in the medium to long term. With Delphi joining the Tokio Marine Group, we are able to further reinforce our business platform of our U.S. insurance operations and newly enter the U.S. life insurance market.
- The Tokio Marine Group's international insurance business is expected to further expand in terms of both revenues and profits through the Acquisition. The impact of the Acquisition to our profits by simulating the pro forma based combined results based on 2011 forecasts (excluding the impact of flooding losses in Thailand) are as follows:
 - > The proportion of international insurance business in Tokio Marine Group's adjusted earnings will increase from 37% to 46% as a result of the Acquisition.
(Please see Appendix 2 for further details)

(2) Further diversification of our business portfolio

Through the Acquisition, a high quality insurance operation which has limited exposures to U.S. nat cat

risk and the P&C rating cycle will join our Group, enabling us to build a further diversified and more stable book of business. The Acquisition will also increase our capital efficiency.

- > Our entry into the U.S. life insurance market will vary our profit base and further diversify our risk exposure.
- > Delphi's core business lines have very limited exposure to nat cat risks and characteristically have minimal influence from the insurance rating cycle which P&C insurers of U.S. commercial lines are exposed to, and will contribute to further stabilizing the profits of the Tokio Marine Group.

(3) An ideal fit with our current U.S. operations- joint initiatives toward future growth

Our current business in the U.S., such as PHLI, has very little overlap with Delphi's business, and will create an ideal fit. By combining Delphi's strengths and Tokio Marine's strengths such as superior credit rating, financial strength and large underwriting capacity, we will pursue the following business expansion measures.

- > The client base of the business lines which Delphi engages in is medium to small businesses, municipals, schools, hospitals etc. which is similar to PHLI, and cross-selling through joint marketing and referrals could be anticipated.
- > Utilizing Delphi's workers' compensation expertise at TMNF's U.S. Branch will further improve our customer servicing levels.
- > Delphi and Tokio Marine North America, our U.S. holding company, will operate independently for the time being and pursue synergies and harmonized operations through such actions as the interchange of board representation.
- > We will utilize our superior credit rating and financial strength to provide growth opportunities for Delphi's workers' compensation (especially workers' compensation assumed treaty reinsurance) and fixed annuity business.
- > With Tokio Marine's large underwriting capacity, we will achieve efficiencies for Delphi's outwards treaty programs and increase profits and ROE.

6. Acquisition Process

- Under and in accordance with applicable laws and regulations in the U.S., the Acquisition will be implemented by first establishing TMNF's special purpose company in Delaware, and then merging it with Delphi (*8). Through this process, TMNF will purchase the entire outstanding shares in return for consideration to Delphi's shareholders. The Acquisition is subject to approval of various regulatory authorities of Japan and the U.S. as well as the U.S. antitrust law authorities.

(*8) This process is called a reverse triangular merger under the related laws and regulations in the U.S., which is similar to a triangular merger in Japan. This is a common method used for acquisitions in the U.S.

- As to closing, we intend to proceed expeditiously and expect to complete the process by the first quarter of Tokio Marine's fiscal year 2012 (April to June).

7. Schedule

(1) Corporate resolution	December 21, 2011
(2) Date of delivery of shares	TBD (The acquisition is subject to approval of both the U.S. and Japanese regulatory authorities.)

8. Impact on financial results of TMHD

The acquisition of Delphi will contribute to consolidated profit and loss statements of TMHD from fiscal 2012 and onwards.

Appendix 1

Overview of Delphi

1. Delphi was founded by Robert Rosenkranz (current Chairman and CEO) in 1987 with the acquisition of Reliance Standard Life. The life insurance subsidiary, Reliance Standard Life, was founded in 1907, the P&C subsidiary, Safety National, was founded in 1942, and the absence management company, Matrix Absence Management, was founded in 1987.

2. The registered headquarters are located in Wilmington, Delaware in the U.S.

3. Group structure

Delphi Financial Group, Inc. (listed on the NYSE: DFG) fully owns a life insurance subsidiary, Reliance Standard Life, a P&C insurance subsidiary, Safety National, and an absence management company, Matrix Absence Management, as well as other insurance related subsidiaries.

4. Main lines of business

- (1) Life insurance operations: Group disability insurance, group life insurance, fixed annuities, travel insurance, dental insurance, accident insurance, limited benefit health insurance etc.
- (2) P&C insurance operations: Excess workers' compensation, workers' compensation assumed treaty reinsurance, large deductible workers' compensation/general liability/auto liability etc.
- (3) Absence management services: Providing absence management services and claims services for group disability insurance and workers' compensation insurance.

5. Fiscal year : January - December

6. Financial ratings: S&P: A
A.M. Best: A

7. Management : Chairman & CEO Robert Rosenkranz
President & COO Don Sherman

8. Number of employees : Approximately 1,900

Appendix 2

<Provisional Calculation of the impact of the Acquisition on our profits based on FY2011 forecast (*9)>

1. Breakdown of Tokio Marine Group's adjusted earnings

	Before Delphi acquisition	After Delphi acquisition
Japanese operations	63%	54%
<u>International operations</u>	<u>37%</u>	<u>46%</u>
Total	100%	100%

2. Regional breakdown of Tokio Marine Group's International Insurance Business

	Before Delphi acquisition	After Delphi acquisition
North America	36%	48%
(PHLY	29%	23%)
(Delphi	-	19%)
Central/South America	12%	10%
Asia/Oceania(includes life)	24%	20%
Europe/Middle East	3%	2%
<u>Reinsurance/Kiln</u>	<u>25%</u>	<u>21%</u>
Total	100%	100%
Life operations	12%	24%
<u>P&C operations</u>	<u>88%</u>	<u>76%</u>
Total	100%	100%

(*9) Pro forma combination of 2011 forecasts of Delphi and the Tokio Marine Group. The effects such as increase of net written premiums and adjusted earnings as a result of the Acquisition (excluding the impact of flooding losses in Thailand on adjusted earnings) is only a provisional calculation, and Delphi's results will be included in Tokio Marine's results from fiscal year 2012. Delphi's net written premiums and adjusted income are based on forecasts provided by Delphi.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements." Actual results could differ materially from those projected or forecast in the forward-looking statements. The factors that could cause actual results to differ materially include those referred to in Delphi's filings with the U.S. Securities and Exchange Commission (the "SEC"), as well as the following: operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers or suppliers) may be greater than expected following the announcement of the transaction; the retention of certain key employees at Delphi; the conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; the parties may not be able to meet expectations regarding the timing, completion and accounting and tax treatments of the merger. TMHD assumes no obligation to update the information in this press release, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed acquisition of Delphi by TMHD. In connection with the proposed acquisition, Delphi intends to file relevant materials with the SEC, including a proxy statement on Schedule 14A. SECURITY HOLDERS OF DELPHI ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING DELPHI'S PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the documents free of charge at the SEC's web site, www.sec.gov, and may obtain documents filed by Delphi free of charge from Delphi's website at www.delphifin.com. In addition, the proxy statement and other documents filed by Delphi with the SEC (when available) may be obtained from Delphi free of charge by directing a request to Delphi Financial Group, Inc., c/o Investor Relations, Bernard J. Kilkelly, Vice President – Investor Relations, bkilkelly@dlfi.com, +1.212.303.4349.

Participants in Solicitation

TMHD, and Delphi and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the holders of Delphi common stock in respect of the proposed transaction. Security holders may obtain information regarding the names, affiliations and interests of Delphi and its directors and executive officers in Delphi's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed with the SEC on March 1, 2011, and its definitive proxy statement for the 2011 Annual Meeting of Stockholders, which was filed with the SEC on April 14, 2011. To the extent holdings of Delphi securities have changed since the amounts contained in the definitive proxy statement for the 2011 Annual Meeting, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the acquisition when it becomes available.