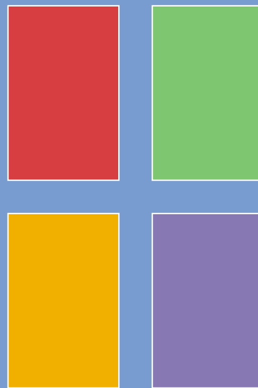
like light to color

fundamental



Reinsurance Group of America, Incorporated®

2002 ANNUAL REPORT

like performance to stability

fundamental

Certain things in life are fundamental to one another.
Light to color. Experience to growth. Seeking to knowledge.
The fundamental principles to which RGA adheres are the
basis of our performance—and our success.

What is more fundamental than life itself? Our clients seek
to provide the people they insure with protection from life's
uncertainties. We, in turn, provide protection to our clients. Their
ultimate security rests upon our ability to perform and deliver.

This is our business, at its most fundamental.

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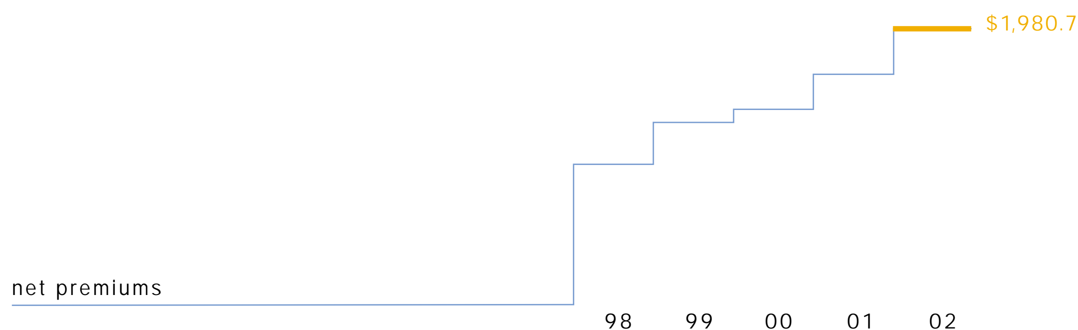
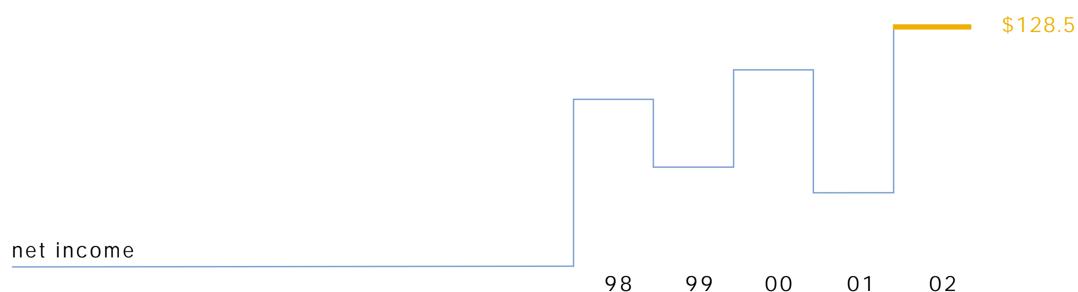
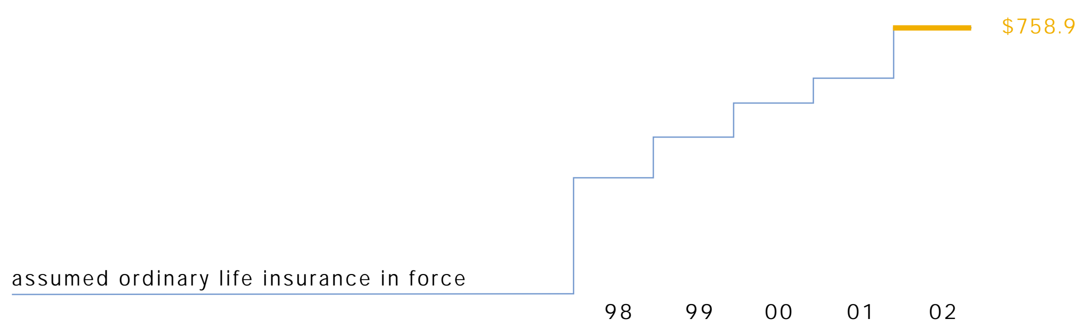






for the years ended December 31,		***2002***	*2001*	*2000*	*1999*	*1998*
Net premiums *(in millions)* [1]	$	1,980.7	1,661.8	1,404.1	1,315.6	1,016.4
Net income *(in millions)* [1]		128.5	39.9	105.8	53.0	89.7
Diluted earnings per share [1][2]		2.59	0.80	2.12	1.15	2.08
Diluted operating earnings per share [1][2]		2.80	1.75	2.55	2.21	2.04
Operating data *(in billions)*						
Assumed ordinary life insurance in force	$	758.9	616.0	545.9	446.9	330.6
Assumed new business production		230.0	171.1	161.1	164.9	125.0

[1] *reflects results from continuing operations*

[2] *per share information is adjusted for the three-for-two stock split paid on February 26, 1999*

fundamental

Like Lift to Flight

Getting off the ground is one thing—staying aloft is another. Though challenged by the financial environment of 2002, RGA has remained aloft. More than that—we have reached new heights.

RGA is a global leader in life reinsurance; we are the largest international life reinsurer based in North America. We enter 2003, our 30th year in business, with a record $759 billion of life insurance in force. We are introducing innovative products to our clients, opening offices in new markets, and are meeting or exceeding our expectations for profits and growth. We are moving forward and are well-positioned for a promising future.

We're not just flying. We are soaring.

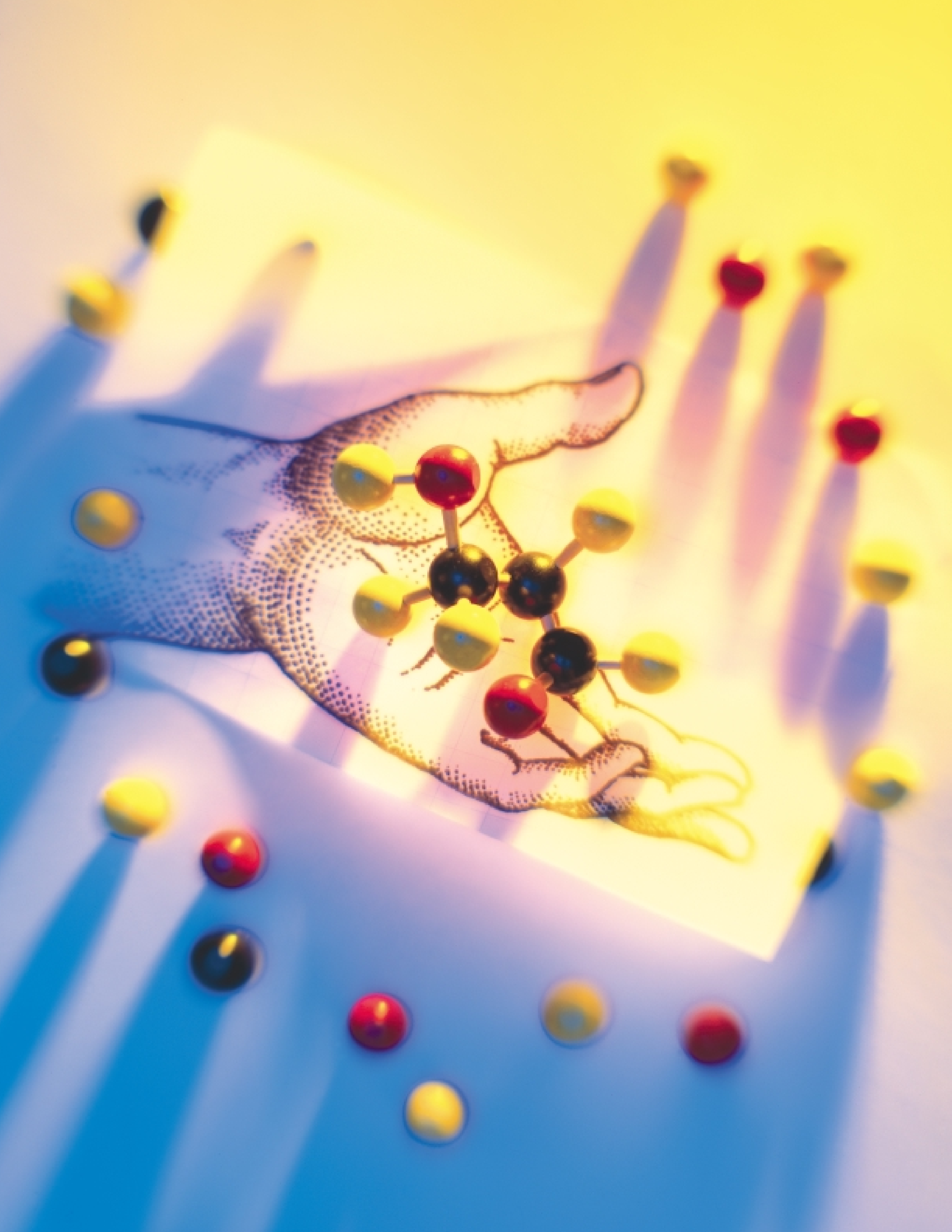
fundamental

Like Experience to Growth

The experience RGA has gained over the past three decades has nurtured continued growth in our depth of knowledge, the breadth of products and services we offer, and the scope of our geographic presence.

From 2001 to 2002, our life insurance in force increased by more than 23 percent; revenues increased by 21 percent; and operating income from continuing operations, 60 percent. In 2002, RGA opened new offices in India and South Korea, bringing to 15 the number of countries in which we have a physical presence.

Based on our experience of the past year and the trends we see emerging, we anticipate continued opportunities for growth in the future.



fundamental

Like Seeking to Knowledge

In every new milestone we reach, we are aided by the knowledge we have obtained. RGA's facultative expertise, superior understanding of risk and pricing, command of financial and regulatory issues, as well as the analysis of our mortality database—the most comprehensive in the industry—serve as examples of what knowledge has helped us achieve.

RGA believes that knowledge is meant to be shared, and so we do—at conferences, client seminars, through RGA newsletters and day-to-day contact with clients. In 2002, RGA commissioned the very first study of supply and demand for term life insurance in Spain and shared the results. We are also making a special effort in many of our international markets to educate life insurers on the uses and benefits of reinsurance.

By sharing our knowledge, we open up new opportunities for ourselves and our clients.

fundamental

Like Foundation to a Building

Any structure, however high it reaches, must have a strong foundation. Only then can it be relied upon for shelter.

As we build and expand our business, we do so carefully, with foresight and planning. The prudent assessment of risk and opportunity is a skill that is fundamental to our industry, and is an area in which RGA excels. As we explored new opportunities for marketing and development in 2002, we also strengthened our operations and administration, reinforced our standards and refined our state-of-the-art analytical tools.

RGA's solid technical expertise and our financial strength give us the resources we need to drive further progress and innovation, and serve as a foundation upon which we—and our clients—can depend.

fundamental

Like Exploration to Discovery

The unknown dares us to step forward. And those who move ahead well-prepared with the skills and resources to make the most of new opportunities and discoveries will be rewarded.

RGA has profited considerably from our geographic expansion. Pre-tax income from our international operations in Asia Pacific, Europe and South Africa was $9.7 million in 2002—more than four times what it had been just a year earlier. Great opportunities lie not only in physical expansion, but also in extending the products and services we offer, leveraging our fundamental strengths.

In 2002, we explored new technologies and new ways of applying them to assist our clients. RGA found a receptive market for its AURA[SM] automated underwriting system and also created the E'Reinsurance department to further explore the use of technology in the reinsurance industry. At RGA, we are innovators. We push at the boundaries—to the benefit of our company, our shareholders and our clients.

All living things seek expansion and growth. And all of human history is a story of learning, innovating and exploring. These things must be fundamental to our business—because, truly, they are fundamental to life.

letter to our shareholders

A. Greig Woodring, President and Chief Executive Officer

The year 2002, with its sluggish economies and international pressures, brought many challenges. Yet RGA prospered. With our continued focus on the fundamentals of our life reinsurance business, we avoided many potential problems. RGA balanced building on core strengths with selective changes and advancements. In an ever-shifting environment, the most enduring form of stability is not rigidity, but dynamic responsiveness. RGA possesses this trait, to our benefit and that of our shareholders.

In 2002, RGA increased revenues by 21 percent and operating income from continuing operations by 60 percent over 2001. These strong results reflect expanding opportunities in life reinsurance and RGA's strong position in that industry, as well as favorable mortality trends. RGA derives most of its profit by pricing and accepting mortality risk. While our mortality experience may exhibit some volatility over short periods—as a result of the events of September 11, 2001, for example—it shows remarkable predictability over long time periods. Our pricing expertise has stood up consistently well over many years, and our $759 billion of insurance in force allows us to spread risk broadly. At the same time, as interest rates fell our investment portfolio earned lower yields, putting downward pressure on earnings. While mortality results exert, by far, the largest effect on profits, changing interest rates also have a meaningful impact.

Industry Trends

Our industry once again saw consolidation in 2002—a long-term trend we expect will continue as life reinsurance becomes characterized by fewer, stronger competitors. We also expect our industry will continue to grow at an above-average rate. Primary insurers now routinely outsource mortality risk to reinsurers. Moreover, taking into consideration the cost of capital, primary insurers find it advantageous to reinsure rather than retain mortality risk, helping the industry operate more efficiently. During the year, primary life insurance companies saw their capital levels deteriorate and ratings agencies took an increasingly negative view of the industry. As a result, there was a flurry of capital-motivated reinsurance activity at the end of the year as primary insurers looked to better leverage their scarce resources.

Operational Review

In the United States, RGA has consistently been a leader in structuring capital solutions for the life insurance industry. Our financial reinsurance expertise was in great demand in 2002 given the pressures on life insurance companies, and RGA structured several major capital-motivated transactions that made important contributions to our overall results. We expect capital pressures in the primary industry to persist in the short-term, providing increased opportunities for RGA.

U.S. operations, RGA's largest segment, set several records in 2002. Premiums increased 14 percent to $1.4 billion, while pre-tax income reached $177 million, up 41 percent from 2001. New business was strong, with more than $145 billion of new mortality risk written. Facultative reinsurance, a cornerstone of RGA's operations, showed a 15 percent increase in the total amount of insurance underwritten and once again contributed strongly to the bottom line. The U.S. mortality reinsurance market is large enough for RGA to achieve or exceed sales targets, while at the same time playing to our own fundamental strengths. One of those strengths has always been participating in products and reinsurance programs where our underwriting skills are most valued.

In the life insurance industry, 2002 was a strong year for fixed annuity sales. Many insurers looked for reinsurance support for these products, and RGA participated in several annuity treaties. Annuity coinsurance transactions require intense, ongoing partnerships between RGA and primary insurance companies. We have expended considerable effort to build the infrastructure, support and risk-management framework to manage annuity and other asset-intensive business. This business enjoyed a strong production year with a positive bottom-line contribution as well.

In North America, RGA Canada posted a solid year. The Canadian life reinsurance industry has been highly competitive over the last several years, reflecting the maturity of the market, the consolidation of the primary insurance industry and aggressive competition. Nevertheless, our long-term track record in Canada has been good given this environment.

As RGA Canada had very strong results in 2001, those of 2002 are less dramatic in comparison. Pre-tax income fell by 25 percent, while premiums edged up slightly. Even so, pre-tax income amounted to 21 percent of premiums in 2002 and has averaged 25 percent over the last three years. Going forward, we expect our growth in Canada to be steady, with strong bottom-line results.

In late 2002, RGA combined its Europe & South Africa and Asia Pacific operations into one International division, allowing us the opportunity to better leverage our associates in each market where RGA operates. In addition, we opened new offices in South Korea and India to serve existing clients in those countries. Overall, the new International division experienced significant growth, with total combined premiums of $387 million—an 80 percent increase over the prior year. This broadly based growth moved our relatively young operations much farther along the road to critical mass and maturity. These operations produced $9.7 million of pre-tax income, up more than 375 percent from a year ago, reflecting both internal and external considerations. Internationally, RGA started greenfield operations, which we expect to grow quickly as they penetrate selected markets; at the same time, use of reinsurance is gaining increased prominence in many world markets. The newer, smaller operations can show relative volatility in results that stabilize as they grow. RGA has achieved a size in its international operations where we can expect consistent, strong, and growing profits.

Wherever we expand geographically, we maintain our emphasis on RGA's fundamental strengths—namely, mortality-risk pricing and facultative operations. RGA will continue to leverage these skills as we build our base of worldwide business.

Frontiers and Foundations

In 2002, we upheld the RGA tradition of innovation. AURA, the automated underwriting software product we developed, gained substantial acceptance and was installed with several major life insurers worldwide. Even within our largest and most mature business, our U.S. operation, we found ample opportunities for progress. During the year, we created RGA Distribution Solutions to package new skills and ideas into a unique expansion of U.S. activity.

At the same time that we actively pursued new opportunities for marketing and development in 2002, we strengthened operational areas of the Company. Our administration department made great strides in reducing backlogs, automating processes and improving data quality. We expect to maintain this momentum as we continue to raise standards and as the tools we develop to analyze data—especially mortality data—further improve. We already consider our tools to be state of the art, and we have built a strong risk-management program and culture within the Company.

Fundamental to Our Future

From beginning to end, RGA enjoyed a strong year in 2002. The life reinsurance market offers attractive growth opportunities, and RGA has adeptly taken advantage of them. Reinsurers have developed skills and tools that have become increasingly appreciated by life insurers around the world, and we believe RGA is well-positioned to benefit from an expanding market for the next several years.

The need for scale and skilled talent in the life reinsurance industry has helped drive consolidation, resulting in a much smaller group of competitors. As the arena intensifies, RGA has the capital, the relationships and, most importantly, the professional talent to compete effectively. We continue to reinforce our leadership position by focusing solely on life reinsurance and building on the fundamental strengths in each facet of our business.

We offer many thanks to our associates at RGA who worked hard to meet the challenges of 2002; our shareholders, who have supported our efforts; and, especially, our many clients who have been our partners and strongest allies — all of whom are fundamental to our success.

Sincerely,

A. Greig Woodring
President and Chief Executive Officer

north america

UNITED STATES

U.S. Traditional

U.S. traditional mortality reinsurance is RGA's oldest and most profitable operation, providing life reinsurance and mortality expertise for a variety of life insurance products. Mortality-risk reinsurance—removing some of the major risks associated with life insurance from the client company—is RGA's core business. A significant aspect of this business is facultative underwriting, the process of underwriting applications individually. In 2002, RGA's U.S. facultative team processed more than 87,000 applications, making RGA one of the leading facultative life reinsurers in the country.

Despite a challenging U.S. economy, the U.S. traditional operation forged strong revenue growth in 2002, and met its profit objectives. Premiums increased 14 percent to $1.4 billion, and pre-tax income reached $154 million, up 50 percent from 2001. New business was strong, with more than $145 billion of new mortality risk written—an impressive $47 billion increase over 2001. In addition, U.S. facultative operations showed a 15 percent increase in the total amount of insurance underwritten.

As RGA's competitors tackled difficult issues related to property and casualty business in 2002, RGA's sole focus on life reinsurance allowed it to remain solid. In 2003 the U.S. division will remain focused on the fundamentals that continue to make RGA a leading global life reinsurer: mortality-risk transfer, facultative underwriting, capital-motivated reinsurance, product development, and technology solutions.

RGA Financial Markets

RGA Financial Markets provides capital support to life insurance companies through reinsurance. These transactions create risk-sharing partnerships that reduce the ceding companies' need for both GAAP and statutory capital while potentially creating more efficient capital and financial structures.

Frank Alvarez, Executive Vice President, RGA Financial Markets

"RGA Financial Markets provides financial and asset-intensive reinsurance expertise tied to exceptional customer service and an importance on building long-term relationships. In 2002, practice of these fundamentals helped us achieve the strongest year of financial reinsurance growth in RGA's history."

Financial Markets operates in two segments: capital-motivated reinsurance, also known as financial reinsurance, and asset-intensive reinsurance. Capital-motivated reinsurance transactions are designed to help insurance companies find sources of capital to support growth, mergers and acquisitions or to boost return on investment. Asset-intensive reinsurance includes the reinsurance of annuities and corporate-owned life insurance. In 2002, Financial Markets met or exceeded all financial goals despite a weak stock market and struggling economy, both of which caused it to more intensely evaluate how it judges risk and manages current business. At the end of the year, Financial Markets managed more than $1 billion of statutory surplus provided through financial reinsurance. Invested assets related to asset-intensive reinsurance grew from $1.4 billion to $2.4 billion during 2002. Revenues for all business increased to $144 million, up from $127 million in 2001, while pre-tax income reached $24 million.

One of Financial Markets' key strengths is its ability to respond to client needs through sophisticated and detailed insurance risk analysis and modeling. This requires a strong understanding of the financial, regulatory and tax implications of its business, and is what makes RGA Financial Markets one of the largest capital-motivated reinsurance providers in the United States.

RGA Technology Partners

RGA Technology Partners, RGA's business unit devoted to developing and implementing software solutions for the life insurance industry, ended its first full year of operation in 2002 on a very high note with earnings and revenue surpassing expectations.

Currently, the unit's primary product and business driver is AURA, an automated underwriting system that, through marketing and word-of-mouth, is quickly becoming well-known in the global life insurance marketplace. Powered by more than 100,000 underwriting rules, AURA is translated in several languages and is implemented in six countries.

Technology Partners' overall goal is to capture the automated underwriting marketplace, and an important measure of success is the number of customers secured. To that end, one goal for 2002 was to have four new customers using AURA. RGA closed the year with an AURA customer base of seven.

north america

RGA Technology Partners, continued

In 2003, RGA plans to continue offering AURA and will also begin to market peripheral AURA products as the application's use becomes more widespread. RGA Technology Partners will also continue to research and develop new products that benefit the insurance industry and keep RGA at the forefront of insurance technology.

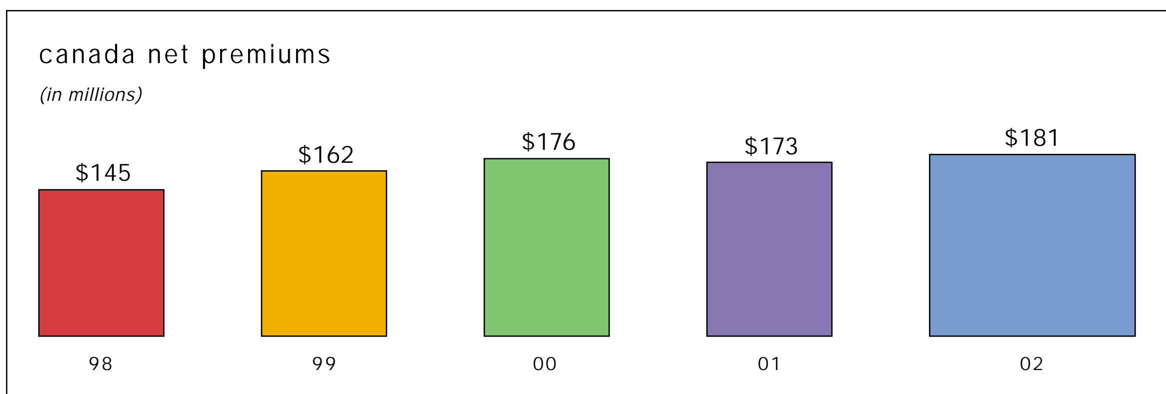
Distribution Solutions and E'Reinsurance

In 2002, RGA created a new segment called RGA Distribution Solutions, which will focus on providing products and services to distribution organizations. The U.S. division also launched the E'Reinsurance department to further explore the use of technology to help grow profits and bring increased reinsurance business to the division. RGA will lead the way in reinsurance technology in 2003 as E'Reinsurance and the U.S. division roll out ASAP℠ (Automatic Selection and Assessment Program). ASAP allows clients to submit standard facultative cases—with one impairment—for an instant underwriting quote.

CANADA

RGA Life Reinsurance Company of Canada is the second-largest contributor to RGA's income. The operation entered 2002 coming off three extremely successful years of growth in Canada, where it firmly established itself as one of the top life reinsurance companies. RGA does business with almost every life insurance company in Canada, and with six-of-the-seven banks and credit union organizations offering insurance. In addition to its traditional business, RGA was proud to bring new technology to the Canadian market by implementing AURA, RGA's automated underwriting software, in a large life insurance company and in the life insurance company of a prominent bank.

RGA Canada faced challenges in 2002, among which was higher-than-expected mortality experience. Premiums grew nearly five percent, and have grown, on average, six percent annually since 1998. Although



Dave Pelletier, Executive Vice President, RGA Life Reinsurance Company of Canada

"Customer service. Expert underwriting. Understanding risk. A focus on life-related products. These are the fundamentals that drive our business and fuel our success. Our clients recognize and count on RGA for these things and we will not provide anything less."

pre-tax income fell by 25 percent from the very strong results of the prior year, it has seen a compound growth rate of 14 percent annually since 1998. Moreover, recurring new business production increased 20 percent over 2001, and RGA Canada processed nearly 17,000 facultative applications. The trend is for insurance companies to continue using quota-share reinsurance; expectations for 2003 are that more than 70 percent of new life insurance will be reinsured. Further, a period of extremely aggressive pricing seems to be ending, and as markets come back to more reasonable terms, business should shift back to those reinsurers with the best reputations for service and the closest client contacts. In that regard, RGA rests confidently on its reputation.

In 2003, RGA Canada's President and Chief Executive Officer, André St-Amour, will retire after 14 years of dedicated service. Succeeding him will be Dave Pelletier, an insurance and financial services veteran who is currently RGA Canada's Executive Vice President, and who is also serving as president of the Canadian Institute of Actuaries. RGA executive management is confident that Canadian operations will continue to achieve great success under Pelletier's leadership.

MEXICO

Economic and political stability in Mexico has permitted the insurance market to mature. This stability, combined with a shift in competitive dynamics, allowed RGA to grow its core mortality business in 2002 with an automatic treaty with Mexico's largest life insurance company, as well as a capital-motivated reinsurance treaty with another client. RGA continued to prove itself as a committed, experienced and expert player in the Mexican insurance industry, and the leader in facultative reinsurance, processing more than 4,200 applications. Preferred products, designed for applicants who present a better-than-average risk to an insurance company, are becoming popular in Mexico, and capital-motivated reinsurance is in demand as companies look for creative ways to leverage capital. In 2003, RGA Mexico will offer its clients the full weight of RGA's global expertise in these and other areas.

international

In October 2002, RGA announced the merger of its Asia Pacific and Europe & South Africa divisions into a new International division. The integration of the two divisions provides RGA an opportunity to better leverage its expertise, knowledge and resources across these rapidly growing operations for improved efficiency, effectiveness and control.

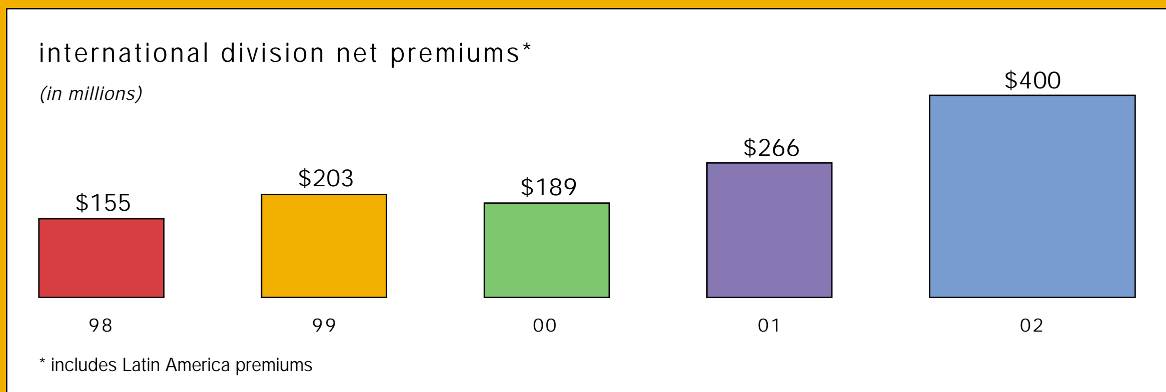
From its headquarters in Toronto, Canada, the International division currently serves local and regional clients from 10 countries where actuaries, underwriters and other professionals bring an attitude of responsiveness and a spirit of partnership to all aspects of RGA's business. The division also continues to evaluate opportunities in the European Union and the Asia Pacific region. While each RGA office faces unique challenges in terms of client needs, market intricacies, local culture, economic conditions and insurance regulation, RGA's fundamental commitment to industry-leading customer service is one constant on which all RGA clients can rely.

AUSTRALIA

RGA Reinsurance Company of Australia Limited turned in yet another solid performance in 2002. In this, RGA was assisted by a strong Australian economy and a shift in the use of reinsurance, which was once viewed solely as a risk-management tool, but which is now viewed as a capital-management tool as well. Net premiums reached $63.3 million—up 26 percent from 2001—and RGA Australia processed more than 10,000 facultative applications for the first time. After only seven years in Australia, RGA has a 16 percent market share of all new risk premiums, and an 11 percent share of all business—a remarkable achievement. In 2003, RGA Australia plans to write more group life business and explore additional opportunities in New Zealand.

HONG KONG

RGA's Hong Kong Branch Office faced a struggling economy in 2002—one that demanded high-return, value-added products and services and innovative reinsurance solutions. In response, RGA conducted a capital-motivated reinsurance training seminar for the Hong Kong Insurance Authority, and conducted the first



Brendan Galligan, Senior Vice President, Asia Pacific Operations, International Division

"Exporting RGA's North American insurance innovations and tailoring them to meet the needs of clients in other countries is fundamental to RGA's international success—and to the success of our clients."

comprehensive mortality study by a foreign-based reinsurer on behalf of a Chinese life company's Hong Kong branch. In spite of challenging economic conditions, profit objectives were met, net premiums increased to $50.1 million from $46.2 million, and facultative case counts were nearly twice expectations. In 2003, the office will focus on providing reinsurance solutions to Hong Kong branch offices of multinational life insurance companies, and will continue to seek reinsurance opportunities in Greater China and other ASEAN markets.

INDIA

In September, RGA received approval to open a liaison office in Mumbai, India. This office will strengthen RGA's relationships with local insurance companies by acting as a liaison to promote traditional automatic and facultative life reinsurance services. The office will serve primarily as a marketing and business-generation base for RGA's India operation, with all underwriting, actuarial and claims functions handled in RGA's South Africa subsidiary. India is a country ripe with potential for growth and RGA is off to a strong start there, already signing a number of automatic and facultative treaties.

JAPAN

The Japanese economy continued to struggle in 2002, but this did not stop RGA from progressing as planned, exceeding goals and growing operations both internally and externally. Japanese clients submitted more than 13,000 facultative applications, up from 8,000 in 2001—significant growth that can be attributed to a large facultative underwriting treaty and the increasing awareness of RGA as a committed, expert and innovative reinsurer in Japan. In 2003, this operation will focus on facultative and automatic mortality reinsurance, and plans to convert to a branch office structure. Doing so will permit the office to conduct marketing and underwriting activities locally, allow RGA to provide even faster time service to clients, and further demonstrate its commitment to the Japanese life reinsurance industry.

international

MALAYSIA

RGA's joint venture company, Malaysian Life Reinsurance Group Berhad (MLRe), surpassed its goals for the second consecutive year. Premiums were 36 percent over expectations and facultative business exceeded plan by 11 percent. During the year, MLRe signed 17 treaties with 15 companies. In 16 of those treaties, RGA receives 40 percent of the reinsurance. Although the use of reinsurance remains somewhat low in Malaysia due to small individual sums insured, MLRe sees increasing opportunity to serve clients who are beginning to look for innovative products backed by international expertise—something that MLRe, given its relationship with RGA, has in abundance.

SOUTH AFRICA

With offices in Cape Town and Johannesburg, RGA Reinsurance Company of South Africa Limited saw continued growth in 2002, exceeding profit expectations, new business goals, and facultative targets. Net premiums alone rose to $17.6 million—a 56 percent increase over 2001. In only four years, RGA has established itself as a leading reinsurer, cornering a substantial share of both facultative and new treaty business. In South Africa, an increased use of reinsurance is emerging, and in 2003 RGA will market aggressively to ensure that it is the reinsurer of choice. Moreover, increased demand by insurers for stable earnings flows, and the need to maintain reserves in the event of large claims, will find RGA focusing its expertise on innovative products and capital-motivated solutions to meet the needs of its clients. RGA South Africa will also put energy into the emerging individual life and critical illness markets.

SOUTH KOREA

In July, RGA officially opened the RGA Seoul Representative Office. This office will strengthen RGA's relationships with local insurance companies by acting as a liaison to promote traditional automatic and facultative life reinsurance services. Acting on a strong South Korean economy and an increased interest in risk products, RGA has already signed important treaties with a prominent South Korean insurer, and will focus on securing business and meeting demand for RGA's product development expertise.

SPAIN

A young and aggressive office, RGA Reinsurance Company Oficina de Representación spent most of 2002 focused on further building the RGA brand and servicing key clients. RGA commissioned ICEA, the Spanish Insurance Association, to conduct a study on the supply and demand of term insurance—the first study of its kind in Spain. Together RGA and ICEA published the results, which found substantial opportunity for growth in the term life market. Among its other accomplishments in 2002, RGA became a member of UNESPA (the

Paul Nitsou, Senior Vice President, Europe & South Africa Operations, International Division

"RGA focuses strictly on life reinsurance. Our associates are experts in and maintain a sharp focus on that business. This allows us to maintain a competitive advantage, giving our clients the ability to compete and succeed in their marketplace."

official insurance and reinsurance association in Spain), a prestigious organization that gives RGA even greater credibility and visibility. RGA Spain also made significant strides in the growing capital-motivated reinsurance market and completed a number of related transactions.

TAIWAN

Now in its fourth year of operation, the RGA Taiwan Liaison Office faced many challenges in that country, where low interest rates and high unemployment have made growth difficult. RGA has responded proactively, stepping up marketing efforts through events such as client seminars, training, and new product design offers to meet the needs of the market. Currently, only one-to-two percent of primary insurance premiums are reinsured in Taiwan, so RGA will focus its energy and expertise on obtaining new business in those areas showing the most promise—variable life and capital-motivated reinsurance products. In addition, RGA will continue to educate the industry on the importance of reinsurance in order to increase the percentage of insurance reinsured over time.

UNITED KINGDOM

In 2002, RGA Reinsurance UK Limited reaped the benefits of a housing boom by focusing on life insurance written with mortgages and saw its net premiums increase an impressive 154 percent over 2001. Term life and accelerated critical illness products led the way in 2002, and the outlook is similar for 2003. RGA further solidified itself as a leader in insurance technology as well, placing its automated underwriting system, AURA, with two clients. RGA's success can be attributed in part to its expert local management team. This leadership was recognized in the industry by the appointment of managing director Perry Thomas as chairman of the Life Reinsurers' Circle, a body representing the life reinsurance industry in the United Kingdom. Overall, in 2002 RGA UK brought a uniquely rigorous approach to risk management and clients are responding enthusiastically.

board of directors

Mary Ann Brown
Director,
Senior Vice President and Chief Actuary,
MetLife, Inc.

J. Cliff Eason
Director,
Retired President of
Southwestern Bell Telephone

Stuart I. Greenbaum
Director,
Dean of the John M. Olin School of Business,
Washington University in St. Louis

Alan C. Henderson
Director,
President and Chief Executive Officer,
RehabCare Group, Incorporated

Stewart G. Nagler
Director and Chairman of the Board,
Vice Chairman of the Board and
Chief Financial Officer,
MetLife, Inc.

William A. Peck, M.D.
Director,
Executive Vice Chancellor for Medical Affairs and
Dean of the School of Medicine,
Washington University in St. Louis

Joseph A. Reali
Director,
Senior Vice President and Tax Director,
MetLife, Inc.

A. Greig Woodring
President, Chief Executive Officer and
Director,
Reinsurance Group of America, Incorporated

executive officers

Frank A. Alvarez
Executive Vice President

David B. Atkinson
Executive Vice President
and Chief Operating Officer

Brendan J. Galligan
Senior Vice President

Todd C. Larson
Senior Vice President, Controller and Treasurer

Jack B. Lay
Executive Vice President and
Chief Financial Officer

Bob M. Musen
Executive Vice President

Paul Nitsou
Senior Vice President

Paul A. Schuster
Executive Vice President

James E. Sherman
Executive Vice President, General Counsel and
Secretary

André St-Amour
Executive Vice President

Graham S. Watson
Executive Vice President and
Chief Marketing Officer

A. Greig Woodring
President and Chief Executive Officer

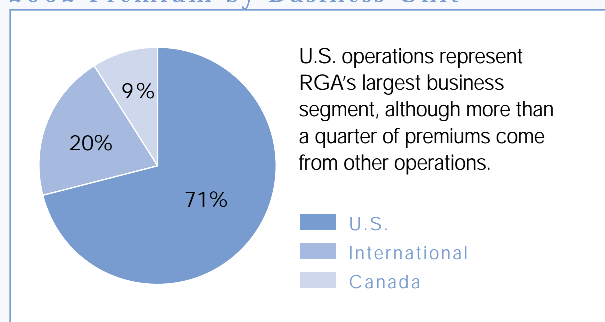
FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others, statements relating to projections of the earnings, revenues, income or loss, future financial performance, and growth potential of Reinsurance Group of America, Incorporated and its subsidiaries (which we refer to in the following paragraphs as "we," "us," or "our"). The words "intend," "expect," "project," "estimate," "predict," "anticipate," "should," "believe," and other similar expressions also are intended to identify forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results, performance, and achievements could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements.

Numerous important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) material changes in mortality and claims experience, (2) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (3) competitive factors and competitors' responses to our initiatives, (4) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (5) changes in our financial strength and credit ratings or those of Metropolitan Life Insurance Company ("MetLife") or General American Life Insurance Company ("General American"), and their respective affiliates, and the effect of such changes on our future results of operations and financial condition, (6) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (7) changes in investment portfolio yields or values due to interest rate or credit quality changes, (8) the stability of governments and economies in the markets in which we operate, (9) adverse litigation or arbitration results, (10) the success of our clients, (11) successful execution of our entry into new markets, (12) successful development and introduction of new products and distribution opportunities, (13) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or General American, (14) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, and (15) other risks and uncertainties described in this Annual Report and in our filings with the Securities and Exchange Commission ("SEC").

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and the cautionary statements described in the periodic reports we file with the SEC. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements. For a discussion of these risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the sections named "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" contained in our prospectus dated December 3, 2001, filed with our prospectus supplements, each dated December 12, 2001, and filed with the SEC.

2002 Premium by Business Unit

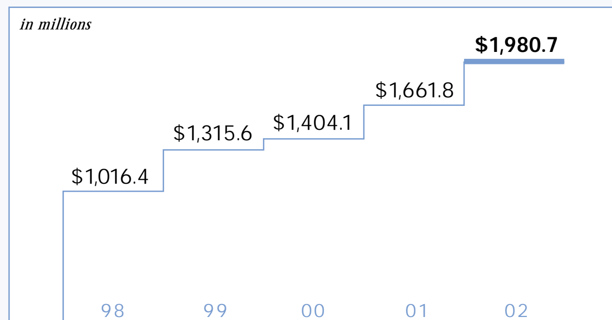


Selected Consolidated Financial and Operating Data

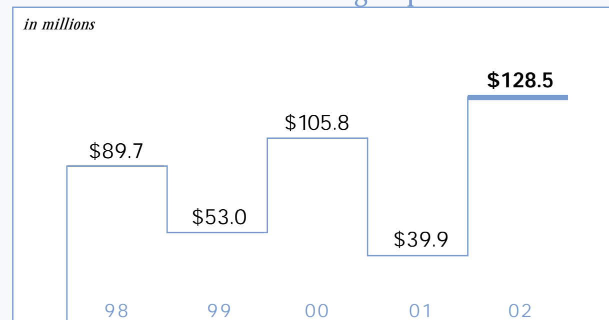
(in millions)

Years ended December 31,	*2002*	*2001*	*2000*	*1999*	*1998*
Income Statement Data					
Revenues:					
Net premiums	$1,980.7	$1,661.8	$1,404.1	$1,315.6	$1,016.4
Investment income, net of related expenses	374.5	340.6	326.5	340.3	301.8
Realized investment (losses) gains, net	(14.6)	(68.4)	(28.7)	(75.3)	3.1
Other revenues	41.4	34.3	23.8	26.5	23.2
Total revenues	2,382.0	1,968.3	1,725.7	1,607.1	1,344.5
Benefits and Expenses:					
Claims and other policy benefits	1,539.5	1,376.8	1,103.6	1,067.1	797.9
Interest credited	126.7	111.7	104.8	153.1	153.2
Policy acquisition costs and other insurance expenses	391.5	304.2	243.5	218.3	188.5
Other operating expenses	94.8	91.3	81.2	65.5	57.3
Interest expense	35.5	18.1	17.6	11.0	8.8
Total benefits and expenses	2,188.0	1,902.1	1,550.7	1,515.0	1,205.7
Income from continuing operations before income taxes	194.0	66.2	175.0	92.1	138.8
Provision for income taxes	65.5	26.3	69.2	39.1	49.1
Income from continuing operations	128.5	39.9	105.8	53.0	89.7
Discontinued Operations:					
Loss from discontinued accident and health operations, net of income taxes	(5.7)	(6.9)	(28.1)	(12.1)	(27.6)
Net income	$ 122.8	$ 33.0	$ 77.7	$ 40.9	$ 62.1

Net Premiums



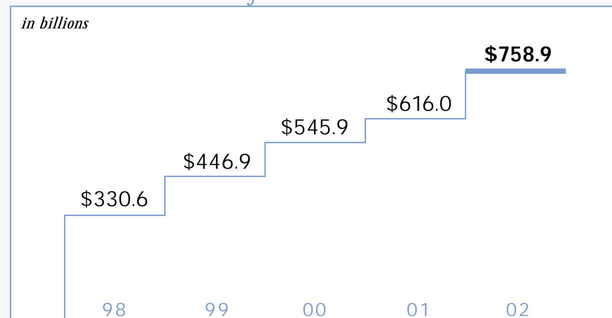
Income From Continuing Operations



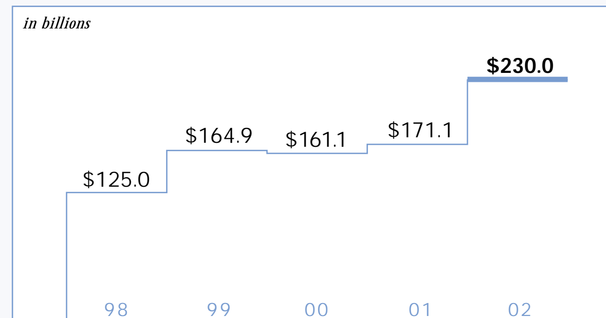
(in millions, except per share and operating data)

Years ended December 31,	2002	2001	2000	1999	1998
Basic Earnings Per Share					
Continuing operations	$ 2.60	$ 0.81	$ 2.14	$ 1.16	$ 2.11
Discontinued operations	(0.11)	(0.14)	(0.57)	(0.27)	(0.61)
Net income	$ 2.49	$ 0.67	$ 1.57	$ 0.89	$ 1.50
Diluted Earnings Per Share					
Continuing operations	$ 2.59	$ 0.80	$ 2.12	$ 1.15	$ 2.08
Discontinued operations	(0.12)	(0.14)	(0.56)	(0.27)	(0.60)
Net income	$ 2.47	$ 0.66	$ 1.56	$ 0.88	$ 1.48
Weighted average diluted shares, in thousands	49,648	49,905	49,920	46,246	42,559
Dividends per share on common stock	$ 0.24	$ 0.24	$ 0.24	$ 0.22	$ 0.17
Balance Sheet Data					
Total investments	$6,650.2	$5,088.4	$4,560.2	$3,811.9	$5,129.6
Total assets	8,892.6	7,016.1	6,090.0	5,077.6	6,318.6
Policy liabilities	6,603.7	5,077.1	4,617.7	3,998.1	5,053.1
Long-term debt	327.8	323.4	272.3	184.0	108.0
Total stockholders' equity	1,222.5	1,005.6	862.9	732.9	748.5
Total stockholders' equity per share	$ 24.72	$ 20.30	$ 17.51	$ 14.68	$ 16.52
Operating Data *(in billions)*					
Assumed ordinary life reinsurance in force	$ 758.9	$ 616.0	$ 545.9	$ 446.9	$ 330.6
Assumed new business production	230.0	171.1	161.1	164.9	125.0

Assumed Ordinary Life Reinsurance in Force



Assumed New Business Production



General

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. On December 31, 2002, Equity Intermediary Company, a Missouri holding company, directly owned approximately 48.8% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly owned subsidiary of General American Life Insurance Company ("General American"), a Missouri life insurance company, which in turn is a wholly owned subsidiary of GenAmerica Financial Corporation ("GenAmerica"), a Missouri corporation. GenAmerica was acquired and became a wholly owned subsidiary of MetLife, a New York life insurance company, on January 6, 2000. As a result of MetLife's ownership of GenAmerica and its own direct investment in RGA, MetLife beneficially owns 59.1% of the outstanding shares of common stock of RGA at December 31, 2002.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA, Reinsurance Company of Missouri, Incorporated ("RCM"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada") and RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), as well as several other subsidiaries and a joint venture, subject to an ownership position of greater than 50 percent (collectively, the "Company").

Critical Accounting Policies

The Company's accounting policies are described in Note 2 to the Consolidated Financial Statements included elsewhere in this report. The Company believes its most critical accounting policies include the capitalization and amortization of deferred acquisition costs, the establishment of liabilities for future policy benefits, other policy claims and benefits, including incurred but not reported claims, the valuation of investment impairments, and the establishment of arbitration or litigation reserves. The balances of these accounts are significant to the Company's financial position and require extensive use of assumptions and estimates, particularly related to the future performance of the underlying business.

Additionally, for each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject or features that delay the timely reimbursement of claims. If the Company determines that a contract exposes it to a reasonable possibility of a significant loss from insurance risk only under remote circumstances, the Company records the contract on a deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheet. Fees earned on the contracts are reflected as other revenues, as opposed to premiums, on the consolidated statements of income.

Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Deferred policy acquisition costs ("DAC") reflect our expectations about the future experience of the business in force and include commissions and allowances as well as certain costs of policy issuance and underwriting. Some of the assumptions that can affect the carrying value of DAC include mortality, interest spreads and policy lapse rates. The Company performs periodic tests to determine that DAC remains recoverable, and the cumulative amortization is re-estimated and, if necessary, adjusted by a cumulative charge or credit to current operations. For the years ended December 31, 2002 and 2001, the Company reflected charges of $1.0 million and $3.1 million, respectively, for unrecoverable deferred policy acquisition costs. No such charges were reflected in 2000 results. As of December 31, 2002, the Company estimates that approximately 50 percent of its DAC balance is collateralized by surrender fees due to the Company and the reduction of policy liabilities, in excess of termination values, upon surrender or lapse of a policy.

The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish policy benefits. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. The premium deficiency reserve is established by a charge to income, as well as a reduction in unamortized acquisition costs and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits.

Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and required adjustments to such estimates are reflected in current operations.

The Company primarily invests in fixed maturity securities. The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as the financial condition of the issuer, payment performance, the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, the intent and ability to hold securities, and various other subjective factors. Securities, based on management's judgments, with an other than temporary impairment in value are written down to management's estimate of net realizable value.

Differences in actual experience compared with the assumptions and estimates utilized in the justification of the recoverability of deferred acquisition costs, in establishing reserves for future policy benefits and claim liabilities, or in the determination of other than temporary impairments to investment securities can have a material impact on the Company's results of operations and financial condition.

The Company is currently a party to various litigation and arbitrations. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. See Note 21 to the Consolidated Financial Statements.

Results of Operations

The Company derives revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, income earned on invested assets, and fees earned on financial reinsurance.

The Company's primary business is life reinsurance, which involves reinsuring life insurance policies that are often in force for the remaining lifetime of the underlying individuals insured, with premiums earned typically over a period of 10 to 30 years. Each year, however, a portion of the business under existing treaties terminates due to, among other things, lapses or surrenders of underlying policies, deaths of policyholders, and the exercise of recapture options by the ceding companies.

Assumed insurance in force for the Company increased $142.9 billion to $758.9 billion at December 31, 2002. Assumed new business production for 2002 totaled $230.0 billion compared to $171.1 billion in 2001 and $161.1 billion in 2000.

As is customary in the reinsurance business, life insurance clients continually update, refine, and revise reinsurance information provided to the Company. Such revised information is used by the Company in the preparation of its financial statements and the financial effects resulting from the incorporation of revised data are reflected currently.

The Company's profitability primarily depends on the volume and amount of death claims incurred. While death claims are reasonably predictable over a period of many years, claims become less predictable over shorter periods and are subject to significant fluctuation from quarter to quarter and year to year. The Company maintains catastrophe insurance under a program that renews on August 13th of each year. The program provides up to $50 million of coverage per occurrence for events involving 10 or more deaths. Under its current program the Company retains the first $20 million in claims, $10 million of the next $20 million, and none of the next $40 million in claims. Acts of terrorism are covered except when arising from the use of nuclear, chemical, or biological weapons. This insurance is provided through seven insurance companies and eight syndicates through Lloyd's of London, with no single insurer providing more than $10 million of the $50 million.

The Company has foreign currency risk on business conducted in foreign currencies to the extent that the exchange rates of the foreign currencies are subject to adverse change over time. Additionally, the Company is exposed to the economic and political risk associated with its net investment in foreign locations. The Company's most significant foreign operations are in Canada. The exchange rate from Canadian to U.S. currency was 0.6362, 0.6277, and 0.6676 at December 31, 2002, 2001, and 2000, respectively. The Company's Latin America operations primarily conduct business in Argentine and Mexican pesos. The business generated from the Asia Pacific region is primarily denominated in U.S. dollars, Australian dollars, and Japanese yen. Additionally, the Company reinsures business in other international currencies including the Great British pound and South African rand.

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims over a number of years as the level of business diminishes. The Company will report a loss to the extent claims exceed established reserves. During 2002, the accident and health division reported a net loss of $5.7 million due to claim payments in excess of established reserves and legal fees. See Note 21 to the Consolidated Financial Statements.

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Asia Pacific, Latin America, and Europe & South Africa operations. The Asia Pacific, Latin America, and Europe & South Africa operational segments are presented herein as one reportable segment, Other International. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance and annuities. The Canada operations provide insurers with reinsurance of traditional life products as well as reinsurance of creditor and critical illness products. The Latin America operations include traditional reinsurance, reinsurance of privatized pension products primarily in Argentina, which the Company ceased writing during 2001, and direct life insurance through a subsidiary in Argentina. Asia Pacific operations provide primarily traditional life reinsurance and, to a lesser extent, financial reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance Company ("RGA Reinsurance"). Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe and South Africa, in addition to other markets being developed by the Company. The operational segment results do not include the corporate investment activity, general corporate expenses, interest expense of RGA, or the provision for income tax expense (benefit). In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on profit or loss from operations before income taxes.

Consolidated income from continuing operations increased 222.1% in 2002 to $128.5 million and decreased 62.3% in 2001 to $39.9 million. Diluted earnings per share from continuing operations were $2.59 for 2002 compared to $0.80 for 2001 and $2.12 for 2000. Earnings during these years were attributed primarily to the traditional reinsurance in the U.S. and Canada. Earnings during 2001 were adversely affected by the terrorist attacks of September 11, 2001, investment losses on sales and impairments of investment securities, the accrual of additional reserves to support the Company's reinsurance of Argentine pension business, and higher than expected mortality results in the U.S. operations.

Consolidated investment income increased 10.0% during 2002 and increased 4.3% during 2001. The increase in 2002 and 2001 was related to an increase in the invested asset base due to positive cash flows from operations and deposits from several new annuity reinsurance treaties, offset, in part, by a drop in the invested asset yield primarily due to a decline in prevailing interest rates. Investment income during 2001 was affected by the write-off of accrued investment income associated with the write-down of impaired securities as well as the general decline in interest rates. The cost basis of invested assets increased by $1.4 billion, or 27.5% in 2002 and increased $0.6 billion, or 13.0% in 2001. The increase in the cost basis of invested assets during 2001 was primarily a result of proceeds from the Company's capital raising efforts in December 2001, in addition to the factors previously discussed. The average yield earned on investments was 6.51% in 2002, compared with 6.79% in 2001, and 7.30% in 2000. The average yield will vary from year to year depending on a number of variables, including prevailing interest rate fluctuations, changes in the mix of asset-intensive products, and yields related to funds withheld at interest. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The consolidated provision for income taxes for continuing operations represented approximately 33.8%, 39.7%, and 39.6% of pre-tax income for 2002, 2001, and 2000, respectively. The effective tax rate for 2002 includes the effect of a $2.0 million reduction in tax liabilities subsequent to a settlement of an IRS audit. The effective tax rate for 2001 and 2000 was affected by realized capital losses domestically and operating losses from foreign subsidiaries for which deferred tax assets cannot be fully established. The Company calculated a tax benefit of $3.1 million, $3.7 million, and $15.1 million related to the discontinued operations in 2002, 2001, and 2000, respectively. The effective tax rate on the discontinued operations was 35.1% in 2002 and 35.0% in 2001 and 2000.

Further discussion and analysis of the results for 2002 compared to 2001 and 2000 are presented by segment. Certain prior year amounts have been reclassified to conform to the current year presentation.

U.S. OPERATIONS

(in thousands)

For the year ended December 31, 2002	***Traditional***	***Asset-Intensive***	***Financial Reinsurance***	***Total U.S.***
Revenues:				
Net premiums	$1,396,005	$ 3,786	$ –	$1,399,791
Investment income, net of related expenses	160,945	110,019	191	271,155
Realized investment losses, net	(6,129)	(4,135)	–	(10,264)
Other revenues	2,713	7,277	26,586	36,576
Total revenues	1,553,534	116,947	26,777	1,697,258
Benefits and Expenses:				
Claims and other policy benefits	1,091,630	17,376	–	1,109,006
Interest credited	56,480	65,504	–	121,984
Policy acquisition costs and other insurance expenses	224,707	18,560	8,196	251,463
Other operating expenses	27,216	1,242	9,295	37,753
Total benefits and expenses	1,400,033	102,682	17,491	1,520,206
Income before income taxes	$ 153,501	$ 14,265	$ 9,286	$ 177,052

For the year ended December 31, 2001	*Traditional*	*Asset-Intensive*	*Financial Reinsurance*	*Total U.S.*
Revenues:				
Net premiums	$1,219,674	$ 3,248	$ –	$1,222,922
Investment income, net of related expenses	150,262	93,252	474	243,988
Realized investment gains (losses), net	(29,933)	1,193	–	(28,740)
Other revenues	2,232	2,379	25,958	30,569
Total revenues	1,342,235	100,072	26,432	1,468,739
Benefits and Expenses:				
Claims and other policy benefits	976,740	4,658	–	981,398
Interest credited	51,596	58,087	–	109,683
Policy acquisition costs and other insurance expenses	181,307	21,632	9,925	212,864
Other operating expenses	30,363	740	7,980	39,083
Total benefits and expenses	1,240,006	85,117	17,905	1,343,028
Income before income taxes	$ 102,229	$ 14,955	$ 8,527	$ 125,711

U.S. OPERATIONS, *continued*

(in thousands)

For the year ended December 31, 2000	*Traditional*	*Asset-Intensive*	*Financial Reinsurance*	*Total U.S.*
Revenues:				
Net premiums	$1,036,656	$ 2,216	$ –	$1,038,872
Investment income, net of related expenses	139,688	89,001	(37)	228,652
Realized investment losses, net	(12,206)	(1,066)	–	(13,272)
Other revenues	321	686	16,370	17,377
Total revenues	1,164,459	90,837	$16,333	1,271,629
Benefits and Expenses:				
Claims and other policy benefits	793,494	(95)	–	793,399
Interest credited	47,445	55,006	–	102,451
Policy acquisition costs and other insurance expenses	150,347	23,446	5,457	179,250
Other operating expenses	25,244	802	3,274	29,320
Total benefits and expenses	1,016,530	79,159	8,731	1,104,420
Income before income taxes	$ 147,929	$11,678	$ 7,602	$ 167,209

Income before taxes for the U.S. operations segment totaled $177.1 million for 2002 compared to $125.7 million in 2001 and $167.2 million in 2000. Strong growth in revenue in the traditional subsegment contributed to the increase in income for 2002. Income was down in 2001 due primarily to unfavorable claims experience, higher realized net investment losses, and claims arising from the terrorist attacks of September 11, 2001.

Traditional Reinsurance

The U.S. traditional subsegment is the oldest and largest subsegment of the Company. This subsegment provides life reinsurance to domestic clients for a variety of life products through yearly renewable term agreements, coinsurance and modified coinsurance agreements. These reinsurance arrangements may be either facultative or automatic agreements. During 2002 production totaled $146.9 billion face amount of new business, compared to $99.5 billion in 2001 and $115.7 billion in 2000. The strong growth in production was realized on both new and existing treaties. Management believes industry consolidation, demutualizations, and the trend toward reinsuring mortality risks should continue to provide opportunities for growth.

Income before income taxes for U.S. traditional reinsurance increased 50.2% and decreased 30.9% in 2002 and 2001, respectively. The variances in income for the comparable periods are primarily due to $16.1 million in net claims associated with the terrorist attacks on September 11, 2001, higher realized losses on investment securities in 2001, and generally higher mortality. Also contributing to the increase in 2002 was the continued growth in premiums.

Net premiums for U.S. traditional reinsurance increased 14.5% in 2002 and 17.7% in 2001. New premiums from facultative and automatic treaties and renewal premiums on existing blocks of business all contributed to the growth. The increased premium reflects the growth of total U.S. business in force, which grew to $540.0 billion in 2002, a 15.4% increase over the prior year. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased 7.1% and 7.6% in 2002 and 2001, respectively. The increase in both years is due to growth in the invested asset base, primarily due to increased operating cash flows on traditional reinsurance, which was partially offset by lower yields, primarily as a result of a general decline in interest rates.

Realized investment losses of $6.1 million were reported in 2002 compared to $29.9 million and $12.2 million in 2001 and 2000, respectively.

Claims and other policy benefits, as a percentage of net premiums, were 78.2%, 80.1%, and 76.5% in 2002, 2001, and 2000, respectively. The 2001 loss ratio, when adjusted for claims of $16.1 million related to the events of September 11, 2001, is reduced to 78.8%. The lower percentage in 2000 is the result of favorable mortality experience. In 2002, liabilities established in 2001 for claims related to the terrorists attacks of September 11, 2001 were adjusted down $1.9 million as reported claims from this event are lower than originally projected. The Company's catastrophe coverage program has limited its net losses related to the terrorist attack. As of December 31, 2002, the amount recoverable from catastrophe coverage was approximately $2.9 million.

Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Interest credited relates to amounts credited on the Company's cash value products in this segment, which have a significant mortality component. This amount fluctuates with the changes in deposit levels, cash surrender values, and investment performance.

The amount of policy acquisition costs and other insurance expenses, as a percentage of net premiums, was 16.1%, 14.9%, and 14.5% in 2002, 2001, and 2000, respectively. The increase in this ratio for the comparable periods can be attributed to the proportional increase in the volume of coinsurance business written versus yearly renewable term business. These percentages will fluctuate due to variations in the mixture of business being written.

Other operating expenses, as a percentage of net premiums, were 1.9%, 2.5%, and 2.4% in 2002, 2001, and 2000, respectively. The improvement in this ratio can be attributed to continued growth in premiums and a decline in operating expenses for 2002. The decrease in operating expenses for 2002 is the result of lower overhead costs being allocated to this subsegment as the international operations have grown. This percentage will fluctuate based on premium levels and the mix of fixed versus variable operating expenses.

Asset-Intensive Reinsurance

The U.S. asset-intensive reinsurance subsegment includes the reinsurance of annuities and corporate-owned life insurance. Most of these agreements are coinsurance or modified coinsurance of non-mortality risks such that the Company recognizes profits or losses primarily from the spread between the investment earnings and the interest credited on the underlying deposit liabilities.

Income before income taxes decreased in 2002 to $14.3 million from $15.0 million in 2001, a 4.6% decrease over prior year. The decrease for the year is the result of a $5.3 million increase in realized losses on investment securities in 2002. Excluding realized gains and losses on investment securities, income before income taxes increased $4.6 million for the comparable periods. The increase in income can be attributed to the completion of several new annuity transactions that added over $700.0 million of invested assets to the balance sheet in 2002 for this subsegment. The growth in income was partially offset by a $3.1 million pre-tax loss on an existing annuity treaty, due primarily to high policy lapses. Income before income taxes increased 28.1% in 2001 compared to the prior year. Contributing to this increase was the completion of a new annuity treaty in 2001 with assets of approximately $200.0 million and increased gains on the sale of investment securities of $2.3 million.

Total revenues, which is comprised primarily of investment income, increased 16.9% and 10.2% in 2002 and 2001, respectively. The increase in 2002 can primarily be attributed to the new annuity transactions, which significantly increased the investment asset base for this subsegment. The average invested asset balance was $1.9 billion, $1.3 billion, and $1.0 billion for 2002, 2001 and 2000, respectively. Invested assets outstanding as of December 31, 2002, and 2001 were $2.4 billion and $1.4 billion, of which $1.4 billion and $0.6 billion were funds withheld at interest, respectively.

Total expenses, which is comprised primarily of interest credited, policy benefits and acquisition costs increased 20.6% and 7.5% in 2002 and 2001, respectively. The increase in 2002 can be attributed to the increase in policy benefits and interest credited. The higher policy benefits can be attributed to an increase in the option cost associated with an existing treaty while the growth in interest credited is primarily the result of the new annuity transactions.

Financial Reinsurance

The U.S. financial reinsurance subsegment includes net fees earned on financial reinsurance and the Company's investment in RGA Financial Group. During 2000, the Company increased its ownership of RGA Financial Group from 40% to 100%. The majority of the financial reinsurance transactions assumed by the Company are retroceded to other insurance companies. Financial reinsurance agreements represent low-risk business that the Company assumes and subsequently retrocedes with a net fee earned on the transaction. The fees earned from the assumption of the financial reinsurance contracts are reflected in other revenues, and the fees paid to retrocessionaires are reflected in policy acquisition costs and other insurance expenses.

Income before income taxes increased 8.9% and 12.2% in 2002 and 2001, respectively. The increase for 2002 can be attributed to higher net fees retained as a result of the continued growth in financial reinsurance. The growth in fees was somewhat offset by higher operating expenses allocated to this subsegment in 2002. At December 31, 2002, 2001 and 2000, the amount of reinsurance assumed from client companies, as measured by pre-tax statutory surplus, was $872.7 million, $547.8 million and $498.4 million, respectively.

CANADA OPERATIONS

(in thousands)

Years ended December 31,	***2002***	*2001*	*2000*
Revenues:			
Net premiums	$181,224	$173,269	$176,326
Investment income, net of related expenses	70,518	65,006	61,950
Realized investment gains (losses), net	(163)	9,148	(1,291)
Other revenues	136	201	318
Total revenues	251,715	247,624	237,303
Benefits and Expenses:			
Claims and other policy benefits	186,398	172,799	171,417
Interest credited	1,070	299	763
Policy acquisition costs and other insurance expenses	16,136	14,101	16,563
Other operating expenses	9,480	8,909	8,702
Total benefits and expenses	213,084	196,108	197,445
Income before income taxes	$ 38,631	$ 51,516	$ 39,858

The Company conducts reinsurance business in Canada through RGA Canada. RGA Canada assists clients with capital management activity and mortality risk management and is primarily engaged in traditional individual life reinsurance, including preferred underwriting products, as well as creditor and non-guaranteed critical illness products. The Canadian operation is one of the leading life reinsurers in Canada. RGA Canada's reinsurance in force totals approximately $64.5 billion and $55.8 billion at December 31, 2002 and 2001, respectively. At December 31, 2002, RGA Canada includes most of the life insurance companies in Canada as clients.

Income before income taxes decreased 25.0% in 2002 and increased 29.2% in 2001. Excluding net realized investment gains (losses), income before taxes decreased by 8.4% in 2002 and increased by 3.0% in 2001. The decrease in 2002 was the result of below-average mortality experience in the current year, primarily due to two treaties, and favorable mortality experience in the prior year. The increase in 2001 was primarily driven by favorable mortality experience.

Net premiums increased by 4.6% to $181.2 million in 2002 and decreased by 1.7% to $173.3 million in 2001. In original currency, net premiums increased by 6.5% in 2002 and 2.4% in 2001. The decline in the strength of the Canadian dollar had an adverse effect on the amount of net premiums reported of $2.1 million, or 1.2%, in 2002 and $7.6 million, or 4.4%, in 2001. Premium levels are significantly influenced by large transactions, mix of business, and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased by 8.5% and 4.9% during 2002 and 2001, respectively. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support business volumes. The investment income allocation to the Canadian operations was $4.0 million and $5.3 million in 2002 and 2001, respectively. Investment performance varies with the composition of investments. The increase in investment income was mainly the result of an increase in the invested asset base offset by the effects of changes in the foreign currency exchange rates. In 2002 and 2001, the invested asset base growth was due to operating cash flows on traditional reinsurance, proceeds from capital contributions and interest on an increasing amount of funds withheld at interest related to one treaty.

Claims and other policy benefits, as a percentage of net premiums, were 102.9% of total 2002 net premiums compared to 99.7% in 2001 and 97.2% in 2000. The increased percentages are primarily the result of several large in force blocks assumed in 1998 and 1997. These blocks are mature blocks of level premium business in which mortality as a percentage of premiums is expected to be higher than the historical ratios and increase over time. The nature of level premium policies requires that the Company invest the amounts received in excess of mortality costs to fund claims in the later years. Additionally, the increased percentages experienced are the result of unfavorable mortality experience in 2002 as compared to more favorable experience in 2001 and 2000. Claims and other policy benefits as a percentage of net premiums and investment income were 74.0% of total 2002 net premiums compared to 72.5% in 2001 and 71.9% in 2000. The Company expects mortality to fluctuate somewhat from period to period but believes it is fairly constant over longer periods of time.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 8.9% in 2002, 8.1% in 2001, and 9.4% in 2000. The fluctuation in this ratio is primarily due to the changing mix of

business. In 2002, more business was derived from coinsurance agreements than yearly renewable term agreements. The coinsurance agreements tend to have higher commission costs compared to yearly renewable term agreements. The decrease in the percentage in 2001 is the result of the mix of business which was higher in yearly renewable term agreements compared to 2000.

Other operating expenses increased $0.6 million in 2002 and $0.2 million in 2001 compared to their respective prior-year periods. The overall increase in operating expenses was attributed to planned increases in costs associated with the ongoing growth of the business.

OTHER INTERNATIONAL OPERATIONS

(in thousands)

For the year ended December 31, 2002	***Europe & South Africa***	***Asia Pacific***	***Latin America***	***Total Other International***
Revenues:				
Net premiums	$226,846	$160,197	$12,608	$399,651
Investment income, net of related expenses	1,009	7,059	4,201	12,269
Realized investment gains (losses), net	894	(268)	(4,087)	(3,461)
Other revenues	2,064	2,363	251	4,678
Total revenues	230,813	169,351	12,973	413,137
Benefits and Expenses:				
Claims and other policy benefits	130,975	110,806	2,279	244,060
Interest credited	–	–	3,661	3,661
Policy acquisition costs and other insurance expenses	82,700	36,660	4,545	123,905
Other operating expenses	13,049	14,727	5,992	33,768
Interest expense	680	842	–	1,522
Total benefits and expenses	227,404	163,035	16,477	406,916
Income (loss) before income taxes	$ 3,409	$ 6,316	$ (3,504)	$ 6,221

OTHER INTERNATIONAL OPERATIONS, *continued*

(in thousands)

For the year ended December 31, 2001	*Europe & South Africa*	*Asia Pacific*	*Latin America*	*Total Other International*
Revenues:				
Net premiums	$94,800	$119,702	$ 51,069	$265,571
Investment income, net of related expenses	1,536	3,935	14,684	20,155
Realized investment gains (losses), net	(137)	113	(32,619)	(32,643)
Other revenues	256	2,903	547	3,706
Total revenues	96,455	126,653	33,681	256,789
Benefits and Expenses:				
Claims and other policy benefits	59,429	75,595	87,581	222,605
Interest credited	–	–	1,730	1,730
Policy acquisition costs and other insurance expenses	26,753	36,103	14,395	77,251
Other operating expenses	10,555	11,081	9,072	30,708
Interest expense	681	867	–	1,548
Total benefits and expenses	97,418	123,646	112,778	333,842
Income (loss) before income taxes	$ (963)	$ 3,007	$(79,097)	$ (77,053)

For the year ended December 31, 2000	*Europe & South Africa*	*Asia Pacific*	*Latin America*	*Total Other International*
Revenues:				
Net premiums	$29,690	$ 94,282	$ 64,897	$188,869
Investment income, net of related expenses	2,056	4,628	19,782	26,466
Realized investment gains (losses), net	365	(191)	(9,099)	(8,925)
Other revenues	3,177	2,266	364	5,807
Total revenues	35,288	100,985	75,944	212,217
Benefits and Expenses:				
Claims and other policy benefits	20,151	56,377	62,205	138,733
Interest credited	–	–	1,568	1,568
Policy acquisition costs and other insurance expenses	7,473	32,484	7,772	47,729
Other operating expenses	9,542	9,939	10,934	30,415
Interest expense	502	980	–	1,482
Total benefits and expenses	37,668	99,780	82,479	219,927
Income (loss) before income taxes	$ (2,380)	$ 1,205	$ (6,535)	$ (7,710)

The Other International reportable segment generates business from reinsurance operations in Europe, South Africa, and the Asia Pacific and Latin America regions. The Europe & South Africa segment provides life reinsurance for a variety of products through yearly renewable term and coinsurance agreements, and reinsurance of accelerated critical illness coverage (pays on the earlier of death or diagnosis of a pre-defined critical illness). These agreements may be either facultative or automatic agreements covering primarily individual risks and, in some markets, group risks.

The Company conducts reinsurance business in the Asia Pacific region through branch operations in Hong Kong and New Zealand and

representative offices in Japan, South Korea and Taiwan. Business is also conducted through RGA Australia, a wholly owned subsidiary in Australia, and Malaysian Life Reinsurance Group Berhad ("MLRe"), a joint venture in Malaysia. The principal types of reinsurance provided in the region are life, critical care, superannuation, and financial reinsurance. Superannuation is the Australian government mandated compulsory retirement savings program. Superannuation funds accumulate retirement funds for employees, and in addition, offer life and disability insurance coverage.

The Latin America operations include traditional reinsurance, primarily from Mexico, Argentina and Chile, reinsurance of privatized pension products primarily in Argentina, which the Company ceased writing during 2001, and direct life insurance through a subsidiary in Argentina. The Company had direct and local reinsurance operations in Chile until 2000 when those operations were sold. The Latin America segment has experienced losses and decreased new business opportunity as a result of turbulent economic conditions in Argentina in the past few years. Most of the growth of the reinsurance business has been in Mexico over the last two years.

Income before income taxes for the Other International reportable segment totaled $6.2 million for 2002, compared to losses of $77.1 million and $7.7 million for 2001 and 2000, respectively. Each segment reported stronger pre-tax results during 2002 compared to 2001. Europe & South Africa reported income before income taxes of $3.4 million for 2002, an increase of $4.4 million compared to 2001, primarily due to a significant increase in premium volume during 2002. Asia Pacific reported income before income taxes of $6.3 million for 2002, a $3.3 million improvement over 2001. Improvements in profitability for 2002 were predominantly due to additional premium volume and further persistency. For 2001, Asia Pacific income before income taxes increased $1.8 million compared to 2000. The improvement in profitability in 2001 over 2000 was caused by a combination of better persistency and additional premium volume. Loss before income taxes for the Latin America segment was $3.5 million for 2002 compared to losses of $79.1 million and $6.5 million for 2001 and 2000, respectively. The current year results were affected by investment losses and write-downs on Argentine securities that supported the direct operations in Argentina which offset income from the reinsurance operations. The losses for 2001 were primarily attributable to realized investment losses on the Argentine securities that supported the privatized pension reinsurance business as well as an increase in reserves related to that business. In 2000, the sale of the Chilean operations resulted in a realized investment loss that decreased overall earnings.

Other International net premiums increased 50.5% to $399.7 million in 2002, and 40.6% to $265.6 million in 2001. The increases were primarily the result of renewal premiums from existing blocks of business, new business premiums from facultative and automatic treaties and several large blocks of business, and premiums associated with accelerated critical illness coverage in Asia Pacific and Europe & South Africa. Accelerated critical illness coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned from this coverage totaled $118.5 million, $43.3 million and $9.8 million in 2002, 2001 and 2000, respectively. The Company's operations in South Africa also contributed to the 2002 net premium growth mainly through the facultative and automatic market. The Company's representative office in Spain also contributed through reinsuring both individual and group products. Increases in net premiums were slightly offset by reduced premiums related to the exit from the privatized pension business in 2001 and declining sales of direct insurance in Argentina. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income decreased $7.9 million or 39.1% in 2002, and $6.3 million or 23.8% in 2001. The decrease during 2002 was primarily due to a decrease in allocated assets required to support the Argentine pension business as a result of the devaluation of the Argentine peso, while the sale of the Chilean operations contributed to a smaller invested asset base and less investment income for 2001. Asia Pacific reported a 79.4% increase in investment income in 2002, predominantly due to an increase in the investment assets, particularly in Australia. Investment income and realized investment gains and losses are allocated to the various operating segments based on average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments.

Other revenue during 2002 and 2001 primarily represented profit and fees associated with financial reinsurance in Taiwan and Japan. The Taiwanese treaty commenced in late 1999, with a full year in 2002, 2001 and 2000. Fees paid to retrocessionaires that were included in policy acquisition costs and other insurance expenses partially offset the fees earned for these years.

Claims and other policy benefits as a percentage of net premiums totaled 61.1%, 83.8% and 73.5% for 2002, 2001 and 2000, respectively. The decrease in 2002 and the increase in 2001 are primarily related to an increase in reserves for the Argentine privatized pension business in the Latin America segment operations during the fourth quarter of 2001. Excluding Latin America operations, claims and other policy benefits as a percentage of premium totaled 62.5%, 62.9%, and 61.7% for 2002, 2001, and 2000, respectively. Mortality may fluctuate somewhat from period to period, but is expected to be fairly constant over longer periods of time.

During 2001, the Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina because of adverse experience on this business, as several aspects of the pension fund claims flow did not develop as was contemplated when the reinsurance programs were initially priced. Although premiums will continue to decline, it is estimated that claims for the privatized pension business will continue to be paid over the next several years. As the underlying reserves for the privatized pension business are in Argentine pesos, the functional currency of this segment, the devaluation

of the peso during 2002 is not expected to have an impact on earnings until actual claims settlement or adjustment to the underlying peso-denominated reserves occur. Transaction gains/losses on the claims settlements are included in the claims and other policy benefits total. During 2002, the Company recorded $32.0 million in transaction gains related to claims settlements. These gains were generally offset by increases in reserves associated with the Argentine pension contracts. The impact of fluctuating exchange rates will continue to be closely monitored by the Company's management and is expected to be volatile over the near term. Claims and other policy benefits include claims paid, claims in the course of payment and establishment of additional reserves to provide for unreported claims. The level of claims may fluctuate from period to period, but exhibits less volatility over the long term. The Company monitors claims trends to evaluate the appropriateness of reserve levels and adjusts the reserve levels on a periodic basis.

Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 31.0%, 29.1% and 25.3% for 2002, 2001, and 2000, respectively. The percentages fluctuate due to timing of client company reporting and variations in the mixture of business being reinsured. Policy acquisition costs are capitalized and charged to expense in proportion to premium revenue recognized. Acquisition costs, as a percentage of premiums, associated with some treaties in the United Kingdom are typically higher than those experienced in the Company's other segments. Future recoverability of the capitalized policy acquisition costs on this business is primarily sensitive to mortality and morbidity experience. If actual experience suggests higher mortality and morbidity rates going forward than currently contemplated in management's estimates, the Company would record a charge to income, due to a reduction in the DAC asset and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits. The Company estimates that a 10 percent increase in anticipated mortality and morbidity experience would result in a pre-tax income statement charge of approximately $8.3 million, while a 15 percent increase would result in a pre-tax charge of approximately $55.7 million.

Other operating expenses increased 10.0% during 2002 and were relatively flat for 2001. The increase during 2002 related to growth in the Europe & South Africa and Asia Pacific segments. As a percentage of premiums, other operating expenses decreased to 8.4% from 11.6% in 2002 and 2001, respectively. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time.

CORPORATE AND OTHER

Corporate activity generally represents investment income on invested assets not allocated to support segment operations, undeployed proceeds from the Company's capital raising efforts, unallocated realized capital gains or losses, corporate expenses that include unallocated overhead and executive costs, as well as interest expense related to the $225.0 million, 5.75% mandatorily redeemable trust preferred securities issued by a wholly owned subsidiary in 2001 ("Preferred Securities"), the $200.0 million, 6.75% Senior Notes issued in 2001 ("2001 Senior Notes"), borrowings under the Company's $140 million credit agreement executed during 2000 (the "U.S. Credit Agreement"), a $75.0 million term loan note with an affiliate and the $100.0 million 7.25% Senior Notes ("Senior Notes") issued in 1996.

Corporate revenues increased $24.7 million in 2002 and decreased $9.5 million in 2001. The increase during 2002 was largely due to an increase in investment income resulting from a larger base of invested assets. The decrease during 2001 was primarily a result of unallocated investment losses associated with the sale or impairment of investment securities. Corporate unallocated other operating expenses were less than 1 percent of consolidated premiums in 2002, 2001 and 2000. Corporate interest expense was $34.0 million in 2002, compared to $16.5 million in 2001 and $16.1 million in 2000. The substantial increase during 2002 was primarily a result of the addition of the Preferred Securities (See Note 16, "Issuance of Trust PIERS Units" of the Notes to Consolidated Financial Statements) and the 2001 Senior Notes, both of which were issued near the end of 2001. The Company essentially swapped variable-rate debt for fixed-rate debt by using the proceeds of the 2001 Senior Notes to pay down its U.S. Credit Agreement and to prepay and terminate the affiliate note. The U.S. Credit Agreement and the MetLife Note had a combined weighted average interest rate of 5.0% during 2001. As expected, interest expense during 2002 on the 2001 Senior Notes, fixed at 6.75%, exceeded the combined interest expense on the U.S. Credit Agreement and the MetLife Note during 2001. The Company views its long-term debt at its current level as an integral and ongoing part of its capital structure, and therefore felt it appropriate to convert its shorter-term borrowings under its U.S. Credit Agreement and MetLife Note into longer-term capital.

Discontinued Operations

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims over a number of years as the level of business diminishes. The Company will report a loss to the extent claims exceed established reserves.

At the time it was accepting accident and health risks, the Company directly underwrote certain business using its own staff of underwriters. Additionally, it participated in pools of risks underwritten by outside managing general underwriters, and offered high-level common account and catastrophic protection coverages to other reinsurers and retrocessionaires. Types of risks covered included a variety of medical, disability, workers' compensation carve-out, personal accident, and similar coverages.

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third-party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to arbitrations that involve some of these LMX reinsurance programs. The Company and other involved reinsurers and retrocessionaires have raised substantial defenses upon which to contest these claims, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affect the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

While RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires. To date, no such direct material exposures have been identified. If any direct material exposure is identified at some point in the future, based upon the experience of others involved in these markets, any exposures will potentially be subject to claims for rescission, arbitration, or litigation. Thus, resolution of any disputes will likely take several years.

While it is not feasible to predict the ultimate outcome of pending arbitrations and litigation involving LMX reinsurance programs, any indirect workers' compensation carve-out exposure, or other accident and health risks, or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2003, the ceding companies involved in these disputes have raised claims that are $41.7 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $8.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2002 and 2001 was $50.9 million and $55.3 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $3.3 million, $3.0 million, and $23.7 million for 2002, 2001, and 2000, respectively.

Liquidity and Capital Resources

The Holding Company

RGA is a holding company whose primary uses of liquidity include, but are not limited to, the immediate capital needs of its operating companies associated with the Company's primary businesses, dividends paid by RGA to its shareholders, interest payments on its indebtedness (See Notes 15, "Long-Term Debt," and 16, "Issuance of Trust PIERS Units," of the Notes to Consolidated Financial Statements), and repurchases of RGA common stock under a board of director approved plan. The primary sources of RGA's liquidity include proceeds from its capital raising efforts, interest income on undeployed corporate investments, interest income received on surplus notes with RGA Reinsurance and RCM, and dividends from operating subsidiaries. As the Company continues its expansion efforts, RGA will continue to be dependent on these sources of liquidity.

RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. Pursuant to this calculation, RGA Reinsurance's allowable dividend without prior approval for 2003 would be $63.4 million. However, the applicable statutory provisions

only permit an insurer to pay a shareholder dividend from unassigned surplus. As of December 31, 2002, RGA Reinsurance had unassigned surplus of $67.8 million. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2003, RCM could pay a maximum dividend, without prior approval, to RGA equal to its unassigned surplus, approximately $28.9 million. The maximum amount available for dividends by RGA Canada to RGA under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $33.4 million. Dividend payments from other subsidiaries and joint ventures are subject to regulations in the country of domicile. RGA Americas and RGA Barbados do not have material restrictions on their ability to pay dividends out of retained earnings.

The dividend limitation is based on statutory financial results. Statutory accounting practices differ in certain respects from accounting principles used in financial statements prepared in conformity with Generally Accepted Accounting Principles ("GAAP"). The significant differences relate to deferred acquisition costs, deferred income taxes, required investment reserves, reserve calculation assumptions, and surplus notes.

RGA has repurchased shares in the open market in the past primarily to satisfy obligations under its stock option program. In 2001, the Board of Directors approved a repurchase program authorizing RGA to purchase up to $50 million of its shares of stock, as conditions warrant. As of December 31, 2002, RGA purchased approximately 0.2 million shares of treasury stock under the program at an aggregate cost of $6.6 million. The Company did not purchase treasury stock during 2001. The Company purchased approximately 0.7 million shares of treasury stock in 2000, under a prior repurchase program approved by the Board, at an aggregate cost of $20.0 million.

The Company's $140.0 million U.S. credit facility expires in May 2003. No amount was outstanding under this facility as of December 31, 2002; however, the Company is currently planning on renewing this facility. The Company can give no assurances that it will be successful in negotiating the renewal, and if successful, that the terms, including cost, will be comparable to the current terms.

Historically, RGA has paid quarterly dividends ranging from $0.027 per share in 1993 to $0.06 per share in 2002. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of net worth ranging from $600.0 million to $700.0 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10.0 million or $25.0 million depending on the agreement, bankruptcy proceedings, and any event which results in the acceleration of the maturity of indebtedness. The facility fee and interest rate for the Company's credit facilities is based on its senior long-term debt ratings. A decrease in those ratings could result in an increase in costs for the credit facilities. As of December 31, 2002, the Company had $327.8 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. Of that amount, approximately $28.4 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends primarily on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds.

In December 2001, RGA, through its wholly owned subsidiary trust, issued $225.0 million in Preferred Income Redeemable Securities ("PIERS") Units. See Notes 2, "Summary of Significant Accounting Policies," and 16, "Issuance of Trust PIERS Units," of the Notes to Consolidated Financial Statements for additional information on the terms of the PIERS units. Each PIERS unit consists of a preferred security with a face value of $50 and a stated maturity of March 18, 2051, and a warrant to purchase 1.2508 shares of RGA stock at an exercise price of $50. The warrant expires on December 15, 2050. The holders of the PIERS units have the ability to exercise their warrant for stock at any time and require RGA to payoff the preferred security. Because the exercise price of the warrant to be received from the holder is equal to the amount to be paid for the preferred security, there is no net cash required on RGA's part. If on any date after December 18, 2004, the closing price of RGA common stock exceeds and has exceeded a price per share equal to $47.97 for at least 20 trading days within the immediately preceding 30 consecutive trading days, the Company may redeem the warrants in whole for cash, RGA common stock, or a combination of cash and RGA common stock.

Consolidated interest expense increased significantly in 2002 due to the addition, in December 2001, of the $225.0 million face amount, 5.75% trust preferred securities issued by RGA Capital Trust I and the interest expense associated with its $200.0 million 6.75% Senior Notes due 2011, the proceeds of which were used to pay down a balance of $120.0 million on its U.S. revolving credit facility and to prepay and terminate the $75.0 million term loan with MetLife Credit Corp. Interest rates on the U.S. revolving credit facility and $75.0 million term loan ranged from 2.6% to 7.1% in 2001. As of December 31, 2002, the average interest rate on long-term debt outstanding, excluding the PIERS, was 6.74%.

Based on the historic cash flows and the current financial results of the Company, subject to any dividend limitations which may be imposed by various insurance regulations, management believes RGA's cash flows from operating activities, together with undeployed proceeds from its capital raising efforts, including interest and investment income on those proceeds, interest income received on surplus notes with RGA Reinsurance and RCM, and its ability to raise funds in the capital markets, will be sufficient to enable RGA to make dividend payments to its shareholders, to make interest payments on its senior indebtedness and junior subordinated notes, to repurchase RGA common stock under the board of director approved plan, and to meet its other obligations.

Reinsurance Operations

The Company's principal cash inflows from its reinsurance operations are life insurance premiums and deposit funds received from ceding companies. The primary liquidity concern with respect to these cash flows is early recapture of the reinsurance contract by the ceding company. Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding companies the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2002, these treaties had approximately $294.7 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of $532.8 million were held in trust for the benefit of certain subsidiaries of the Company to satisfy collateral requirements for reinsurance business at December 31, 2002. Additionally, securities with an amortized cost of $931.6 million, as of December 31, 2002, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary. RGA has issued guarantees of its subsidiaries' performance for the payment of amounts due under certain reinsurance treaties, whereby if the subsidiary fails to meet its obligations, RGA or one of its other subsidiaries will make the payment. These guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new or not of a significant size, relative to the ceding company. Total liabilities supported by the guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $126.6 million as of December 31, 2002, and are reflected on the Company's consolidated balance sheet as future policy benefits.

The Company's principal cash inflows from its investing activities result from investment income, maturity and sales of invested assets, and repayments of principal. The primary liquidity concern with respect to these cash inflows relates to the risk of default by debtors and interest rate volatility. The Company manages these risks very closely. See "Investments" and "Interest Rate Risk" below.

Additional sources of liquidity to meet unexpected cash outflows in excess of operating cash inflows include selling short-term investments or fixed maturity securities and drawing additional funds under existing credit facilities, under which the Company had availability of $155.4 million as of December 31, 2002. As previously mentioned, the Company is currently planning to renew its $140.0 million U.S. credit facility that expires in May 2003. No amount was outstanding under this facility as of December 31, 2002.

The Company's principal cash outflows primarily relate to the payment of claims liabilities, interest credited, operating expenses, income taxes, and principal and interest under debt obligations. The Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts (See Note 2, "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements). The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate capital requirements created by this business. The Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance. The Company has never experienced a material default in connection with retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to recoverability of any such claims. The Company's management believes its current sources of liquidity are adequate to meet its current cash requirements.

The Company's net cash flows provided by operating activities for the years ended December 31, 2002, 2001, and 2000, were $161.9 million, $243.9 million, and $192.8 million, respectively. Cash flows from operating activities are affected by the timing of premiums received, claims paid, and working capital changes. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. Additionally, the Company maintains a very high-quality fixed maturity portfolio with good liquidity characteristics. These securities are available for sale and can be easily sold to meet the Company's obligations, if necessary.

The following table displays the Company's contractual obligations, which primarily consist of the payment of outstanding debt upon maturity and leases.

(in millions)

	Payment Due by Period			
	Total	*1 - 3 Years*	*4 - 5 Years*	*After 5 Years*
Contractual Obligations				
Long-Term Debt	$ 327.8	$28.4	$ 99.5	$199.9
Operating Leases	28.8	13.2	7.5	8.1
Trust Preferred Securities of Subsidiary	225.0	–	–	225.0
Total	$581.6	$41.6	$107.0	$433.0

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2002, there were approximately $39.7 million of outstanding bank letters of credit in favor of third parties. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas, RGA Barbados, and Triad Re, Ltd. As of December 31, 2002, $339.4 million in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed and are based on the Company's ratings and the general availability of these instruments in the marketplace. The Company has direct policies and reinsurance agreements in addition to certain investment, advisory, and administrative services contracts with affiliated entities (See Note 11, "Related Party Transactions," of the Notes to Consolidated Financial Statements).

Net cash used in investing activities was $582.5 million, $576.4 million, and $712.5 million in 2002, 2001, and 2000, respectively. Changes in cash used in investing activities primarily relate to the management of the Company's investment portfolios and the investment of excess capital generated by operating and financing activities.

Net cash provided by financing activities was $285.5 million, $487.9 million, and $565.5 million in 2002, 2001, and 2000, respectively. Changes in cash provided by financing activities primarily relate to the issuance of equity or debt securities, borrowings or payments under the Company's existing credit agreements, treasury stock activity, and excess deposits under investment type contracts.

The Company's asset-intensive products are primarily supported by investments in fixed maturity securities. Investment guidelines are established to structure the investment portfolio based upon the type, duration and behavior of products in the liability portfolio so as to achieve targeted levels of profitability. The Company manages the asset-intensive business to provide a targeted spread between the interest rate earned on investments and the interest rate credited to the underlying interest-sensitive contract liabilities. The Company periodically reviews models projecting different interest rate scenarios and their impact on profitability. Certain of these asset-intensive agreements, primarily in the U.S. operating segment, are generally funded with fixed maturity securities that are withheld by the ceding company. As of December 31, 2002, funds withheld at interest on these transactions totaled approximately $1.4 billion.

Additionally, deferred costs related to interest-sensitive life and investment-type contracts are amortized over the lives of the contracts, in relation to the present value of estimated gross profits (EGP) from mortality, investment income, and expense margins. The EGP for asset-intensive products include the following components: (1) estimates of fees charged to policyholders to cover mortality, surrenders and maintenance costs; (2) expected interest rate spreads between income earned and amounts credited to policyholder accounts; and (3) estimated costs of administration. EGP is also reduced by our estimate of future losses due to defaults in fixed maturity securities. Deferred policy acquisition costs ("DAC") are sensitive to changes in assumptions regarding these EGP components, and any change in such an assumption could have an impact on our profitability.

The Company continuously reviews the EGP valuation model and assumptions so that the assumptions reflect a reasonable view of the future. Two assumptions are considered to be most significant: (1) estimated interest spread, and (2) estimated future policy lapses. The following table reflects the possible change that would occur in a given year, if assumptions are changed as illustrated, as a percentage of current deferred policy acquisition costs related to asset-intensive products:

	One-Time Increase in DAC	One-Time Decrease in DAC
Quantitative Change in Significant Assumptions		
Estimated interest spread increasing (decreasing)		
25 basis points from the current spread	0.8%	(1.0)%
Estimated policy lapse rates decreasing (increasing)		
20% on a permanent basis (including surrender charges)	0.7%	(1.4)%

In general, a change in assumption that improves our expectations regarding EGP is going to have the impact of deferring the amortization of DAC into the future, thus increasing earnings and the current DAC balance. Conversely, a change in assumption that decreases EGP will have the effect of speeding up the amortization of DAC, thus reducing earnings and lowering the DAC balance. We also adjust DAC to reflect changes in the unrealized gains and losses on available for sale fixed maturity securities since this impacts EGP. This adjustment to DAC is reflected in accumulated other comprehensive income (loss).

The DAC associated with the Company's non-asset-intensive business is less sensitive to changes in estimates for investment yields, mortality and lapses. In accordance with Statement of Financial Accounting Standards No. 60, "Accounting and Reporting by Insurance Enterprises", the estimates include provisions for the risk of adverse deviation and are not adjusted unless experience significantly deteriorates to the point where a premium deficiency exists.

The following table displays DAC balances for asset-intensive business and non-asset-intensive business by segment as of December 31, 2002:

(in thousands)

	Asset-Intensive DAC	Non-Asset-Intensive DAC	Total DAC
U.S.	$183,696	$426,083	$ 609,779
Canada	–	113,447	113,447
Other International:			
Asia Pacific	–	130,797	130,797
Europe & South Africa	–	219,553	219,553
Latin America	–	11,360	11,360
Total	$183,696	$901,240	$1,084,936

Effective December 31, 1993, the National Association of Insurance Commissioners ("NAIC") adopted risk-based capital ("RBC") statutory requirements for U.S.-based life insurance companies. These requirements measure statutory capital and surplus needs based on the risks associated with a company's mix of products and investment portfolio. At December 31, 2002, statutory capital and surplus of RGA Reinsurance and RCM exceeded all RBC thresholds and RGA Canada's capital levels exceeded any MCCSR requirements. All of the Company's insurance operating subsidiaries exceed the minimum capital requirements in their respective jurisdictions.

Investments

The Company had total cash and invested assets of $6.7 billion and $5.3 billion at December 31, 2002 and 2001, respectively. All investments made by RGA and its subsidiaries conform to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, the operating companies' Boards of Directors periodically review the investment portfolios of the international subsidiaries. The Company's investment strategy is to maintain a predominantly investment-grade, fixed maturity portfolio, to provide adequate liquidity for expected reinsurance obligations, and to maximize total return through prudent asset management. The Company's asset/liability duration matching differs between the U.S. and Canada operating segments. The target duration for U.S. portfolios, which are segmented along product lines, range between four and seven years. Based on Canadian reserve requirements, a portion of the Canadian liabilities is strictly matched with long-duration Canadian assets, with the remaining assets invested to maximize the total rate of return, given the characteristics of the corresponding liabilities and Company liquidity needs. The Company's earned yield on invested assets was 6.51% in 2002, compared with 6.79% in 2001, and 7.30% in 2000. See Note 5,

"Investments," in the Notes to Consolidated Financial Statements for additional information regarding the Company's investments.

Fixed Maturity Securities Available for Sale

The Company's fixed-maturity securities are invested primarily in commercial and industrial bonds, public utilities, Canadian government securities, and mortgage and asset-backed securities. As of December 31, 2002, approximately 97% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential, and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments. The largest asset class in which fixed maturities were invested was in commercial and industrial bonds, which represented approximately 32.2% of fixed maturity securities as of December 31, 2002, an increase from 30.6% of fixed maturity securities as of December 31, 2001. A majority of these securities were classified as corporate securities, with an average Standard and Poor's ("S&P") rating of A at December 31, 2002. The Company owns floating rate securities that represent approximately 2.8% of fixed maturity securities at December 31, 2002, compared to 6.1% at December 31, 2001. These investments may have a higher degree of income variability than the other fixed income holdings in the portfolio due to the floating rate nature of the interest payments.

Within the fixed maturity security portfolio, the Company holds approximately $165.4 million in asset-backed securities at December 31, 2002, which include credit card and automobile receivables, home equity loans and collateralized bond obligations. The Company's asset-backed securities are diversified by issuer and contain both floating and fixed rate securities. Approximately 33.0%, or $54.5 million are collateralized bond obligations. In addition to the risks associated with floating rate securities, principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the securities priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from collateral, and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include general level of interest rates and the liquidity for these securities in the marketplace.

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. As of December 31, 2002, the Company held fixed maturities with a cost basis of $23.1 million and a market value of $22.9 million, or 0.7% of fixed maturities, that were non-income-producing. Securities, based on management's judgment, with an other than temporary impairment in value are written down to management's estimate of net realizable value. The Company recorded other than temporary write-downs of $33.9 million, $43.4 million, and $10.1 million in 2002, 2001, and 2000, respectively. The circumstances that gave rise to these impairments were bankruptcy proceedings and deterioration in collateral value supporting certain asset-backed securities. During 2002, the Company sold fixed maturity securities with a fair value of $466.1 million at a loss of $44.4 million.

The following table presents the total gross unrealized losses for fixed maturity securities where the estimated fair value had declined and remained below amortized cost by the indicated amount:

(in thousands)	*At December 31, 2002*	
	Gross Unrealized Losses	*% of Total*
Less than 20%	$ 27,460	49.1%
20% or more for less than six months	21,727	38.8%
20% or more for six months or longer	6,741	12.1%
Total	$55,928	100.0%

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and often, fair values recover over time. These securities have generally been adversely affected by the downturn in the financial markets, overall economic conditions, and continuing effects of the September 11, 2001 tragedies. Substantially all of the $6.7 million in unrealized losses on fixed maturity securities whose book has exceeded market 20% or more for six months or longer were related to Canadian zero coupon bonds whose maturities are long term. Small movements in interest rates can have a significant impact on the fair value of these securities due to their long-term duration. The issuers of these bonds are substantially all highly rated Canadian corporations or government agencies.

The following table presents the total gross unrealized losses for fixed maturity securities as of December 31, 2002, by class of security, and broken out between investment- and non-investment-grade investments whose market value has been below amortized cost for the length of time indicated:

(in thousands)	Number of Months			
	Less Than Six	More Than Six, but Less Than 12	More Than 12	Total
Investment-Grade Securities:				
Commercial and industrial	$1,563	$ 244	$ 17,276	$19,083
Public utilities	16	110	6,176	6,302
Asset-backed securities	3,502	5	11,426	14,933
Canadian and Canadian provincial governments	450	–	3,160	3,610
Mortgage-backed securities	145	672	7	824
Finance	125	245	2,338	2,708
U.S. government and agencies	15	–	9	24
Investment-grade securities	5,816	1,276	40,392	47,484
Non-Investment-Grade Securities:				
Commercial and industrial	609	603	1,693	2,905
Public utilities	–	586	2,151	2,737
Asset-backed securities	1,713	–	1,069	2,782
Mortgage-backed securities	1	–	–	1
Finance	19	–	–	19
Non-investment-grade securities	2,342	1,189	4,913	8,444
Total	$8,158	$2,465	$45,305	$55,928

Approximately $35.6 million of the total unrealized losses were related to securities issued by the airline, financial, automotive, telecommunication, and utility sectors. These securities have generally been adversely affected by the downturn in the financial markets, overall economic conditions, and continuing effects of the September 11, 2001, tragedies. The Company believes that the analysis of each such security whose price has been below market for greater than 12 months indicated that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of December 31, 2002.

Mortgage Loans on Real Estate

Mortgage loans represented approximately 3.4% and 3.2% of the Company's investments as of December 31, 2002 and 2001, respectively. As of December 31, 2002, all mortgages are U.S.-based. The Company invests primarily in mortgages on commercial offices and retail locations. The Company's mortgage loans generally range in size from $0.3 million to $11.5 million, with the average mortgage loan investment as of December 31, 2002, totaling approximately $3.8 million. The mortgage loan portfolio was diversified by geographic region and property type as discussed further in Note 5 of the Notes to Consolidated Financial Statements. Substantially all mortgage loans are performing and no valuation allowance has been established as of December 31, 2002.

Policy Loans

Policy loans comprised approximately 12.6% and 15.2% of the Company's investments as of December 31, 2002 and 2001, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds Withheld at Interest

Funds withheld at interest comprised approximately 29.7% and 22.5% of the Company's investments as of December 31, 2002 and 2001, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company, and are reflected as funds withheld at interest on RGA's balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. The Company is subject to the investment performance on the

withheld assets, although it does not directly control them. These assets are primarily fixed maturity investment securities and pose risks similar to the fixed maturity securities the Company owns. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance. Ceding companies with funds withheld at interest had an average A.M. Best rating of "A-". Certain ceding companies maintain segregated portfolios for the benefit of the Company. Based on data provided by ceding companies as of December 31, 2002, funds withheld at interest were approximately:

(in thousands)	*At December 31, 2002*		
	Book Value	*Market Value*	*% of Total*
Underlying Security Type:			
Investment-grade U.S. corporate securities	$1,229,881	$1,280,210	87.0%
Below-investment-grade U.S. corporate securities	42,981	41,321	2.8%
Unrated securities	137,207	144,489	9.8%
Other	6,290	6,312	0.4%
Total segregated portfolios	1,416,359	1,472,332	100.0%
Funds withheld at interest associated with non-segregated portfolios	558,712	558,712	
Total funds withheld at interest	$1,975,071	$2,031,044	

Based on data provided by the ceding companies as of December 31, 2002, the maturity distribution of the segregated portfolio portion of funds withheld at interest was approximately:

(in thousands)	*At December 31, 2002*		
	Book Value	*Market Value*	*% of Total*
Maturity:			
Within one year	$ 19,176	$ 19,363	1.3%
More than one, less than five years	251,090	258,807	17.6%
More than five, less than 10 years	466,445	496,331	33.7%
10 years or more	679,648	697,831	47.4%
Total all years	$1,416,359	$1,472,332	100.0%

The Company utilizes derivative financial instruments on a very limited basis, primarily to improve the management of the investment-related risks associated with the reinsurance of equity-indexed annuities. The Company invests primarily in exchange-traded and customized Standard and Poor's equity index options. The Company has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit supports. The Company limits its total financial exposure to counterparties. The Company's use of derivative financial instruments historically has not been significant to its financial position.

As of December 31, 2002, the majority of the Company's invested assets were managed by third-party companies; however, the Company's chief investment officer has the primary responsibility for the day-to-day oversight of all the Company's investments.

Market Risk

Market risk is the risk of loss that may occur when fluctuation in interest and currency exchange rates and equity and commodity prices change the value of a financial instrument. Both derivative and nonderivative financial instruments have market risk so the Company's risk management extends beyond derivatives to encompass all financial instruments held that are sensitive to market risk. RGA is primarily exposed to interest rate risk and foreign currency risk.

Interest Rate Risk

This risk arises from many of the Company's primary activities, as the Company invests substantial funds in interest-sensitive assets and also has certain interest-sensitive contract liabilities. The Company manages interest rate risk and credit risk to maximize the return on the

Company's capital effectively and to preserve the value created by its business operations. As such, certain management monitoring processes are designed to minimize the impact of sudden and sustained changes in interest rates on fair value, cash flows, and net interest income. The Company manages its exposure to interest rates principally by matching floating-rate liabilities with corresponding floating-rate assets, and by matching fixed-rate liabilities with corresponding fixed-rate assets. On a limited basis, the Company uses equity options to minimize its exposure to movements in equity markets that have a direct correlation with certain of its reinsurance products.

The Company's exposure to interest rate price risk and interest-rate cash flow risk is reviewed on a quarterly basis. Interest-rate price risk exposure is measured using interest-rate sensitivity analysis to determine the change in fair value of the Company's financial instruments in the event of a hypothetical change in interest rates. Interest-rate cash flow risk exposure is measured using interest-rate sensitivity analysis to determine the Company's variability in cash flows in the event of a hypothetical change in interest rates. If estimated changes in fair value, net interest income, and cash flows are not within the limits established, management may adjust its asset and liability mix to bring interest-rate risk within board-approved limits.

In order to reduce the exposure of changes in fair values from interest rate fluctuations, RGA has developed strategies to manage its liquidity, and increase the interest-rate sensitivity of its asset base. From time to time, RGA has utilized the swap market to manage the volatility of cash flows to interest rate fluctuations.

Interest-rate sensitivity analysis is used to measure the Company's interest-rate price risk by computing estimated changes in fair value of fixed-rate assets and liabilities in the event of a hypothetical 10% change in market interest rates. The Company does not have fixed-rate instruments classified as trading securities. The Company's projected loss in fair value of financial instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2002 and 2001 was $78.4 million and $61.0 million, respectively.

The calculation of fair value is based on the net present value of estimated discounted cash flows expected over the life of the market-risk-sensitive instruments, using market prepayment assumptions and market rates of interest provided by independent broker quotations and other public sources as of December 31, 2001, with adjustments made to reflect the shift in the treasury yield curve as appropriate.

At December 31, 2002, the Company's estimated changes in fair value were within the targets outlined in the Company's investment policy.

Interest-rate sensitivity analysis is also used to measure the Company's interest-rate cash flow risk by computing estimated changes in the cash flows expected in the near term attributable to floating rate assets and liabilities in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in cash flows in the near term in market-risk-sensitive floating rate instruments in the event of a hypothetical 10% change (increase or decrease) in market interest rates. The Company does not have variable-rate instruments classified as trading securities. The Company's projected decrease in cash flows in the near term associated with floating-rate instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2002 and 2001 was $0.3 million and $6.0 million, respectively.

The cash flows from coupon payments move in the same direction as interest rates for the Company's floating rate instruments. The volatility in mortgage prepayments partially offsets the cash flows from interest. At December 31, 2002, the Company's estimated changes in cash flows were within the targets outlined in the Company's investment policy.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, and mortgage prepayments, and should not be relied on as indicative of future results. Further, the computations do not contemplate any actions management could undertake in response to changes in interest rates.

Certain shortcomings are inherent in the method of analysis presented in the computation of the estimated fair value of fixed-rate instruments and the estimated cash flows of floating-rate instruments, which estimates constitute forward-looking statements. Actual values may differ materially from those projections presented due to a number of factors, including, without limitation, market conditions varying from assumptions used in the calculation of the fair value. In the event of a change in interest rates, prepayments could deviate significantly from those assumed in the calculation of fair value. Finally, the desire of many borrowers to repay their fixed-rate mortgage loans may decrease in the event of interest rate increases.

Foreign Currency Risk

The Company is subject to foreign currency translation, transaction, and net income exposure. The Company manages its exposure to currency principally by matching invested assets with the underlying reinsurance liabilities, but generally does not hedge the foreign currency translation exposure related to its investment in foreign subsidiaries as it views these investments to be long-term. Translation differences resulting from translating foreign subsidiary balances to U.S. dollars are reflected in equity. The Company generally does not hedge the foreign currency exposure of its subsidiaries transacting business in currencies other than their functional currency (transaction exposure). The majority of the Company's foreign currency transactions are denominated in Australian dollars, Argentine pesos, Canadian dollars, and Great British pounds. Currently, the Company believes its foreign currency transaction exposure, with the possible exception of its Argentine peso exposure, to be immaterial to the consolidated results of operations. In an effort to reduce its exposure to the Argentine peso, during 2001, the Company liquidated substantially all its Argentine based investment securities and reinvested the proceeds into investment securities denominated in U.S. dollars. The Company's obligations under its insurance and reinsurance contracts continue to be denominated in Argentine pesos, which is the functional currency for this segment. Those net contract liabilities totaled approximately 65.1 million Argentine pesos as of December 31, 2002. The net unrealized foreign currency gain of $45.7 million is reflected in accumulated other comprehensive income on the consolidated balance sheet as of December 31, 2002. The Company does not expect the ongoing economic turmoil in Argentina, including the devaluation of the Argentine peso, to have additional negative impact on its Argentine policy liabilities; however, because the Company cannot reasonably predict the timing of its claim settlements and what the exchange rate will be at settlement, reported results may be volatile in the future. Net income exposure that may result from the strengthening of the U.S. dollar to foreign currencies will adversely affect results of operations since the income earned in the foreign currencies is worth less in U.S. dollars. When evaluating investments in foreign countries, the Company considers the stability of the political and currency environment. Devaluation of the currency after an investment decision has been made will affect the value of the investment when translated to U.S. dollars for financial reporting purposes.

Inflation

The primary, direct effect on the Company of inflation is the increase in operating expenses. A large portion of the Company's operating expenses consists of salaries, which are subject to wage increases at least partly affected by the rate of inflation. The rate of inflation also has an indirect effect on the Company. To the extent that a government's policies to control the level of inflation result in changes in interest rates, the Company's investment income is affected.

New Accounting Standards

In February 2003, the Financial Accounting Standards Board ("FASB") issued for comment Statement of Financial Accounting Standards ("SFAS") No. 133 Implementation Issue No. B36, "Embedded Derivatives: Bifurcation of a Debt Instrument That Incorporates Both Interest Rate Risk and Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Issuer of That Instrument" ("FASB B36"). In this tentative guidance, the FASB has concluded that funds withheld by a ceding company, for modified coinsurance and coinsurance with funds withheld contracts, may contain an embedded derivative which should be bifurcated and valued. The effective date of the implementation guidance, as currently proposed, is the first day of the first fiscal quarter beginning after June 15, 2003. As of December 31, 2002, the Company has not separately reported any potential embedded derivatives associated with these contracts, which it believes is consistent with industry practice. At this time, the Company cannot estimate the impact, if any, of the FASB B36 proposed guidance.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. All variable interests acquired before February 1, 2003, must follow the new rule

in accounting periods beginning after June 15, 2003. The Company does not believe the implementation of FIN 46 will have a material effect on its consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an Amendment of FASB Statement No. 123." Effective January 1, 2003, the Company will prospectively adopt the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company currently applies the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). The estimated impact of the adoption of the fair value-based method on 2003 net income is estimated at approximately $1.1 million, net of tax. This amount represents estimated compensation cost associated with stock option grants expected to be issued in 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 identifies characteristics of certain guarantee contracts and requires that a liability be recognized at fair value at the inception of such guarantees for the obligations undertaken by the guarantor. Additional disclosures also are prescribed for certain guarantee contracts. The initial recognition and initial measurement provisions of FIN 45 are effective for these guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for the Company for its fiscal year ended December 31, 2002. The Company does not believe the implementation of FIN 45 will have a material effect on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated With Exit or Disposal Activities." Under SFAS No. 146, costs associated with an exit or disposal activity shall be recognized at fair value in the period in which the liability is incurred rather than at the date of a commitment to an exit or disposal plan. The provisions of the statement will be effective for exit or disposal activities that are initiated after December 31, 2002.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires business combinations initiated after June 30, 2001 to be reported using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. SFAS No. 142 requires the use of a non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. During the first quarter of 2002, the company completed the transitional impairment test of goodwill. The results of the impairment test did not have a material impact to the Company's results of operations. During 2002, there were no changes to goodwill as a result of acquisitions or disposals. Goodwill as of December 31, 2002 totaled $7.0 million and was related to the Company's purchase of RGA Financial Group L.L.C. in 2000. Goodwill amortization in the comparable prior-year periods was not material to the Company's results of operations.

Consolidated Balance Sheets

(in thousands, except share data)

Years ended December 31,	***2002***	*2001*
Assets		
Fixed maturity securities available for sale, at fair value	$ 3,477,916	$2,768,285
Mortgage loans on real estate	227,492	163,948
Policy loans	841,120	774,660
Funds withheld at interest	1,975,071	1,142,643
Short-term investments	4,269	140,573
Other invested assets	124,327	98,315
Total investments	6,650,195	5,088,424
Cash and cash equivalents	88,101	226,670
Accrued investment income	35,514	30,454
Premiums receivable	253,892	161,436
Reinsurance ceded receivables	452,220	410,947
Deferred policy acquisition costs	1,084,936	800,319
Other reinsurance balances	288,833	268,133
Other assets	38,906	29,668
Total assets	$ 8,892,597	$ 7,016,051
Liabilities and Stockholders' Equity		
Future policy benefits	$ 2,430,042	$2,101,777
Interest-sensitive contract liabilities	3,413,462	2,325,264
Other policy claims and benefits	760,166	650,082
Other reinsurance balances	233,286	169,393
Deferred income taxes	291,980	162,092
Other liabilities	55,235	120,374
Long-term debt	327,787	323,396
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	158,176	158,085
Total liabilities	7,670,134	6,010,463
Commitments and contingent liabilities (Note 14)	–	–
Stockholders' equity:		
Preferred stock (par value $.01 per share; 10,000,000 shares authorized; no shares issued or outstanding)	–	–
Common stock (par value $.01 per share; 75,000,000 shares authorized, 51,053,273 shares issued at December 31, 2002 and 2001)	511	511
Warrants	66,915	66,915
Additional paid-in-capital	613,042	611,806
Retained earnings	480,301	369,349
Accumulated other comprehensive income (loss):		
Accumulated currency translation adjustment, net of income taxes	715	(6,088)
Unrealized appreciation (depreciation) of securities, net of income taxes	102,768	(87)
Total stockholders' equity before treasury stock	1,264,252	1,042,406
Less treasury shares held of 1,596,629 and 1,526,730 at cost at December 31, 2002 and 2001, respectively	(41,789)	(36,818)
Total stockholders' equity	1,222,463	1,005,588
Total liabilities and stockholders' equity	$ 8,892,597	$7,016,051

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

(in thousands, except per share data)

Years ended December 31,	***2002***	*2001*	*2000*
Revenues:			
Net premiums	$1,980,666	$1,661,762	$1,404,066
Investment income, net of related expenses	374,512	340,559	326,505
Realized investment losses, net	(14,651)	(68,431)	(28,651)
Other revenues	41,436	34,394	23,815
Total revenues	2,381,963	1,968,284	1,725,735
Benefits and Expenses:			
Claims and other policy benefits	1,539,464	1,376,802	1,103,548
Interest credited	126,715	111,712	104,782
Policy acquisition costs and other insurance expenses	391,504	304,217	243,542
Other operating expenses	94,786	91,306	81,209
Interest expense	35,516	18,097	17,596
Total benefits and expenses	2,187,985	1,902,134	1,550,677
Income from continuing operations before income taxes	193,978	66,150	175,058
Provision for income taxes	65,515	26,249	69,271
Income from continuing operations	128,463	39,901	105,787
Discontinued operations:			
Loss from discontinued accident and health operations, net of income taxes	(5,657)	(6,855)	(28,118)
Net income	$ 122,806	$ 33,046	$ 77,669
Earnings per share from continuing operations:			
Basic earnings per share	$ 2.60	$ 0.81	$ 2.14
Diluted earnings per share	$ 2.59	$ 0.80	$ 2.12
Earnings per share from net income:			
Basic earnings per share	$ 2.49	$ 0.67	$ 1.57
Diluted earnings per share	$ 2.47	$ 0.66	$ 1.56
Weighted average number of diluted shares outstanding *(in thousands)*	49,648	49,905	49,920

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(in thousands)

	Preferred Stock	*Common Stock*	*Warrants*
Balance, January 1, 2000	$ –	$511	$ –
Comprehensive income:			
Net income			
Other comprehensive income, net of income tax:			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Purchase of treasury stock			
Reissuance of treasury stock			
Balance, December 31, 2000	–	511	–
Comprehensive income:			
Net income			
Other comprehensive income, net of income tax:			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Issuance of warrants			66,915
Reissuance of treasury stock			
Balance, December 31, 2001	–	511	66,915
Comprehensive income:			
Net income			
Other comprehensive income, net of income tax:			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Purchase of treasury stock			
Reissuance of treasury stock			
Balance, December 31, 2002	$ –	$511	$66,915

See accompanying notes to consolidated financial statements.

Additional Paid In Capital	Retained Earnings	Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
$611,016	$282,389		$(141,250)	$(19,718)	$ 732,948
	77,669	$ 77,669			77,669
		(5,958)			(5,958)
		89,337			89,337
		83,379	83,379		
		$161,048			
	(11,900)				(11,900)
				(20,000)	(20,000)
333				494	827
611,349	348,158		(57,871)	(39,224)	862,923
	33,046	$ 33,046			33,046
		9,779			9,779
		41,917			41,917
		51,696	51,696		
		$ 84,742			
	(11,855)				(11,855)
					66,915
457				2,406	2,863
611,806	369,349		(6,175)	(36,818)	1,005,588
	122,806	$122,806			122,806
		6,803			6,803
		102,855			102,855
		109,658	109,658		
		$232,464			
	(11,854)				(11,854)
				(6,594)	(6,594)
1,236				1,623	2,859
$613,042	$480,301		$ 103,483	$(41,789)	$1,222,463

Consolidated Statements of Cash Flows

(in thousands)

Years ended December 31,	***2002***	*2001*	*2000*
Cash Flows From Operating Activities:			
Net income	$ 122,806	$ 33,046	$ 77,669
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in:			
Accrued investment income	(4,958)	7,101	(379)
Premiums receivable	(95,989)	64,929	68,407
Deferred policy acquisition costs	(274,033)	(180,110)	(154,229)
Reinsurance ceded balances	(41,273)	(114,579)	(908)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	460,601	357,840	188,595
Deferred income taxes	73,793	(32,901)	57,210
Other assets and other liabilities	(74,576)	70,139	(24,958)
Amortization of net investment discounts, goodwill and other	(35,902)	(38,985)	(35,884)
Realized investment losses, net	14,651	68,431	28,651
Other, net	16,731	9,020	(11,375)
Net cash provided by operating activities	161,851	243,931	192,799
Cash Flows From Investing Activities:			
Proceeds from sale of subsidiaries	–	–	26,509
Purchase of business – net of cash received	–	–	(21,850)
Sales of fixed maturity securities – available for sale	2,204,813	1,129,263	576,240
Maturities of fixed maturity securities – available for sale	22,863	12,410	20,153
Purchases of fixed maturity securities – available for sale	(2,749,069)	(1,211,104)	(1,352,647)
Cash invested in mortgage loans on real estate	(78,605)	(51,050)	(21,951)
Cash invested in policy loans	(70,240)	(67,784)	(63,812)
Cash invested in funds withheld at interest	(41,828)	(257,101)	(64,394)
Principal payments on mortgage loans on real estate	15,069	15,376	9,525
Principal payments on policy loans	3,780	1	16,997
Change in short-term investments and other invested assets	110,717	(146,388)	162,746
Net cash used in investing activities	(582,500)	(576,377)	(712,484)
Cash Flows From Financing Activities:			
Dividends to stockholders	(11,854)	(11,855)	(11,900)
Proceeds from PIERS units offering, net	–	217,340	–
Debt issuance and borrowings under credit agreements, net	1,610	49,029	88,303
Purchase of treasury stock	(6,594)	–	(20,000)
Exercise of stock options	1,623	4,684	827
Excess deposits on universal life and other investment type policies and contracts	300,761	228,667	508,259
Net cash provided by financing activities	285,546	487,865	565,489
Effect of exchange rate changes	(3,466)	454	677
Change in cash and cash equivalents	(138,569)	155,873	46,481
Cash and cash equivalents, beginning of year	226,670	70,797	24,316
Cash and cash equivalents, end of year	$ 88,101	$ 226,670	$ 70,797
Supplementary disclosure of cash flow information:			
Amount of interest paid	$ 34,687	$ 18,483	$ 16,900
Amount of income taxes paid	$ 17,403	$ 26,418	$ 6,521

See accompanying notes to consolidated financial statements.

NOTE 1 ORGANIZATION

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. On December 31, 2002, Equity Intermediary Company, a Missouri holding company, directly owned approximately 48.8% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly owned subsidiary of General American Life Insurance Company ("General American"), a Missouri life insurance company, which in turn is a wholly owned subsidiary of GenAmerica Financial Corporation ("GenAmerica"), a Missouri corporation. GenAmerica was acquired and became a wholly owned subsidiary of Metropolitan Life Insurance Company ("MetLife"), a New York life insurance company, on January 6, 2000. As a result of MetLife's ownership of GenAmerica and its own direct investment in RGA, MetLife beneficially owns 59.1% of the outstanding shares of common stock of RGA as of December 31, 2002.

During 2002, MetLife purchased 327,600 additional common shares of RGA. The purchases were intended to offset potential future dilution of MetLife's holding of RGA stock arising from the issuance of convertible securities by RGA in December 2001.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated ("RCM"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada") and RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), as well as several other wholly owned subsidiaries, subject to an ownership position greater than 50 percent (collectively, the "Company").

The Company is primarily engaged in life reinsurance. Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company, for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to (i) reduce the net liability on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single life or risk; (ii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; (iii) assist the ceding company to meet applicable regulatory requirements; and (iv) enhance the ceding company's financial strength and surplus position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation. The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for stock life insurance companies. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining deferred policy acquisition costs, premiums receivable, future policy benefits, other policy claims and benefits, including incurred but not reported claims, provision for adverse litigation, and valuation of investment impairments. In all instances, actual results could differ materially from the estimates and assumptions used by management.

For each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject to or features that delay the timely reimbursement of claims. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract on a deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheet. Fees earned on the contracts are reflected as other revenues, as opposed to premiums, on the consolidated statements of income.

The accompanying financial statements consolidate the accounts of RGA and its subsidiaries, both direct and indirect, subject to an ownership position greater than 50 percent. Entities in which the Company has an ownership position greater than 20 percent, but less than or equal to 50 percent, are reported under the equity method of accounting. All significant intercompany balances and transactions have been eliminated.

Investments. Fixed maturity securities available for sale are reported at fair value and are so classified based upon the possibility that such securities could be sold prior to maturity if that action enables the Company to execute its investment philosophy and appropriately match investment results to operating and liquidity needs.

Impairments in the value of securities held by the Company, considered to be other than temporary, are recorded as a reduction of the carrying value of the security, and a corresponding realized investment loss is recognized in the consolidated statements of income. The Company's policy is to recognize such impairment when the projected cash flows of these securities have been reduced on other than a temporary basis so that the realizable value is reduced to an amount less than the carrying value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. The actual value at which such financial instruments could actually be sold or settled with a willing buyer may differ from such estimated realizable values.

Mortgage loans on real estate are carried at unpaid principal balances, net of any unamortized premium or discount and valuation allowances. Valuation allowances on mortgage loans are established based upon losses expected by management to be realized in connection with future dispositions or settlement of mortgage loans, including foreclosures. The valuation allowances are established after management considers, among other things, the value of underlying collateral and payment capabilities of debtors.

Short-term investments represent investments with original maturities of greater than three months but less than 12 months and are stated at amortized cost, which approximates fair value.

Policy loans are reported at the unpaid principal balance.

Funds withheld at interest represent amounts contractually withheld by ceding companies in accordance with reinsurance agreements. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned by the ceding company. Interest accrues to these assets at rates defined by the treaty terms.

For reinsurance transactions executed prior to December 31, 1994, assets and liabilities related to treaties written on a modified coinsurance basis with funds withheld are reported on a gross basis. For modified coinsurance reinsurance transactions with funds withheld executed on or after December 31, 1994, assets and liabilities are reported on a net or gross basis, depending on the specific details within each treaty. Reinsurance agreements reported on a net basis are generally included in other reinsurance balances on the consolidated balance sheet because a legal right of offset exists.

Other invested assets include derivative contracts, common stocks and preferred stocks, carried at fair value, and limited partnership interests, carried at cost. Changes in fair value are recorded through accumulated other comprehensive income (loss). Other invested assets are periodically reviewed for impairment.

The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company uses both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of derivatives historically has not been significant to its financial position. Income or expense on derivative financial instruments used to manage interest-rate exposure is recorded on an accrual basis as an adjustment to the yield of the related interest-earning assets or interest-bearing liabilities for the periods covered by the contracts. Gains or losses from early terminations of derivative contracts are deferred and amortized as an adjustment to the yield of the designated assets or liabilities over the remaining period originally contemplated by the derivative financial instrument. The Company is currently holding exchange-traded derivatives with a notional amount of $25.6 million, which are carried at fair value of $6.8 million. Changes in the fair value of these derivatives are recorded as investment income on the consolidated statements of income. It is the Company's policy to enter into derivative contracts primarily with highly rated companies.

Investment income is recognized as it accrues or is legally due. Realized gains and losses on sales of investments are included in net income, as are write-downs of investments where declines in value are deemed to be other than temporary in nature. The cost of investments sold is determined based upon the specific identification method. Unrealized gains and losses on marketable equity securities and fixed maturity securities classified as available for sale, less applicable deferred income taxes as well as related adjustments to deferred acquisition costs, if applicable, are reflected as a direct charge or credit to accumulated other comprehensive income (loss) in stockholders' equity on the consolidated balance sheet.

Additional Information Regarding Statements of Cash Flows. Cash and cash equivalents include cash on deposit and highly liquid debt instruments purchased with an original maturity of three months or less. The consolidated statements of cash flows includes the results of discontinued operations in net cash from operations for all years presented, as the impact of the discontinued operations on cash flows is not considered material.

Premiums Receivable. Premiums are accrued for when due from the ceding company, as adjusted for management estimates for lapsed premiums given historical experience, financial health of specific ceding companies, collateral value, and the legal right of offset on related amounts owed to the ceding companies.

Deferred Policy Acquisition Costs. Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. The Company performs periodic tests to determine that the cost of business acquired remains recoverable, and the cumulative amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. For the years ended December 31, 2002 and 2001, the Company reflected charges of $1.0 million and $3.1 million, respectively, for unrecoverable deferred policy acquisition costs. No such charges were reflected in 2000 results.

Deferred costs related to traditional life insurance contracts, substantially all of which relate to long-duration contracts, are amortized over the premium-paying period of the related policies in proportion to the ratio of individual period premium revenues to total anticipated premium revenues over the life of the policy. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

Deferred costs related to interest-sensitive life and investment-type policies are amortized over the lives of the policies, in relation to the present value of estimated gross profits from mortality, investment income, and expense margins.

Other Reinsurance Balances. The Company assumes and retrocedes financial reinsurance contracts that represent low mortality risk reinsurance treaties. These contracts are reported as deposits and included in other reinsurance assets/liabilities. The amount of revenue reported on these contracts represents fees and the cost of insurance under the terms of the reinsurance agreement. Balances resulting from the assumption and/or subsequent transfer of benefits and obligations resulting from cash flows related to variable annuities have also been classified as other reinsurance balance assets and/or liabilities.

Goodwill and Value of Business Acquired. Through December 31, 2001, goodwill representing the excess of purchase price over the fair value of net assets acquired was amortized on a straight-line basis over 10 to 20 years. Effective January 1, 2002, the Company accounts for goodwill pursuant to the provisions of SFAS No. 142. Accordingly, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. During the first quarter of 2002, the Company completed the transitional impairment test of goodwill. The results of the impairment test did not have a material impact to the Company's results of operations. During 2002, there were no changes to goodwill as a result of acquisitions or disposals. Goodwill as of December 31, 2002 totaled $7.0 million and was related to the purchase by the Company's U.S. Operations of RGA Financial Group L.L.C. in 2000. Goodwill amortization in the comparable prior-year periods was not material to the Company's results of operations. The value of business acquired is amortized in proportion to the ratio of annual premium revenues to total anticipated premium revenues or in relation to the present value of estimated profits. Anticipated premium revenues have been estimated using assumptions consistent with those used in estimating reserves for future policy benefits. The carrying value is reviewed periodically for indicators of impairment in value. The value of business acquired was approximately $7.5 million and $9.8 million, including accumulated amortization of $5.9 million and $3.6 million, as of December 31, 2002 and 2001, respectively. The value of business acquired amortization expense for the years ended December 31, 2002, 2001, and 2000 was $2.2 million, $2.9 million, and $0.8 million, respectively. These amortized balances are included in other assets on the consolidated balance sheet. Amortization of the value of business acquired is estimated to be $1.7 million, $1.3 million, $1.0 million, $0.8 million, and $0.6 million during 2003, 2004, 2005, 2006 and 2007, respectively.

Other Assets. In addition to the goodwill and value of business acquired previously discussed, other assets primarily includes separate accounts, unamortized debt issuance costs, capitalized software, and other capitalized assets. Capitalized software is stated at cost, less accumulated amortization. Purchased software costs, as well as internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. As of December 31, 2002, the Company has capitalized approximately $11.2 million of internally developed software, which is not yet in production.

Future Policy Benefits and Interest-Sensitive Contract Liabilities. Liabilities for future benefits on life policies are established in an amount adequate to meet the estimated future obligations on policies in force. Liabilities for future policy benefits under long-term life insurance policies have been computed based upon expected investment yields, mortality and withdrawal (lapse) rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. Interest rates range from 3.0% to 8.0%. The mortality and withdrawal assumptions are based on the Company's experience as well as industry experience and standards. Liabilities for future benefits on interest-sensitive life and investment-type contract liabilities are carried at the accumulated contract holder values without reduction for potential surrender or withdrawal charges.

The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish policy benefits. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. The premium deficiency reserve is established by a charge to income, as well as a reduction in unamortized acquisition costs and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits.

In establishing reserves for future policy benefits, the Company assigns policy liability assumptions to particular time frames (eras) in such a manner as to be consistent with the underlying assumptions and economic conditions at the time the risks are assumed. The Company generally maintains a consistent level of provision for adverse deviation between eras.

The reserving process includes normal periodic reviews of assumptions used and adjustments of reserves to incorporate the refinement of the assumptions. Any such adjustments relate only to policies assumed in recent periods and the adjustments are reflected by a cumulative charge or credit to current operations.

The Company reinsures asset-intensive products, including annuities and corporate-owned life insurance. The investment portfolios for these products are segregated for management purposes within the general account of RGA Reinsurance Company ("RGA Reinsurance"). The liabilities under asset-intensive reinsurance contracts are included in interest-sensitive contract liabilities on the consolidated balance sheet.

Other Policy Claims and Benefits. Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and required adjustments to such estimates are reflected in current operations.

Other Liabilities. Liabilities primarily related to investments in transit, separate accounts, employee benefits, and current federal income taxes payable are included in other liabilities on the consolidated balance sheet.

Income Taxes. RGA and its eligible U.S. subsidiaries file a consolidated federal income tax return. The U.S. consolidated tax return includes RGA, RGA Reinsurance, RGA Barbados, RCM and Fairfield Management Group, Incorporated ("Fairfield"). Due to rules which affect the ability of an entity to join in a consolidated tax return, RGA Americas Reinsurance Company, Ltd., and Triad Re Ltd. file separate tax returns even though these entities are considered to be U.S. taxpayers. The Company's Argentine, Australian, Bermudan, Canadian, Malaysian, South African and United Kingdom subsidiaries are taxed under applicable local statutes.

For all years presented the Company uses the asset and liability method to record deferred income taxes. Accordingly, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates.

Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. During December 2001, RGA Capital Trust I (the "Trust"), a wholly owned subsidiary of RGA, sold Preferred Income Equity Redeemable Securities ("PIERS") Units. Each unit consists of a preferred security issued by the Trust with a detachable warrant to purchase 1.2508 shares of RGA common stock. The Trust sold 4.5 million PIERS units. The market value of the preferred security on the date issued is recorded in liabilities on the consolidated balance sheet under the caption "Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company."

Warrants. During December 2001, the Trust sold 4.5 million PIERS units. Each unit consists of a preferred security issued by the Trust with a detachable warrant to purchase 1.2508 shares of RGA common stock. The market value of the detachable warrants on the date issued is recorded in stockholders' equity on the consolidated balance sheet under the caption "Warrants."

Foreign Currency Translation. The functional currency is the Argentine peso for the Company's Argentine operations, the Australian dollar for the Company's Australian operations, the Canadian dollar for the Company's Canada operations, the South African Rand for the Company's South African operations and the British Pound Sterling for the Company's United Kingdom operations. The translation of the foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during each year. Gains or losses, net of deferred income taxes, resulting from such translation are included in accumulated currency translation adjustments, net of income taxes, in accumulated other comprehensive income (loss) on the consolidated balance sheet.

Retrocession Arrangements and Reinsurance Ceded Receivables. The Company generally reports retrocession activity on a gross basis. Amounts paid or deemed to have been paid for reinsurance are reflected in reinsurance ceded receivables. The cost of reinsurance related to long-duration contracts is recognized over the terms of the reinsured policies on a basis consistent with the reporting of those policies.

In the normal course of business, the Company seeks to limit its exposure to losses on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance (quota share) contracts. Through December 31, 2000, the Company retained a maximum of $2.5 million of coverage per individual life. Effective January 1, 2001, the Company increased its retention to $4.0 million of coverage per individual life. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on an automatic or facultative basis. The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate capital requirements created by this business.

Generally, RGA's insurance subsidiaries retrocede amounts in excess of their retention to RGA Reinsurance, RGA Barbados, and RGA Americas. Retrocessions are arranged through RGA Reinsurance's retrocession pools for amounts in excess of its retention limit. As of December 31, 2002, all rated retrocession pool participants followed by the A.M. Best Company were rated B++ or better. For a majority of the retrocessionaires that were not rated, security in the form of letters of credit or trust assets has been given as additional security in favor of RGA Reinsurance. In addition, the Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance.

The Company has never experienced a material default in connection with retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to recoverability of any such claims.

Recognition of Revenues and Related Expenses. Life and health premiums are recognized as revenue when due from the insured, and are reported net of amounts retroceded. Benefits and expenses are reported net of amounts retroceded and are associated with earned premiums so that profits are recognized over the life of the related contract. This association is accomplished through the provision for future policy benefits and the amortization of deferred policy

acquisition costs. Other revenue includes items such as treaty recapture fees, profit and risk fees associated with financial reinsurance. Any fees that are collected in advance of the period benefited are deferred and recognized over the period benefited. Initial reserve changes are netted against premiums when an in force block of business is reinsured.

Revenues for interest-sensitive and investment-type products consist of investment income, policy charges for the cost of insurance, policy administration, and surrenders that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Deferred policy acquisition costs are recognized as expenses over the term of the policies. Policy benefits and claims that are charged to expenses include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest-crediting rates for interest-sensitive products were 4.2%, 6.1% and 6.7%, during 2002, 2001 and 2000, respectively. Interest crediting rates for U.S. dollar-denominated investment-type contracts ranged from 2.8% to 6.8% during 2002, 3.6% to 7.3% during 2001 and 5.3% to 7.2% during 2000. Weighted average interest crediting rates for Mexican peso-denominated investment-type contracts were 15.9%, 12.8% and 26.0% for 2002, 2001 and 2000, respectively.

Net Earnings Per Share. Basic earnings per share exclude any dilutive effects of options and warrants. Diluted earnings per share include the dilutive effects assuming outstanding stock options and warrants were exercised.

New Accounting Pronouncements. In February 2003, the Financial Accounting Standards Board ("FASB") issued for comment Statement of Financial Accounting Standards ("SFAS") No. 133 Implementation Issue No. B36, "Embedded Derivatives: Bifurcation of a Debt Instrument That Incorporates Both Interest Rate Risk and Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Issuer of That Instrument" ("FASB B36"). In this tentative guidance, the FASB has concluded that funds withheld by a ceding company, for modified coinsurance and coinsurance with funds withheld contracts, may contain an embedded derivative which should be bifurcated and valued. The effective date of the implementation guidance, as currently proposed, is the first day of the first fiscal quarter beginning after June 15, 2003. As of December 31, 2002, the Company has not separately reported any potential embedded derivatives associated with these contracts, which it believes is consistent with industry practice. At this time, the Company cannot estimate the impact, if any, of the FASB B36 proposed guidance.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest, or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. All variable interests acquired before February 1, 2003, must follow the new rule in accounting periods beginning after June 15, 2003. The Company does not believe the implementation of FIN 46 will have a material effect on its consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an Amendment of FASB Statement No. 123." Effective January 1, 2003, the Company will prospectively adopt the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company currently applies the intrinsic value-based expense provisions set forth in APB Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25"). The estimated impact of the adoption of the fair value-based method on 2003 net income is estimated at approximately $1.1 million, net of tax. This amount represents estimated compensation cost associated with stock option grants expected to be issued in 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 identifies characteristics of certain guarantee contracts and requires that a liability be recognized at fair value at the inception of such guarantees for the obligations undertaken by the guarantor. Additional disclosures also are prescribed for certain guarantee contracts. The initial recognition and initial measurement provisions of FIN 45 are effective for these guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for the Company for its fiscal year ended December 31, 2002. The Company does not believe the implementation of FIN 45 will have a material impact on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." Under SFAS No. 146, costs associated with an exit or disposal activity shall be recognized at fair value in the period in which the liability is incurred rather than at the date of a commitment to an exit or disposal plan. The provisions of the statement will be effective for exit or disposal activities that are initiated after December 31, 2002.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires business combinations initiated after June 30, 2001, to be reported using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. SFAS No. 142 requires the use of a non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain

intangibles is more than its fair value. During the first quarter of 2002, the company completed the transitional impairment test of goodwill. The results of the impairment test did not have a material impact to the Company's results of operations. During 2002, there were no changes to goodwill as a result of acquisitions or disposals. Goodwill as of December 31, 2002, totaled $7.0 million and was related to the Company's purchase of RGA Financial Group L.L.C. in 2000. Goodwill amortization in the comparable prior-year periods was not material to the Company's results of operations.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform to the 2002 presentation.

NOTE 3 STOCK TRANSACTIONS

On September 18, 2001, the Board of Directors approved a repurchase program authorizing the Company to purchase up to $25 million of its shares of stock. Subsequent to December 31, 2001, the Board of Directors approved an additional repurchase of $25 million shares under the program, for a total of up to $50 million of its shares of stock, as conditions warrant. The Board's action allows management, in its discretion, to purchase shares on the open market. As of December 31, 2002, the Company purchased 225,500 shares of treasury stock under this program at an aggregate cost of $6.6 million. All purchases were made during 2002. The Company generally uses treasury shares to support the future exercise of options granted under its stock option plans.

NOTE 4 DIVIDENDS

RGA paid cash dividends on common shares of $0.24 per share in 2002, 2001, and 2000.

NOTE 5 INVESTMENTS

Major categories of net investment income consist of the following:

(in thousands) *Years ended December 31,*	***2002***	*2001*	*2000*
Fixed maturity securities	$203,534	$192,685	$ 189,750
Mortgage loans on real estate	14,385	11,569	10,003
Policy loans	59,058	54,713	44,712
Funds withheld at interest	89,831	72,753	69,715
Short-term investments	3,393	6,513	11,129
Other invested assets	7,290	5,092	3,497
Investment revenue	377,491	343,325	328,806
Investment expense	2,979	2,766	2,301
Net investment income	$374,512	$340,559	$ 326,505

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities at December 31, 2002 and 2001 are as follows:

(in thousands) **2002**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Available for sale:				
Commercial and industrial	$ 1,092,373	$ 50,439	$ 21,930	$ 1,120,882
Public utilities	341,934	40,255	8,960	373,229
Asset-backed securities	178,988	4,733	18,309	165,412
Canadian and Canadian provincial governments	457,077	75,109	3,160	529,026
Mortgage-backed securities	423,505	24,287	824	446,968
Finance	337,119	19,561	2,726	353,954
U.S. government and agencies	410,143	11,883	19	422,007
Other foreign government securities	65,180	1,258	–	66,438
	$3,306,319	$ 227,525	$ 55,928	$ 3,477,916

2001	*Amortized Cost*	*Unrealized Gains*	*Unrealized Losses*	*Fair Value*
Available for sale:				
Commercial and industrial	$ 861,369	$ 22,127	$ 37,052	$ 846,444
Public utilities	260,856	9,429	5,860	264,425
Asset-backed securities	244,736	6,590	38,348	212,978
Canadian and Canadian provincial governments	445,077	64,240	17,320	491,997
Mortgage-backed securities	460,245	13,190	6,922	466,513
Finance	260,630	6,939	12,619	254,950
U.S. government and agencies	165,416	2,104	2,206	165,314
Other foreign government securities	67,093	238	1,667	65,664
	$ 2,765,422	$124,857	$121,994	$ 2,768,285

There were no investments in any entity in excess of 10% of stockholders' equity at December 31, 2002 or 2001, other than investments issued or guaranteed by the U.S. government.

Common and preferred equity investments and derivative financial instruments are included in other invested assets in the Company's consolidated balance sheet. The cost basis of equity investments, primarily preferred stocks, at December 31, 2002 and 2001 was approximately $103.9 million and $78.6 million, respectively. The cost basis of the derivative financial instruments at December 31, 2002 and 2001 was approximately $4.4 million.

The amortized cost and estimated fair value of fixed maturity securities available for sale at December 31, 2002 are shown by contractual maturity for all securities except certain U.S. government agencies securities, which are distributed to maturity year based on the Company's estimate of the rate of future prepayments of principal over the remaining lives of the securities. These estimates are developed using prepayment rates provided in broker consensus data. Such estimates are derived from prepayment rates experienced at the interest rate levels projected for the applicable underlying collateral and can be expected to vary from actual experience. Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2002, the contractual maturities of investments in fixed maturity securities were as follows:

(in thousands)	*Amortized Cost*	*Fair Value*
Available for sale:		
Due in one year or less	$ 40,187	$ 41,162
Due after one year through five years	428,849	447,510
Due after five years through 10 years	686,545	722,914
Due after 10 years	1,145,862	1,240,271
Asset and mortgage-backed securities	1,004,876	1,026,059
	$3,306,319	$3,477,916

Net realized investment gains or losses consist of the following:

(in thousands) Years ended December 31,	**2002**	2001	2000
Fixed maturities and equity securities available for sale:			
Realized gains	$ 64,060	$ 34,108	$ 2,487
Realized losses	(79,005)	(101,854)	(23,142)
Other, net	294	(685)	(7,996)
Net losses	$(14,651)	$ (68,431)	$(28,651)

Included in net realized losses are other-than-temporary write-downs of fixed maturity securities of approximately $33.9 million, $43.4 million, and $10.1 million in 2002, 2001, and 2000, respectively. The Company incurred $24.2 million in realized losses due to the other-than-temporary impairment in value of collateralized bond obligations during 2002. The Company also incurred approximately $9.6 million in realized losses due to the sale of World Com/MCI fixed maturity holdings during 2002. The Company incurred approximately $9.1 million in realized losses associated with the other-than-temporary write-down and sale of Enron securities during 2001. Also during 2001, the Company incurred approximately $27.0 million in realized capital losses when it liquidated substantially all of its Argentine-based investment securities. The Company reinvested the proceeds from these sales in U.S. dollar-based securities in order to reduce its exposure to the volatile Argentine economy. Losses during 2000 include $8.9 million in realized losses associated with the sale of subsidiaries.

At December 31, 2002, fixed maturity securities held by the Company that were below investment grade had an estimated fair value of approximately $123.9 million. At December 31, 2002, the Company owned non-income producing securities with an amortized cost of $23.1 million and a market value of $22.9 million.

The Company makes mortgage loans on income producing properties, such as apartments, retail and office buildings, light warehouses and light industrial facilities. Loan to value ratios at the time of loan approval are 75 percent or less for domestic mortgages. The distribution of mortgage loans by property type is as follows:

	2002		2001	
(in thousands)	**Carrying Value**	**% of Total**	Carrying Value	% of Total
Property Type:				
Apartment	$ 15,080	6.63%	$ 705	0.43%
Retail	61,395	26.99%	49,153	29.98%
Office building	89,765	39.46%	72,958	44.50%
Industrial	59,279	26.05%	39,037	23.81%
Other commercial	1,973	0.87%	2,095	1.28%
Total	$227,492	100.00%	$163,948	100.00%

All the Company's mortgage loans are amortizing loans. As of December 31, 2002 and 2001, the Company's mortgage loans were distributed as follows:

	2002		2001	
(in thousands)	**Carrying Value**	**% of Total**	Carrying Value	% of Total
United States:				
Arizona	$ 7,023	3.09%	$ 9,102	5.55%
California	59,186	26.02%	38,178	23.29%
Colorado	8,467	3.72%	7,998	4.88%
Florida	19,294	8.48%	7,944	4.85%
Georgia	23,619	10.38%	21,258	12.97%
Illinois	11,736	5.16%	12,187	7.43%
Indiana	11,745	5.16%	5,363	3.27%
Kansas	7,169	3.15%	7,379	4.50%
Maryland	4,164	1.83%	4,436	2.71%
Missouri	14,440	6.35%	7,301	4.45%
Nevada	1,259	0.55%	1,340	0.81%
New Mexico	3,965	1.74%	–	–
North Carolina	15,885	6.99%	16,301	9.94%
Pennsylvania	5,569	2.45%	5,668	3.46%
Rhode Island	5,355	2.35%	–	–
South Dakota	7,480	3.29%	–	–
Texas	9,376	4.12%	2,159	1.32%
Virginia	3,396	1.49%	3,442	2.10%
Washington	8,364	3.68%	13,892	8.47%
Total	$227,492	100.00%	$163,948	100.00%

Substantially all mortgage loans are performing and no valuation allowance has been established as of December 31, 2002.

The maturities of the mortgage loans are as follows:

(in thousands)	**2002**	2001
Due one year through five years	$ 40,924	$ 8,609
Due after five years	108,337	84,839
Due after 10 years	78,231	70,500
Total	$227,492	$163,948

Policy loans comprised approximately 12.6% and 15.2% of the Company's investments as of December 31, 2002 and 2001, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds withheld at interest comprised approximately 29.7% and 22.5% of the Company's investments as of December 31, 2002 and 2001, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company and are reflected as funds withheld at interest on RGA's balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. In most cases, the Company is subject to the investment performance on the funds withheld assets, although it does not control them. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2002 and 2001. SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties:

	2002		2001	
(in thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Fixed maturity securities	$3,477,916	$3,477,916	$2,768,285	$2,768,285
Mortgage loans on real estate	227,492	248,483	163,948	164,904
Policy loans	841,120	841,120	774,660	774,660
Funds withheld at interest	1,975,071	2,031,044	1,142,643	1,133,781
Short-term investments	4,269	4,269	140,573	140,573
Other invested assets	124,327	124,327	98,315	98,315
Liabilities				
Interest-sensitive contract liabilities	$3,413,462	$3,223,005	$2,325,264	$2,264,432
Long-term debt	327,787	347,179	323,396	328,905
Company-obligated mandatorily redeemable preferred securities	158,176	177,401	158,085	158,839

Publicly traded fixed maturity securities are valued based upon quoted market prices. Private placement securities are valued based on the credit quality and duration of marketable securities deemed comparable by the Company's investment advisor, which may be of another issuer. The fair value of mortgage loans on real estate is estimated using discounted cash flows. Policy loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves. The carrying value of funds withheld at interest approximates fair value except where the funds withheld are specifically identified in the agreement. The carrying value of short-term investments at December 31, 2002 and 2001, approximates fair value. Common and preferred equity investments and derivative financial instruments included in other invested assets are reflected at fair value on the consolidated balance sheet.

The fair value of the Company's interest-sensitive contract liabilities is based on the cash surrender value of the liabilities, adjusted for recapture fees. The fair value of the Company's long-term debt and the company-obligated mandatorily redeemable preferred securities are estimated based on quoted market prices for corporations with similar credit quality.

NOTE 7 REINSURANCE

Retrocession reinsurance treaties do not relieve the Company from its obligations to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed uncollectible. At December 31, 2002 and 2001, no allowances were deemed necessary. The Company regularly evaluates the financial condition of its reinsurers/retrocessionaires.

The effect of reinsurance on net premiums and amounts earned is as follows:

(in thousands) *Years ended December 31,*	**2002**	2001	2000
Direct	$ 4,986	$ 11,471	$ 26,077
Reinsurance assumed	2,325,512	1,839,083	1,600,106
Reinsurance ceded	(349,832)	(188,792)	(222,117)
Net premiums and amounts earned	$1,980,666	$1,661,762	$1,404,066

The effect of reinsurance on policyholder claims and other policy benefits is as follows:

(in thousands) *Years ended December 31,*	**2002**	2001	2000
Direct	$ 3,330	$ 6,104	$ 27,327
Reinsurance assumed	1,744,630	1,525,248	1,290,175
Reinsurance ceded	(208,496)	(154,550)	(213,954)
Net policyholder claims and benefits	$1,539,464	$1,376,802	$1,103,548

At December 31, 2002 and 2001, there were no reinsurance receivables associated with a single reinsurer with a carrying value in excess of 5% of total assets.

The impact of reinsurance on life insurance in force is shown in the following schedule:

(in millions)	*Direct*	*Assumed*	*Ceded*	*Net*	*Assumed/ Net %*
Life Insurance In Force					
December 31, 2002	$75	$758,875	$162,395	$596,555	127.21%
December 31, 2001	73	615,990	117,748	498,315	123.61%
December 31, 2000	86	545,950	78,226	467,810	116.70%

At December 31, 2002, the Company has provided approximately $872.7 million of statutory financial reinsurance, as measured by pre-tax statutory surplus, to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and to enhance ceding companies' financial strength. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are collateralized by future profits on the reinsured business. The Company retrocedes the majority of the assumed financial reinsurance. The Company earns a fee based on the amount of net outstanding financial reinsurance.

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding companies the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2002, these treaties had approximately $294.7 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of $532.8 million were held in trust to satisfy collateral requirements for reinsurance business for the benefit of certain subsidiaries of the company at December 31, 2002. Additionally, securities with an amortized cost of $931.6 million, as of December 31, 2002, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Additionally, under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary.

NOTE 8 DEFERRED POLICY ACQUISITION COSTS

The following reflects the amounts of policy acquisition costs deferred and amortized:

(in thousands)

Years ended December 31,	***2002***	*2001*	*2000*
Deferred policy acquisition costs			
Assumed	$1,162,255	$ 860,971	$ 692,345
Retroceded	(77,319)	(60,652)	(70,870)
Net	$1,084,936	$ 800,319	$ 621,475

Years ended December 31,	***2002***	*2001*	*2000*
Beginning of year	$ 800,319	$ 621,475	$ 478,389
Capitalized			
Assumed	620,050	481,697	379,126
Retroceded	(16,331)	(11,377)	(22,490)
Amortized			
Assumed	(331,873)	(324,641)	(230,415)
Retroceded	12,771	33,165	16,865
End of year	$1,084,936	$ 800,319	$ 621,475

Some reinsurance agreements involve reimbursing the ceding company for allowances and commissions in excess of first-year premiums. These amounts represent an investment in the reinsurance agreement, and are capitalized to the extent deemed recoverable from the future premiums and amortized against future profits of the business. This type of agreement presents a risk to the extent that the business lapses faster than originally anticipated resulting in future profits being insufficient to recover the Company's investment.

NOTE 9 **INCOME TAX**

The provision for income tax expense attributable to income from continuing operations consists of the following:

(in thousands) *Years ended December 31,*	***2002***	*2001*	*2000*
Current income tax expense (benefit)	$ (14,412)	$ 49,738	$ 12,789
Deferred income tax expense (benefit)	57,221	(31,866)	46,494
Foreign current tax expense (benefit)	6,134	9,412	(728)
Foreign deferred tax expense (benefit)	16,572	(1,035)	10,716
Provision for income taxes	$ 65,515	$ 26,249	$ 69,271

Provision for income tax expense differed from the amounts computed by applying the U.S. federal income tax statutory rate of 35% to pre-tax income as a result of the following:

(in thousands) *Years ended December 31,*	***2002***	*2001*	*2000*
Tax provision at U.S. statutory rate	$ 67,892	$ 23,153	$ 61,371
Increase (decrease) in income taxes resulting from:			
Foreign tax rate differing from U.S. tax rate	(124)	(784)	1,049
Settlement of IRS audit	(2,000)	–	–
Travel and entertainment	129	32	134
Intangible amortization	199	65	215
Deferred tax valuation allowance	(211)	3,501	2,369
Basis differential on sale of Chilean subsidiaries	–	–	2,447
Other, net	(370)	282	1,686
Total provision for income taxes	$ 65,515	$ 26,249	$ 69,271

Total income taxes were as follows:

(in thousands) *Years ended December 31,*	***2002***	*2001*	*2000*
Income tax from continuing operations	$ 65,515	$ 26,249	$ 69,271
Tax benefit on discontinued operations	(3,066)	(3,691)	(15,140)
Income tax from stockholders' equity:			
Unrealized holding gain on debt and equity securities recognized for financial reporting purposes	51,591	21,320	51,766
Exercise of stock options	(1,943)	(1,653)	(344)
Foreign currency translation	(3,664)	(5,266)	3,208
Total income tax provided	$108,433	$ 36,959	$108,761

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31, 2002 and 2001, are presented in the following tables:

(in thousands) *Years ended December 31,*	**2002**	2001
Deferred income tax assets:		
Nondeductible accruals	$ 21,120	$ 19,433
Differences in foreign currency translation	–	3,824
Deferred acquisition costs capitalized for tax	33,561	28,103
Net operating loss carryforward	148,803	122,852
Foreign tax and AMT credit carryforward	9,494	7,540
Capital loss carryforward	4,831	4,748
Subtotal	217,809	186,500
Valuation allowance	(12,458)	(13,748)
Total deferred income tax assets	205,351	172,752
Deferred income tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	386,953	296,290
Differences between tax and financial reporting amounts concerning certain reinsurance transactions and future policy benefits	69,521	22,661
Differences in foreign currency translation	385	–
Differences in the tax basis of cash and invested assets	40,472	15,893
Total deferred income tax liabilities	497,331	334,844
Net deferred income tax liabilities	$291,980	$162,092

As of December 31, 2002 and 2001, a valuation allowance for deferred tax assets of approximately $12.5 million and $13.7 million, respectively, was provided on the foreign tax credits, net operating and capital losses of RGA, RGA Reinsurance, RGA Australia, GA Argentina, RGA South Africa, and RGA UK. The Company utilizes valuation allowances when it cannot assume, based on the weight of the available evidence, that the deferred income taxes will be realized. The Company has not recognized a deferred tax liability for the undistributed earnings of its wholly owned domestic and foreign subsidiaries because the Company currently does not expect those unremitted earnings to become taxable to the Company in the foreseeable future. This is due to the fact that the unremitted earnings will not be repatriated in the foreseeable future, or because those unremitted earnings that may be repatriated will not be taxable through the application of tax planning strategies that management would utilize.

During 2002, 2001, and 2000, the Company received federal income tax refunds of approximately $5.2 million, $5.0 million and $44.8 million, respectively. The Company made federal income tax payments of approximately $17.4 million, $26.4 million and $6.5 million in 2002, 2001 and 2000, respectively. At December 31, 2002 and 2001, the Company recognized deferred tax assets associated with net operating losses of approximately $391.9 million and $313.9 million, respectively, that will expire between 2011 and 2017. However, these net operating losses are expected to be utilized in the normal course of business during the period allowed for carryforwards and, in any event, are not expected to be lost given tax planning strategies available to the Company.

The Company's tax returns have been audited by the relevant taxing authorities for all years through 1999. The Company believes that any adjustments that might be required for subsequent years will not have a material effect on the Company's financial statements.

NOTE 10 EMPLOYEE BENEFIT PLANS

Most of the Company's U.S. employees participate in a non-contributory qualified defined benefit pension plan sponsored by RGA Reinsurance. The benefits under the pension plan are based on years of service and compensation levels. Certain management individuals participate in several nonqualified defined benefit and defined contribution plans sponsored by RGA Reinsurance. Those plans are unfunded and are deductible for federal income tax purposes when the benefits are paid. The Company recorded net benefits expense of approximately $1.5 million, $1.1 million, and $0.9 million for 2002, 2001 and 2000, respectively, related to these plans. The unfunded benefit liability related to these plans as of December 31, 2002 and 2001 was approximately $8.4 million and $6.5 million, respectively. The weighted-average discount rate and long-term rate of return assumptions used were 7.25% and 9.00% for 2002, and 7.5% and 9.0% for both 2001 and 2000, respectively. The weighted-average discount rate and long-term rate of return assumptions to be used in 2003 are 6.75% and 8.75%, respectively. The impact of the change in assumptions is not expected to be material to the Company's results of operations in 2003.

The Company's full-time U.S. employees may participate in a defined contribution profit sharing plan. The plan also has a cash or deferred option under Internal Revenue Code section 401(k). The Company's contributions, which are partially tied to RGA's operating results and employee 401(k) contributions, were approximately $1.2 million and $1.3 million in 2002 and 2001, respectively. The Company also provides certain health care and life insurance benefits for retired employees. The health care benefits are provided through a self-insured welfare benefit plan. Employees become eligible for these benefits if they meet minimum age and service requirements. The retiree's cost for health care benefits varies depending upon the credited years of service. The Company recorded benefits expense of approximately $0.6 million, $0.5 million, and $0.3 million for 2002, 2001 and 2000, respectively, related to these postretirement plans. The projected obligation was approximately $4.5 million and $3.5 million as of December 31, 2002 and 2001, respectively.

The 2002 postretirement benefit cost assumes a 12% annual rate of increase in the per capita cost of covered health care benefits. The rate is assumed to decrease gradually to 5% for 2008 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage point increase in assumed health care cost trend rates would increase the 2002 net periodic benefit cost by approximately $0.1 million and the 2002 postretirement benefit obligation by approximately $0.9 million.

NOTE 11 RELATED PARTY TRANSACTIONS

General American and MetLife have historically provided certain administrative services to RGA and RGA Reinsurance. Such services have included legal, risk management and corporate travel. The cost for the years ended December 31, 2002, 2001 and 2000 was approximately $1.2 million, $1.1 million and $2.6 million, respectively.

The Company also has direct policies and reinsurance agreements with MetLife and certain of its subsidiaries. As of December 31, 2002 and 2001, the Company had assets and liabilities related to these agreements totaling $78.5 million and $183.1 million, and $112.5 million and $109.0 million, respectively. Additionally, the Company reflected net premiums of approximately $172.1 million, $149.3 million, and $144.0 million in 2002, 2001, and 2000, respectively. The premiums reflect the net of business assumed from and ceded to MetLife and its subsidiaries. The pre-tax gain on this business was approximately $25.9 million, $26.1 million, and $17.8 million in 2002, 2001, and 2000, respectively.

NOTE 12 LEASE COMMITMENTS

The Company leases office space and furniture and equipment under non-cancelable operating lease agreements, which expire at various dates. Future minimum office space annual rentals under non-cancelable operating leases at December 31, 2002 are as follows:

2003	$4.9 million
2004	$4.5 million
2005	$3.8 million
2006	$3.8 million
2007	$3.7 million
Thereafter	$8.1 million

Rent expenses amounted to approximately $6.0 million, $5.3 million, and $4.7 million for the years ended December 31, 2002, 2001, and 2000, respectively.

NOTE 13 FINANCIAL CONDITION AND NET INCOME ON A STATUTORY BASIS – SIGNIFICANT SUBSIDIARIES

The following table presents selected statutory financial information for the Company's primary life reinsurance legal entities, as of December 31, 2002 and 2001:

	Statutory Capital and Surplus		*Statutory Net Income*		
(in thousands)	***2002***	*2001*	***2002***	*2001*	*2000*
RCM	$639,809	$544,522	$ 1,922	$ 4,025	$ (7,348)
RGA Reinsurance	$633,557	$540,543	$13,640	$(84,633)	$ 80,575
RGA Canada	$181,830	$ 179,289	$ 229	$ 12,285	$ 6,646
RGA Barbados	$101,077	$ 78,276	$ 17,481	$ 22,986	$ 11,037
RGA Americas	$ 79,635	$ 41,458	$14,611	$ 800	$ 5,129
Other reinsurance subsidiaries	$ 67,138	$ 53,466	$ 490	$ 1,197	$(20,288)

The total capital and surplus positions of RCM, RGA Reinsurance and RGA Canada exceed the risk-based capital requirements of the applicable regulatory bodies. RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. Pursuant to this calculation, RGA Reinsurance's allowable dividend without prior approval for 2003 would be $63.4 million. However, the applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. As of December 31, 2002, RGA Reinsurance had unassigned surplus of $67.8 million. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2003, RCM could pay a maximum dividend, without prior approval, to RGA equal to its unassigned surplus, approximately $28.9 million. The maximum amount available for dividends by RGA Canada to RGA under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $33.4 million. Dividend payments from other subsidiaries and joint ventures are subject to regulations in the country of domicile. RGA Americas and RGA Barbados do not have material restrictions on their ability to pay dividends out of retained earnings.

NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2003, the ceding companies involved in these disputes have raised claims that are $41.7 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $8.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. See Note 21, "Discontinued Operations" for more information. From time to time, the Company is subject to litigation and arbitration related to its reinsurance business and to employment-related matters in the normal course of its business. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2002, there were approximately $39.7 million of outstanding letters of credit in favor of third-party entities. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas and RGA Barbados. As of December 31, 2002, $339.4 million in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed for periods in excess of one year and are based on the Company's ratings and the general availability of these instruments in the marketplace.

RGA has issued guarantees of its subsidiaries' performance for the payment of amounts due under certain reinsurance treaties, whereby if the subsidiary fails to meet its obligations, RGA or one of its other subsidiaries will make the payment. These guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new or not of a significant size, relative to the ceding company. Total liabilities supported by the guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $126.6 million as of December 31, 2002, and are reflected on the Company's consolidated balance sheet as future policy benefits.

NOTE 15 LONG-TERM DEBT

The Company's long-term debt consists of the following:

(in millions)	***2002***	*2001*
Senior Notes @ 6.75% due 2011	$199.9	$199.8
Senior Notes @ 7.25% due 2006	99.5	99.4
Revolving Credit Facilities	28.4	24.2
Total	$ 327.8	$323.4

On December 19, 2001, RGA issued 6.75% Senior Notes with a face value of $200.0 million. These senior notes have been registered with the SEC. The net proceeds from the offering were approximately $198.5 million and were used to pay down a balance of $120 million on a revolving credit facility and to prepay and terminate a $75 million term loan with MetLife Credit Corp. Capitalized issuance costs, recorded in other assets, relate to the issuance of the 6.75% Senior Notes were $2.1 million.

The Company has revolving credit facilities in the United States, the United Kingdom, and Australia, under which it may borrow up to approximately $183.8 million. As of December 31, 2002, the Company had drawn approximately $28.4 million under these facilities at rates ranging from 4.39% to 5.57%. The Company increased its borrowings under the United Kingdom credit facility by $1.6 million

during 2002. Terminations of revolving credit facilities and maturities of senior notes over the next five years, assuming the exercise of extension options, would be $28.4 million in 2005 and $100.0 million in 2006. The Company may draw up to $140.0 million on its U.S. revolving credit facility that expires in May 2003.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of consolidated net worth ranging from $600 million to $700 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10 million or $25 million depending on the agreement, bankruptcy proceedings, and any other event which results in the acceleration of the maturity of indebtedness. As of December 31, 2002, the Company had $327.8 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. Of that amount, approximately $28.4 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds. Interest paid on debt during 2002, 2001 and 2000 totaled $34.7 million, $18.5 million and $16.9 million, respectively.

RGA guarantees the payment of amounts outstanding under the credit facilities maintained by its subsidiary operations in the United Kingdom and Australia. The guarantees were granted to the banks providing the facilities in order to enhance their security. The total amount of debt outstanding, subject to the guarantees, as of December 31, 2002, was $28.4 million and is reflected on the Company's consolidated balance sheet under long-term debt. These lines of credit provide for additional borrowings of up to $15.4 million, which if drawn, would also be subject to the guarantees.

NOTE 16 ISSUANCE OF TRUST PIERS UNITS

In December 2001, RGA, through its wholly owned trust ("RGA Capital Trust I" or "the Trust") issued $225.0 million in Preferred Income Equity Redeemable Securities ("PIERS") Units.

Each PIERS unit consists of:

1) A preferred security issued by RGA Capital Trust I (the Trust), having a stated liquidation amount of $50 per unit, representing an undivided beneficial ownership interest in the assets of the Trust, which consist solely of junior subordinated debentures issued by RGA which have a principal amount at maturity of $50 and a stated maturity of March 18, 2051. The preferred securities and subordinated debentures were issued at a discount (original issue discount) to the face or liquidation value of $14.87 per security. The securities will accrete to their $50 face/liquidation value over the life of the security on a level yield basis. The interest rate on the preferred securities and the subordinated debentures is 5.75% per annum of the face amount.

2) A warrant to purchase, at any time prior to December 15, 2050, 1.2508 shares of RGA stock at an exercise price of $50. The fair market value of the warrant on the issuance date is $14.87 and is detachable from the preferred security.

RGA fully and unconditionally guarantees, on a subordinated basis, the obligations of the Trust under the preferred securities. The Trust exists for the sole purpose of issuing the PIERS units. The discounted value of the preferred securities ($158.1 million) and the market value of the warrants ($66.9 million) at the time of issuance are reflected in the balance sheet in the line items "Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company" and "Warrants," respectively.

If on any date after December 18, 2004, the closing price of RGA common stock exceeds and has exceeded a price per share equal to $47.97 for at least 20 trading days within the immediately preceding 30 consecutive trading days, the Company may redeem the warrants in whole for cash, RGA common stock, or a combination of cash and RGA common stock.

Associated with the issuance of the PIERS units, the Company capitalized issuance expenses of $5.4 million to "Other assets" and recorded $2.3 million directly to "Additional paid in capital."

NOTE 17 SEGMENT INFORMATION

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and Europe & South Africa. The Asia Pacific, Latin America, and Europe & South Africa operational segments are presented herein as one reportable segment, Other International. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance policies and reinsurance annuities. The Canada operations provide insurers with reinsurance of traditional life policies as well as credit and critical illness policies. Other International operations primarily provide traditional life reinsurance, privatized pension plan reinsurance, which the Company ceased renewing during 2001, and reinsurance of critical illness risks primarily in Asia Pacific, Latin America, and Europe. The operational segment results do not include the corporate investment activity, general corporate expenses or interest expense of RGA, and the provision for income tax expense

(benefit). In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 2. The Company measures segment performance primarily based on profit or loss from operations before income taxes. There are no intersegment transactions and the Company does not have any material long-lived assets. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The Company's reportable segments are strategic business units that are segregated by geographic region. Information related to revenues, income (loss) before income taxes, interest expense, depreciation and amortization, and assets of the Company's continuing operations are summarized below.

(in thousands)

Years ended December 31,	**2002**	2001	2000
Revenues			
U.S.	$1,697,258	$1,468,739	$1,271,629
Canada	251,715	247,624	237,303
Other International:			
Europe & South Africa	230,813	96,455	35,288
Asia Pacific	169,351	126,653	100,985
Latin America	12,973	33,681	75,944
Corporate	19,853	(4,868)	4,586
Total from continuing operations	$2,381,963	$1,968,284	$1,725,735

Years ended December 31,	**2002**	2001	2000
Income (Loss) From Continuing Operations Before Income Taxes			
U.S.	$ 177,052	$ 125,711	$ 167,209
Canada	38,631	51,516	39,858
Other International:			
Europe & South Africa	3,409	(963)	(2,380)
Asia Pacific	6,316	3,007	1,205
Latin America	(3,504)	(79,097)	(6,535)
Corporate	(27,926)	(34,024)	(24,299)
Total from continuing operations	$ 193,978	$ 66,150	$ 175,058

Subsidiaries in which the Company has an ownership position greater than 20 percent, but less than or equal to 50 percent, are reported on the equity basis of accounting. The equity in the net income of such subsidiaries is not material to the results of operations or financial position of individual segments or the Company taken as a whole.

(in thousands)

Years ended December 31,	**2002**	2001	2000
Interest Expense			
Other International:			
Europe & South Africa	$ 680	$ 681	$ 502
Asia Pacific	842	867	980
Corporate	33,994	16,549	16,114
Total from continuing operations	$ 35,516	$ 18,097	$ 17,596

Years ended December 31,	**2002**	2001	2000
Depreciation and Amortization			
U.S.	$ 260,065	$ 236,981	$ 178,490
Canada	22,537	33,048	16,794
Other International:			
Europe & South Africa	33,251	15,621	4,001
Asia Pacific	37,937	35,236	29,844
Latin America	19,463	12,136	5,204
Total from continuing operations	$ 373,253	$ 333,022	$ 234,333

The table above includes amortization of the Company's deferred acquisition costs.

As of December 31,	**2002**	2001
Assets		
U.S.	$6,293,189	$4,486,194
Canada	1,533,339	1,432,986
Other International:		
Europe & South Africa	263,136	137,499
Asia Pacific	273,503	238,788
Latin America	56,197	152,586
Corporate and discontinued operations	473,233	567,998
Total assets	$8,892,597	$ 7,016,051

Capital expenditures of each reporting segment were immaterial in the periods noted.

During 2002, two clients accounted for more than 10% of the Canada operation's gross premiums, consisting of $62.5 million and $26.5 million, or 29.7% and 12.6%, respectively. During 2002, two clients, one each in Australia and Hong Kong, generated approximately $52.9 million, or 30.2% of the total gross premiums for the Asia Pacific operations. During 2002, two clients of the Company's UK operations generated approximately $156.4 million, or 57.5% of the total gross premiums for the Europe & South Africa operations.

NOTE 18 STOCK OPTIONS

The Company adopted the RGA Flexible Stock Plan (the "Plan") in February 1993 and the Flexible Stock Plan for Directors (the "Directors Plan") in January 1997 (collectively, the "Stock Plans"). The Stock Plans provide for the award of benefits (collectively "Benefits") of various types, including stock options, stock appreciation rights ("SARs"), restricted stock, performance shares, cash awards, and other stock based awards, to key employees, officers, directors and others performing significant services for the benefit of the Company or its subsidiaries. In general, options granted under the Plan become exercisable over vesting periods ranging from one to eight years, while options granted under the Directors Plan become exercisable after one year. As of December 31, 2002, shares authorized for the granting of Benefits under the Plan and the Directors Plan totaled 4,533,407 and 112,500, respectively. Options are generally granted with an exercise price equal to the stock's fair value at the date of grant and expire 10 years after the date of grant. Information with respect to option grants under the Stock Plans follows.

	2002		2001		2000	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance at beginning of year	2,326,808	$24.42	2,065,731	$22.03	1,653,137	$21.41
Granted	554,233	$31.90	493,037	$30.05	456,407	$23.38
Exercised	(147,927)	$15.59	(224,892)	$14.00	(43,058)	$12.37
Forfeited	(32,781)	$29.63	(7,068)	$34.37	(755)	$35.33
Balance at end of year	2,700,333	$26.36	2,326,808	$24.42	2,065,731	$22.03

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding as of 12/31/2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/2002	Weighted-Average Exercise Price
$10.00 – $14.99	235,931	0.9	$12.10	235,931	$12.10
$15.00 – $19.99	32,522	3.0	$15.61	29,247	$15.61
$20.00 – $24.99	879,845	4.3	$21.76	647,801	$21.25
$25.00 – $29.99	669,618	7.0	$28.80	264,650	$ 27.75
$30.00 – $34.99	567,141	8.9	$31.90	22,500	$32.03
$35.00 – $39.99	315,276	5.6	$35.81	222,107	$35.78
Totals	2,700,333	5.8	$26.36	1,422,236	$23.27

The per share weighted-average fair value of stock options granted during 2002, 2001, and 2000 was $11.71, $11.87, and $9.40 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 2002-expected dividend yield of 0.8%, risk-free interest rate of 5.00%, expected life of 5.0 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; 2001-expected dividend yield of 0.8%, risk-free interest rate of 5.04%, expected life of 5.8 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; 2000-expected dividend yield of 0.8%, risk-free interest rate of 6.12%, expected life of 5.8 years, and an expected rate of volatility of the stock of 33% over the expected life of the options.

The Company applies APB Opinion No. 25 in accounting for its Stock Plans and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying Statement of Financial Accounting Standards No. 123 may not be representative of the effects on reported net income for future years. See Note 2 regarding New Accounting Pronouncements and the Company's prospective adoption of SFAS No. 148.

		2002	*2001*	*2000*
Net income *(in thousands)*	As reported	$122,806	$33,046	$77,669
	Pro forma	$119,824	$29,827	$75,105
Basic earnings per share	As reported	$ 2.49	$ 0.67	$ 1.57
	Pro forma	$ 2.43	$ 0.60	$ 1.52
Diluted earnings per share	As reported	$ 2.47	$ 0.66	$ 1.56
	Pro forma	$ 2.41	$ 0.60	$ 1.50

In January 2003, the Board approved an additional 735,655 incentive stock options at $27.29 per share under the Company's Stock Plans.

NOTE 19 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share from continuing operations:

(in thousands, except per share data)	*2002*	*2001*	*2000*
Earnings:			
Income from continuing operations (numerator for basic and diluted calculations)	$128,463	$39,901	$105,787
Shares:			
Weighted average outstanding shares (denominator for basic calculation)	49,381	49,420	49,538
Equivalent shares from outstanding stock options	267	485	382
Diluted shares (denominator for diluted calculation)	49,648	49,905	49,920
Earnings per share from continuing operations:			
Basic	$ 2.60	$ 0.81	$ 2.14
Diluted	$ 2.59	$ 0.80	$ 2.12

The calculation of equivalent shares from outstanding stock options does not include the impact of options having a strike price that exceeds the average stock price for the earnings period, as the result would be antidilutive. Approximately 1.4 million, 0.2 million and 0.4 million outstanding stock options were not included in the calculation of common equivalent shares during 2002, 2001 and 2000, respectively. Diluted earnings per share exclude the antidilutive effect of 5.6 million shares that would be issued upon exercise of the outstanding warrants associated with the PIERS units (see Note 16), as the Company could repurchase more shares than it issues with the exercise proceeds.

NOTE 20 COMPREHENSIVE INCOME

The following table presents the components of the Company's accumulated other comprehensive income (loss) for the years ended December 31, 2002, 2001 and 2000:

(in thousands) *For the year ended December 31, 2002:*	**Before-Tax Amount**	**Tax (Expense) Benefit**	**After-Tax Amount**
Foreign currency translation adjustments:			
Change arising during year	$ 10,467	$ (3,664)	$ 6,803
Unrealized gains on securities:			
Unrealized holding gains arising during the year	139,795	(47,698)	92,097
Less: reclassification adjustment for losses realized in net income	(14,651)	3,893	(10,758)
Net unrealized gains	154,446	(51,591)	102,855
Other comprehensive income	$164,913	$(55,255)	$109,658

For the year ended December 31, 2001:	*Before-Tax Amount*	*Tax (Expense) Benefit*	*After-Tax Amount*
Foreign currency translation adjustments:			
Change arising during year	$ 15,045	$ (5,266)	$ 9,779
Unrealized gains on securities:			
Unrealized holding gains arising during the year	(5,193)	(136)	(5,329)
Less: reclassification adjustment for losses realized in net income	(68,431)	21,185	(47,246)
Net unrealized gains	63,238	(21,321)	41,917
Other comprehensive income	$ 78,283	$(26,587)	$ 51,696

For the year ended December 31, 2000:	*Before-Tax Amount*	*Tax (Expense) Benefit*	*After-Tax Amount*
Foreign currency translation adjustments:			
Change arising during year	$ (13,855)	$ 4,849	$ (9,006)
Less: reclassification adjustment for losses realized in net income	(4,689)	1,641	(3,048)
Net currency translation adjustments	(9,166)	3,208	(5,958)
Unrealized gains on securities:			
Unrealized holding gains arising during the year	117,141	(46,359)	70,782
Less: reclassification adjustment for losses realized in net income	(23,962)	5,407	(18,555)
Net unrealized gains	141,103	(51,766)	89,337
Other comprehensive income	$131,937	$(48,558)	$ 83,379

A summary of the components of net unrealized appreciation (depreciation) of balances carried at fair value is as follows:

(in thousands) *Years ended December 31,*	**2002**	*2001*	*2000*
Change in net unrealized appreciation (depreciation) on:			
Fixed maturity securities available for sale	$168,732	$ 63,555	$ 147,598
Other investments	(541)	1,138	1,592
Effect of unrealized appreciation (depreciation) on:			
Deferred policy acquisition costs	(13,739)	(1,266)	(8,716)
Other	(6)	(189)	629
Net unrealized appreciation (depreciation)	$154,446	$ 63,238	$141,103

NOTE 21 DISCONTINUED OPERATIONS

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. If a treaty was continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims over a number of years as the level of business diminishes. The Company will report a loss to the extent claims exceed established reserves.

At the time it was accepting accident and health risks, the Company directly underwrote certain business using its own staff of underwriters. Additionally, it participated in pools of risks underwritten by outside managing general underwriters, and offered high-level common account and catastrophic protection coverages to other reinsurers and retrocessionaires. Types of risks covered included a variety of medical, disability, workers' compensation carve-out, personal accident, and similar coverages.

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third-party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to arbitrations that involve some of these LMX reinsurance programs. The Company and other involved reinsurers and retrocessionaires have raised substantial defenses upon which to contest these claims, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affect the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

While RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires. To date, no such direct material exposures have been identified. If any direct material exposure is identified at some point in the future, based upon the experience of others involved in these markets, any exposures will potentially be subject to claims for rescission, arbitration, or litigation. Thus, resolution of any disputes will likely take several years.

While it is not feasible to predict the ultimate outcome of pending arbitrations and litigation involving LMX reinsurance programs, any indirect workers' compensation carve-out exposure, or other accident and health risks, or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2003, the ceding companies involved in these disputes have raised claims that are $41.7 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $8.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2002 and 2001 was $50.9 million and $55.3 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $3.3 million, $3.0 million, and $23.7 million for 2002, 2001, and 2000, respectively.

NOTE 22 SALE OF SUBSIDIARIES

As of April 1, 2000, the Company reached an agreement to sell its interest in RGA Sudamerica, S.A. and its subsidiaries, RGA Reinsurance Company Chile, S.A. and Bhif America Seguros de Vida, S.A. The transaction closed on April 27, 2000. The Company received approximately $26.5 million in proceeds and recorded a loss on the sale of approximately $8.6 million. The loss included $4.7 million of accumulated foreign currency depreciation on the Company's net investment and $1.4 million in previously unrealized depreciation of the investment portfolio. During 2000, the Company also sold its interest in RGA Bermuda for nominal consideration.

Independent Auditors' Report

Board of Directors and Stockholders
Reinsurance Group of America, Incorporated:

We have audited the accompanying consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

St. Louis, Missouri
February 3, 2003

Report of Management Responsibility for Financial Statements

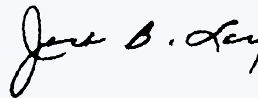
The consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, cash flows and stockholders' equity for the years ended December 31, 2002, 2001 and 2000, have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include some amounts that are based upon management's best estimates and judgments. The financial information contained elsewhere in this annual report is consistent with that contained in the consolidated financial statements.

Management is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal control, and that the cost of such systems should not exceed the benefits derived therefrom. A professional staff of internal auditors reviews, on an ongoing basis, the related internal control system design, the accounting policies and procedures supporting this system, and compliance therewith. Management believes this system of internal control effectively meets its objective of reliable financial reporting.

In connection with annual audits, independent certified public accountants perform an audit in accordance with auditing standards generally accepted in the United States of America, which includes the consideration of the system of internal control to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

The Board of Directors, through its Audit Committee, which is composed solely of directors who are not employees of the Company, is responsible for overseeing the integrity and reliability of the Company's accounting and financial reporting practices and the effectiveness of its system of internal controls. The independent certified public accountants and internal auditors meet regularly with, and have access to, this committee, with and without management present, to discuss the results of their audit work.

A. Greig Woodring
President and Chief Executive Officer



Jack B. Lay
Executive Vice President and
Chief Financial Officer

Todd C. Larson
Senior Vice President, Controller and Treasurer

Quarterly Data (Unaudited)

(in thousands, except per share data)

For the year ended December 31, 2002	First	Second	Third	Fourth
Revenues from continuing operations	$560,212	$557,309	$550,154	$714,288
Revenues from discontinued operations	$ 906	$ 1,365	$ 604	$ 428
Income from continuing operations before income taxes	$ 45,191	$ 45,065	$ 54,030	$ 49,692
Income from continuing operations	$ 29,036	$ 28,924	$ 34,723	$ 35,780
Loss from discontinued operations	(1,256)	(873)	(1,135)	(2,393)
Net income	$ 27,780	$ 28,051	$ 33,588	$ 33,387
Total outstanding common shares – end of period	49,302	49,355	49,365	49,457
Basic Earnings Per Share				
Continuing operations	$ 0.59	$ 0.59	$ 0.70	$ 0.72
Discontinued operations	(0.03)	(0.02)	(0.02)	(0.04)
Net income	$ 0.56	$ 0.57	$ 0.68	$ 0.68
Diluted Earnings Per Share				
Continuing operations	$ 0.59	$ 0.58	$ 0.70	$ 0.72
Discontinued operations	(0.03)	(0.02)	(0.02)	(0.05)
Net income	$ 0.56	$ 0.56	$ 0.68	$ 0.67
Dividends per share on common stock	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Market price of common stock				
Quarter end	$ 31.12	$ 30.69	$ 25.78	$ 27.08
Common stock price, high	33.38	33.11	31.77	28.45
Common stock price, low	24.40	29.58	24.60	23.95

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA". There were 103 stockholders of record of RGA's common stock on March 1, 2003.

Quarterly Data (Unaudited)

(in thousands, except per share data)

For the year ended December 31, 2001	*First*	*Second*	*Third*	*Fourth*
Revenues from continuing operations	$493,655	$465,527	$458,116	$550,986
Revenues from discontinued operations	$ (428)	$ 1,399	$ 635	$ 1,411
Income (loss) from continuing operations before income taxes	$ 35,682	$ 50,138	$ 12,969	$ (32,360)
Income (loss) from continuing operations	$ 21,642	$ 30,514	$ 8,985	$ (21,240)
Loss from discontinued operations	–	–	–	(6,855)
Net income (loss)	$ 21,642	$ 30,514	$ 8,985	$ (28,095)
Total outstanding common shares – end of period	49,391	49,405	49,475	49,527
Basic Earnings (Loss) Per Share				
Continuing operations	$ 0.44	$ 0.62	$ 0.18	$ (0.43)
Discontinued operations	–	–	–	(0.14)
Net income (loss)	$ 0.44	$ 0.62	$ 0.18	$ (0.57)
Diluted Earnings (Loss) Per Share				
Continuing operations	$ 0.43	$ 0.61	$ 0.18	$ (0.43)
Discontinued operations	–	–	–	(0.14)
Net income (loss)	$ 0.43	$ 0.61	$ 0.18	$ (0.57)
Dividends per share on common stock	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Market price of common stock				
Quarter end	$ 38.34	$ 37.77	$ 34.05	$ 33.28
Common stock price, high	41.93	39.53	39.36	36.23
Common stock price, low	29.23	32.33	27.95	27.90

Shareholder's Information

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Deloitte and Touche LLP

Annual Report on Form 10-K:
Reinsurance Group of America, Incorporated
files with the Securities and Exchange Commission
an Annual Report (Form 10-K).

Shareholders may obtain a copy of the Form 10-K without charge by writing to:

Jack B. Lay
Chief Financial Officer
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Shareholders may contact us through our Internet site at http://www.rgare.com or may email us at investrelations@rgare.com

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WWW.RGARE.COM

Actuary
Mathematics professional who specializes in the probability of insurance, annuities, and financial instruments.

Annuity
Contract that provides for income payments to an insured at regular intervals, either for a specific period or for the lifetime of the insured, in exchange for premiums.

Asset-intensive reinsurance
The reinsurance of annuities and corporate-owned life insurance.

Assumed reinsurance
Insurance risk that a reinsurer accepts (assumes) from a ceding company.

Automatic reinsurance
Reinsurance arrangement whereby the ceding company and reinsurer agree that all business of a certain description will be ceded to the reinsurer. Under this arrangement, the ceding company assumes full underwriting responsibility for all business reinsured.

Capital-motivated reinsurance
(also known as financial reinsurance, financially motivated reinsurance or non-traditional reinsurance) Reinsurance designed to meet a financial objective of an insurer. For example, capital-motivated reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

Cedant/ceding company
Direct insurer or reinsurer that passes on shares of its insured or reinsured risks to a reinsurer in exchange for premiums.

Claim
Demand on an insurer or reinsurer for payment under the terms of an insurance policy.

Coinsurance
A form of reinsurance under which the ceding company shares its premiums, death claims, surrender benefits, dividends, and policy loans with the reinsurer, and the reinsurer pays expense allowances to reimburse the ceding company for a share of its expenses.

Corporate-owned life insurance
Flexible premium variable life products specifically designed for institutional buyers. A corporation or trust is the owner and beneficiary of the policies and therefore generally has all the rights in the contract.

Critical illness insurance
(also known as dread disease insurance) An accelerated death benefit under which the insurer agrees to pay a portion of the policy's face amount before the insured dies if the insured suffers from one of a number of specified diseases such as cancer, stroke, and heart attack.

Demutualization
Process of converting the ownership of a mutual company (owned by its policyholders) to stock ownership.

Expected mortality
Number of deaths predicted to occur in a defined group of people.

Face amount
Amount payable at the death of the insured or at the maturity of the policy.

Facultative reinsurance
A type of reinsurance in which the reinsurer makes an underwriting decision (to accept or decline) on each risk sent to it by the ceding company.

Financial reinsurance
(also known as financially motivated reinsurance, asset-intensive reinsurance, capital-motivated reinsurance or non-traditional reinsurance) Reinsurance designed to meet a financial objective of an insurer. For example, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

GAAP (Generally Accepted Accounting Principles)
A set of financial accounting principles that U.S. and Canadian companies follow when preparing financial statements for reporting results to stockholders and, in Canada, to regulators.

Group life insurance
Insurance policy under which the lives of a group of people are insured in accordance with the terms of one master contract.

In force sum insured
A measure of insurance in effect at a specific date.

Individual life insurance
Insurance policy that is issued to insure the life of a named person or persons, rather than that of a group.

Mortality experience
Actual number of deaths occurring in a defined group of people.

Mortality-risk reinsurance
Removing some of the major risk associated with life insurance from the client company.

Preferred-risk coverage
Coverage designed for applicants who represent a better-than-average risk to an insurer.

Primary insurance
(also known as direct insurance) Business relating to contracts directly between insurers and policyholders. The insurance company is directly responsible to the insured.

Premiums
Amounts paid to insure a risk.

Private placement
An issue of securities that is not directed to the public and where the issued security is not registered or handled by any securities exchange.

Production
Refers to new business that was produced during a specified period.

Portfolio
The totality of risks assumed by an insurer or reinsurer.

Quota share
A reinsurance arrangement in which the reinsurer receives a certain percentage of each risk reinsured. Also known as first dollar quota share.

Recapture
The right to cancel reinsurance under certain conditions.

Reinsurance
A type of insurance coverage that one company, the ceding company, purchases from another company, the reinsurer, in order to transfer risk associated with insurance. Through reinsurance a reinsurer "insures" the ceding company.

Reserves
The amount required to be carried as a liability in the financial statement of an insurer or reinsurer, to provide for future commitments under outstanding policies and contracts.

Retention limit
The maximum amount of risk a company will insure on one life. Any amount in excess of the retention limit must be reinsured.

Retrocession
Transaction in which the reinsurer transfers all or part of the risks it has assumed to another reinsurer (the retrocessionaire), in return for payment of premiums.

Statutory capital
The excess of statutory assets over statutory reserves, both of which are calculated in accordance with standards established by insurance regulators.

Treaty
(also known as a contract) A reinsurance agreement between a reinsurer and a ceding company. The three most common types of reinsurance treaties are yearly renewable term (YRT), coinsurance, and modified coinsurance.

Underwriting
The process by which a company assesses the risk inherent in an application for insurance prior to acceptance of the policy.

Variable life insurance
A form of whole life insurance under which the death benefit and the cash value of the policy fluctuate according to the performance of an investment fund. Most variable life insurance policies guarantee that the death benefit will not fall below a specified minimum.

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