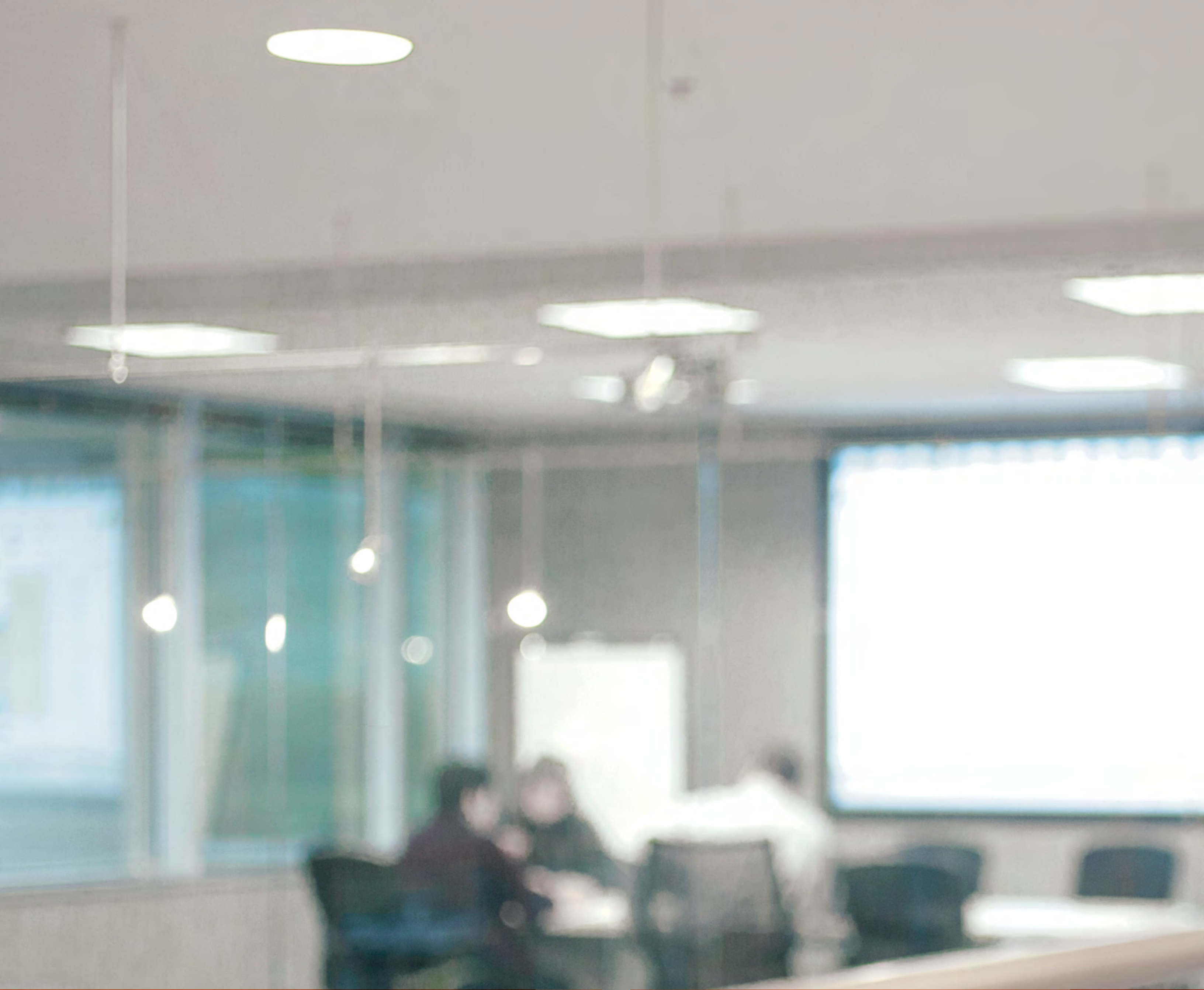
Partnering for Growth

2012 Annual Review



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Reinsurance Group of America, Incorporated has become an industry leader by listening to and working with clients, developing practical risk management and capital solutions that help them manage risks, take advantage of emerging opportunities, and build their businesses.

Our culture of partnership prevails not only in our close relationships with clients, but also throughout RGA's networks of expert professionals, who collaborate to leverage ideas and insights across product lines and geographies, with one goal – to better serve our clients with superior solutions.

We also partner with colleagues throughout the global insurance industry to open new markets, develop better techniques to assess and price risks, and invest in technologies that transform the way we do business with consumers.

At RGA, we understand that our success is linked directly to our ability to help our clients succeed and grow. By working together, we overcome today's challenges and capitalize on tomorrow's opportunities.

MESSAGE FROM THE CEO

RGA experienced another strong year in 2012. Operating income surpassed $500 million[1] and revenues approached $10 billion, both establishing new records for the company. Most of the RGA businesses produced good results and created substantial future value through their new initiatives.

Although RGA posted a strong overall performance in 2012, the year presented some challenges. Experience in many markets showed volatility, producing uneven quarterly results. We expect this to happen at times, but prefer when positive and negative fluctuations in various geographies and businesses balance out more evenly on a quarterly basis.

RGA's Asia Pacific segment, excluding Australia, enjoyed success in all markets and across all product lines. Outside Australia, pre-tax operating income for the remainder of the segment increased by 48%[2] over 2011, although revenues increased by only 4%. Revenue decreased in Japan and South Korea but surged in Hong Kong and Southeast Asian countries. RGA's Asia Pacific operations exemplify our commitment to innovation, customer service and the ability to deliver solutions. We expect our operations in this region will continue to be strong contributors to RGA's future growth.

Though Asia Pacific operations overall posted solid performances, experience in Australia was again weak in 2012. While adverse effects in 2011 came predominately from disability reserve increases, most difficulties in 2012 arose from the group business. As experience deteriorated, we increased reserves on several group treaties. Since these treaties tend to be large and our overall reserves are of a corresponding size, reserve changes can have a significant impact on performance. Group treaties generally include price guarantees for three years and are relatively short-term. As early as the beginning of 2010, we began withdrawing from market tenders where we believed benefits or terms were too aggressive. Our business contracted by $37 million in premiums in 2012 as a consequence of that action. The challenges faced by the large Australia group market have become widely known and prices are heading upward. We expect that results will improve for RGA in Australia going forward, but it will take some time to return to better circumstances.

Once again, RGA Canada's results exceeded our expectations. Pre-tax operating income surpassed $150 million[3] for the first time, on a revenue increase of 8%. Insured mortality has improved at a rapid rate in Canada, producing better-than-expected gains. Our Canadian business liabilities have a long duration and policy persistency in Canada exceeds that in many other markets. While we cannot forecast the rate of any future mortality improvements, we project that the gains already embedded in our large in-force block should generate good results for years to come.

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[1] Operating income is a non-GAAP financial measure. See "Reconciliation of Consolidated Net Income to Operating Income" on page 46.

[2] Pre-tax operating income for the Asia Pacific operating segment was $37 million and $39 million during 2012 and 2011, respectively. These amounts exclude investment-related gains of $8 million and $3 million during 2012 and 2011, respectively. Excluding Australia, Asia Pacific pre-tax operating income was $59 million and $40 million during 2012 and 2011, respectively.

[3] Pre-tax operating income for the Canada operating segment excludes investment-related gains of $28 million.

A. Greig Woodring

PRESIDENT AND CHIEF EXECUTIVE OFFICER

12% RGA's book value per share has grown at an impressive 12% compounded annual rate over the past 19 years, since our initial public offering.

RGA's Europe and South Africa segment showed mixed results in 2012. As usual, the U.K. operation's performance dominated the segment, but produced weak results in 2012, with pre-tax operating income roughly 24% below the level achieved in 2011. After strong performances in both 2010 and 2011, the U.K. experienced several weak quarters in 2012. Outside the U.K., pre-tax operating income for the remainder of the segment increased by $7 million[4] over 2011 and revenues increased 16%. The Italy and South Africa operations, in particular, contributed to these overall strong results. Our prospects look promising in several markets across the segment.

RGA's largest operating division, U.S. Operations, performed well in 2012, with pre-tax operating income increasing by 23%[5] over 2011. The U.S. business represented 58% of RGA's total revenues and 69% of pre-tax operating income in 2012. The largest sub-segment of the U.S. operation, mortality markets, had a solid year, with some quarterly ups and downs. We continue to see our customers retain more mortality risk and reinsure less, a trend that has continued for many years, and that makes it difficult to increase premiums to any substantial degree. Low single-digit percentage increases are likely to be the norm until overall cessions increase again. Our outstanding U.S. mortality operation has a reputation as a strong partner with a long history of significant expertise and innovative approaches.

The group business in the U.S. saw slightly weak results for the year, particularly in excess medical reinsurance, in which a small number of claims can swing results. The U.S. group business, however, has experienced good growth over the past several years, and opportunities going forward look favorable. The experienced RGA group team, based in Minneapolis, is held in high regard by its customers for providing expert solutions.

The primary focus of RGA's individual health business in the U.S. is long-term care reinsurance. This business has grown steadily and now contributes meaningfully to overall U.S. segment results. We have been prudent and selective in this product line to carefully build an in-force book that we believe will produce good results going forward.

The asset-intensive U.S. business enjoyed a spectacular year both in terms of results and growth. The reinsurance of a large in-force block of fixed annuities from John Hancock Life was the highlight of the year. During the third quarter, we repositioned the asset portfolio of this significant block of business to meet our current needs, which led to it attaining full operating earnings power in the fourth quarter. Not only did the fixed annuity portfolio thrive in 2012, so also did variable and indexed annuity treaties. Asset-intensive pre-tax operating income of $109 million[6] was 56%[6] greater than in 2011, and represented 15% of total RGA pre-tax operating income in 2012.

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[4] Pre-tax operating income for the Europe and South Africa operating segment was $62 million and $77 million during 2012 and 2011, respectively. These amounts exclude investment-related gains of $12 million and $6 million during 2012 and 2011, respectively. Excluding the U.K., Europe and South Africa pre-tax operating loss was $7 million and $14 million during 2012 and 2011, respectively.

[5] Pre-tax operating income for the U.S. operating segment was $513 million and $416 million during 2012 and 2011, respectively. These amounts exclude investment-related gains, net of deferred acquisition costs, of $80 million and $84 million, and the change in value of embedded derivatives, net of deferred acquisition costs, of $44 million and $(75) million during 2012 and 2011, respectively.

[6] Pre-tax operating income for the U.S. Asset-intensive sub-segment was $109 million and $70 million during 2012 and 2011, respectively. These amounts exclude investment-related gains, net of deferred acquisition costs, of $81 million and $42 million, and the change in value of embedded derivatives, net of deferred acquisition costs, of $46 million and $(77) million during 2012 and 2011, respectively.

Another mature, productive business for RGA in the U.S. is financial reinsurance, which saw a 29% rise in revenues in 2012. Financial reinsurance at RGA is more properly viewed today as a global business, with fee income being produced in many markets around the world. Income derived from this business effectively complements the risk-based revenues earned in our other product lines.

RGA has been a growth company for its entire history; our growth, while still robust, has slowed from that of earlier years. As a result, RGA now produces earnings in excess of capital required for its current business operations and can be expected to do so at an accelerating pace. We have always augmented organic growth coming from reinsurance of new policies with occasional reinsurance of in-force blocks. Over the past several years, as opportunities to reinsure in-force blocks have appeared with increasing frequency, RGA has successfully responded by forming teams of dedicated associates to support our existing associates in handling these opportunities. These in-force opportunities may include mortality, morbidity or asset-based risks in various combinations. As companies strive to raise their ROE, restructure to conform to new regulations, and focus their operations on core competencies, we expect these types of block opportunities will continue to surface in the intermediate term. RGA is well-positioned in terms of resources, human and other, to support significant organic growth and in-force opportunities over the next few years.

Growth has been a challenge for many of our customers in the primary insurance industry. As these companies reassess their strategies and recast their focus on their core strengths, RGA increasingly becomes part of their solutions. In addition, as these same customers seek ways to prosper and grow, they often look to RGA for technology, product ideas and support services. Much of our growth historically, and recently in all of our markets and product lines, comes from such partnerships. These partnerships help both clients and RGA continue on the path to success and growth.

A. Greig Woodring

PRESIDENT AND CHIEF EXECUTIVE OFFICER

RGA at a Glance

Reinsurance Group of America, Incorporated (NYSE: RGA), is one of the world's leading life reinsurers, recognized for its expertise in risk assessment and capital management, its ability to develop new, highly innovative solutions, and its steadfast commitment to serving its clients.

RGA Core Products and Services

- Individual life reinsurance
- Group life reinsurance
- Living benefits (critical illness, longevity, health, and long-term care) reinsurance
- Financial reinsurance
- Annuity reinsurance
- Facultative and electronic underwriting
- Risk management
- Product development

Double-digit annual compounded growth since 1993 initial public offering

Years	Net Premiums	Net Income
5 (2007-2012)	10%	17%
10 (2002-2012)	15%	17%
15 (1997-2012)	17%	16%
19 (1993-2012)	17%	17%

Financial Highlights

For the years ended December 31,	**2012**	2011	2010	2009	2008
Net premiums (in millions)[1]	**$7,907**	$7,336	$6,660	$5,725	$5,349
Income from continuing operations (in millions)	**632**	546*	536*	373*	160*
Diluted earnings per share[1]	**8.52**	7.37*	7.17*	5.09*	2.45*
Operating data (in billions)					
Assumed ordinary life reinsurance in force	**$2,928**	$2,664	$2,540	$2,325	$2,108
Assumed new business production	**427**	429	328	321	305

[1] Reflects results from continuing operations.

*Certain historical amounts have been revised to reflect the retrospective adoption of new accounting guidance for deferred acquisition costs in the first quarter of 2012.

Financial Strength Ratings

RGA's principal operating subsidiary, RGA Reinsurance Company, receives high ratings for its claims-paying ability based on the company's financial condition and earnings. Its current ratings are:

AA-

VERY STRONG

Standard & Poor's Insurance Ratings

A+

SUPERIOR

A. M. Best Company

A1

GOOD

Moody's Investors Service

RGA Life Reinsurance Company of Canada, RGA Global Reinsurance Company, Ltd., RGA International Reinsurance Company Limited, and RGA Reinsurance Company of Australia Limited also have financial strength ratings of AA- from Standard & Poor's Insurance Ratings.

RGA Life Reinsurance Company of Canada also has a financial strength rating of A+ from A.M. Best Company.

Global Presence

RGA achieves greater stability through geographic operational diversity and a strategic mix of products and services.

55%

2012 net premiums derived from **U.S.** operations

33%

2012 net premiums derived from **International** operations

12%

2012 net premiums derived from **Canada** operations

Worldwide Operations

Serving clients around the world from operations in 25 countries:

Australia	France	Italy	New Zealand	Spain
Barbados	Germany	Japan	Poland	Taiwan
Bermuda	Hong Kong	Malaysia	Singapore	United Arab Emirates
Canada	India	Mexico	South Africa	United Kingdom
China	Ireland	Netherlands	South Korea	United States

Financial Overview (At December 31, 2012)

Life reinsurance in force	**$2.9 trillion**
Consolidated assets	**$40.4 billion**
Net premiums	**$7.9 billion**
Total revenues	**$9.8 billion**
Market capitalization	**$4.0 billion**

Historical Performance

Operating return on equity[1] *(average, 2008-2012)*	**13%**
Book value per share growth *(19-year CAGR, since IPO)*	**12%**
Premium growth *(2012 compared to 2011)*	**8%**
Operating EPS growth *(5-year CAGR, 2007-2012)*	**6%**

This Annual Review is not a substitute for Reinsurance Group of America, Incorporated's annual report on Form 10-K or the annual report to shareholders. If you would like to see a complete set of financial statements for Reinsurance Group of America, Incorporated, visit www.rgare.com and select "Corporate Overview" for recent Annual Reports to Shareholders or "Investor Relations" for recent filings with the Securities and Exchange Commission, including annual reports on Form 10-K.

Non-GAAP financial measures

RGA uses a non-GAAP financial measure called operating income as a basis for analyzing financial results. The definition of operating income and reconciliations to GAAP net income are provided in quarterly earnings press releases at the RGA Investor Relations site, www.rgare.com, in the "Financial Releases" tab. Additional financial information can be found in the Quarterly Financial Supplement at the same site in the "Quarterly Results" tab and in the "Featured Report" section.

2012 Highlights

$7.9 billion

RGA reported record net premiums in 2012, an increase of 8% over the previous year.

13%

RGA average operating return on equity is 13% over the past five years (2008-2012).

SOLID PERFORMANCE ACROSS GEOGRAPHIES AND PRODUCT LINES

RGA delivered outstanding results in 2012, ending the year with $7.9 billion of net premiums, an increase of 8% over the previous year, and $9.8 billion in total revenues. With strong performances by all business lines and geographies, RGA posted $2.9 trillion of life reinsurance in force, a new record, and assets of $40.4 billion. Operating return on equity totaled 12% for the year, and has averaged 13% over the last five years.

$5.4 BILLION BLOCK OF U.S. ANNUITIES REINSURED

RGA executed a significant asset-intensive transaction in 2012, when the John Hancock Life Insurance Company named RGA as the sole reinsurer for a $5.4 billion, in-force block of U.S. annuities. RGA's long-term relationship with John Hancock, its financial soundness as a counterparty, its ability to execute the transaction within the desired timeframe, and the quality of its business analysis were important factors in winning this business.

RGA PROMOTES NEW IDEAS AND APPROACHES TO CREATE VALUE FOR INDUSTRY PARTNERS

As an innovation-driven company, RGA strives to harness the creative power of its teams to create value for its clients. During 2012, RGA developed several breakthrough initiatives that addressed forces shaping the insurance industry's future, from aging global populations to changing distribution models.

At the Society of Actuaries annual meeting held in October, RGA sponsored and led a new Innovation Series, featuring presentations by business leaders, educators and innovators.

In a separate initiative, RGA launched a first-of-its-kind Market Innovation Challenge competition in the U.S., inviting entrants to share new approaches to marketing insurance to younger Americans to serve the needs of that demographic. Results of the Challenge will be published in 2013.

RGA recognized by clients and key industry associations in 2012

- **'#1 in Business Capability Index'** globally, **NMG Consulting** studies (#1 globally, and in national and regional studies in the Asia, Canada, Europe, India, Italy, Japan, Malaysia, Mexico, Singapore, South Africa, Taiwan, U.K. & Ireland, and U.S. [individual mortality] markets)

327,828

327,828 cases were reviewed facultatively in 2012.

INTERNATIONAL: 169,384 | **U.S.:** 116,019 | **CANADA:** 42,425

2.5 million

2.5 million applications were processed using RGA's AURA electronic underwriting tools in 2012.

GLOBAL LEADERSHIP IN FACULTATIVE UNDERWRITING

Assessment of impaired and large-sum mortality risk remained a significant differentiator for RGA in 2012, and its underwriters are recognized for their fast response and facultative expertise. RGA reviewed 327,828 cases during the year, responding within 24 hours in 95% of cases worldwide.

INNOVATION SHOWCASE RECOGNIZES RGA

At the end of the year, *Best's Review* recognized RGA for its innovative research into the correlation between motor vehicle records and mortality rate in A.M. Best's annual Innovation Showcase forum. This is the second consecutive year RGA has been honored for innovation and forward thinking by this forum. The MVR research study was published by RGA on the company's website at http://www.rgare.com/knowledgecenter/Pages/MotorVehicleRecordsandAllCauseMortality.aspx.

E-UNDERWRITING IMPROVES SPEED AND ACCURACY OF DECISIONS

The development and deployment of industry-leading, technology-based risk assessment and underwriting tools remained a key strength and area of concentration during 2012. More than 2.5 million cases from 12 countries were processed using RGA's AURA® e-underwriting rules engine, while almost 15,000 applications were submitted to RGA by cedants using ASAP℠ (RGA's online Automatic Selection and Assessment Program), which provides a link to RGA underwriting rules for immediate decisions. Clients continued to use RGA's FAC Console® to submit facultative applications to multiple reinsurers simultaneously.

- **'Best Overall Life Reinsurer',** for the fifth consecutive time, by **2013 Flaspöhler Survey™** *(Direct Writers Evaluate Reinsurers / Life N.A.)*
- **'Reinsurance Company of the Year'**, for the third consecutive time, by the **2012 Australian Insurance Industry Awards**
- **'Life Reinsurer of the Year'**, for the second time, by the **2012 Asia Insurance Industry Awards**

Putting the power of innovation to work

Insurers faced many challenges in 2012. Regulatory changes, weak demand for protection products, the ongoing low interest rate environment, and economic tightening created a difficult business environment. Traditional distribution of insurance products is under pressure in the mature markets, as the average age of agents increases. The insurance gap for U.S. and U.K. families now affects more than half of the populations of those countries. Many younger consumers are unlikely to ever meet with an agent in an office and more likely to search for and compare buying options via online channels. Such challenges, however, are yielding new opportunities for insurers and reinsurers to work together to generate completely new products and services delivered via new, technology-aided distribution paths.

Product development: Practical applications of innovative thinking

In the U.S., insurers are seeking new ways to expand the market into the middle-age and youth sectors. Non-insurance brand names with existing customer databases want to enhance the product lines they offer, including insurance products. There is pressure to develop faster, less-intrusive risk selection criteria. Electronic underwriting, data analytics and streamlined processes are being drawn upon to create more-efficient ways to assess risk and place policies.

For example, RGA's Rx Standalone service, deployed in 2012, employs prescription histories to derive a mortality score that helps simplify and speed up the risk selection process. EASI, an electronic underwriting rules set for non-medical business, is another recent RGA innovation that offers an easily deployable underwriting tool to insurers and their agents.

With forty years of mortality and morbidity experience and one of the largest in-force portfolios of risk in the world, RGA has immense amounts of data and experience from which to draw to develop many new products and solutions for the life and health insurance industry throughout its global markets. In 2012, these included a first-of-its-kind critical illness product in Korea; an insurance product for the self-employed in the Netherlands; and new underwritten annuities and longevity risk transfer solutions offered in the U.K. RGA is taking a leadership position in Australia, developing new underwriting processes for living benefits and automated claims capabilities. In another example during the past year, RGA formed a strategic partnership with a major conglomerate in Malaysia, enabling that company to distribute life insurance to its customers for the first time. New ideas and new partnerships are expanding the insurance and reinsurance markets throughout the world.

Innovation *continued*

Collaboration, inside and outside the industry

The role of the reinsurer is changing. As insurance sales decline in some markets, demand for reinsurance capacity in the traditional sense has also declined. Reinsurers and insurers must partner more effectively to fill insurance gaps, and to cover the underserved and the uninsured. Regenerating growth requires a fresh perspective and new insights into the industry's challenges: Intellectual capital, innovative ideas and state-of-the-art marketing are needed. During the past year, RGA launched several initiatives designed to nurture an environment that encourages new ideas to generate new opportunities. In October, RGA sponsored a series on innovation at the annual Society of Actuaries meeting in the U.S. The series featured three sessions that included presentations from academia on creating the tools and the environment for innovation, from industry-leading firms that are investing in and benefiting from innovation, and from an insurance organization that is recognizing and rewarding innovation in the insurance industry.

To stimulate ideas to address the insurance gap in the youth demographic, RGA launched an essay competition in the U.S. titled "Market Innovation Challenge". This competition, which was open to U.S. citizens, offered cash awards to creative thinkers who provided innovative solutions to sell insurance to customers aged 18-35 to better protect and manage their financial futures.

RGA continues to seek new ways to strengthen its culture of innovation and entrepreneurialism. In a competition called "The Pitch", launched in 2012, teams of RGA associates were formed in the U.S., Australia, the U.K., Canada, Japan, Continental Europe and Southeast Asia, and were invited to develop proposals to address the issue of under-insurance in the youth market. Each "Pitch" team was required to define an element of the under-insured youth market, propose a solution for selling insurance to that segment, and create a business case for their proposed solution. The ideas generated by the RGA teams are currently under review by a panel of judges, and it is the company's intention to develop some of these ideas into market realities.

Research and idea generation: Innovation in practice at RGA

RGA is proud to be appreciated by its clients as a thought partner; a company of ideas that it is willing to share and support to achieve mutual market success. Yesterday's ideas will not sustain the insurance industry of the future. Insurers and reinsurers need to continually strive to use historical lessons to improve their business models to address rapidly changing demographics, purchasing habits and communication. Data has become vital to understanding needs, targeting customers and positioning products, and is also becoming key in risk selection and underwriting.

Throughout RGA's global operations, an active network of professionals shares novel ideas and collaborates on new approaches. Through this culture, RGA incubates innovation and invention: For example, RGA's internal company-wide program, ReEnergize, is providing RGA employees with a shared platform to identify, evaluate and commercialize ideas. During 2012, the program generated 102 ideas from 13 countries, several of which are already under development or being evaluated for potential.

In 2012, two RGA innovations, RGA's prescription history mortality research and its Automatic Selection and Assessment Program (ASAP), were recognized for innovation in the inaugural Innovators Showcase in *Best's Review.* Both offer the insurance industry more-precise modeling and quantification of risk. The prescription history research improves assessment of mortality risk by applying predictive modeling techniques, while ASAP, RGA's online automatic selection assessment program, offers instant decisions on impaired risks.

In 2013, RGA was recognized again for innovation by the same forum for its motor vehicles records (MVR) study, which examined the cost benefit of ordering MVRs in life underwriting. RGA partnered with LexisNexis® in 2010 to study the link between life insurance applicants' MVRs and their mortality risk. The study covered more than 7 million insurance applicants and more than 73,000 deaths, and enables quantification of the relative risk of applicants based on their driving records. RGA's research was singled out by the Innovation Showcase judging panel, who stated "this innovative use of data is providing insurers the ability to accomplish more granular risk segmentation and find correlations between data and risks/customers. They seem to be on the leading cusp in the use of data in the life industry."

As the global insurance industry continues to evolve, RGA's commitment to innovation positions it to be able to help its customers meet the new challenges they will face.

"RGA's culture is a magnet for a certain type of individual – those who are intellectually curious, who are energized by challenges, who are flexible in their way of thinking, and who wish to work on big problems and develop the best solutions. The common denominator among RGA employees is their steadfast focus on the client. They improve upon existing formulas and tools to help RGA's business partners manage risk more effectively and capitalize on opportunities for growth."

– **Brendan Galligan,** *Executive Vice President, Head of Business Development, Global Markets, RGA Reinsurance Company*

Operations

In 2012, RGA global operations achieved outstanding results, as net premiums increased 8% to $7.9 billion and total revenues grew to nearly $10 billion, a new milestone. Net income increased to $631.9 million, a 16% gain over the previous year's strong result.

Life reinsurance in force rose 10% to $2.9 trillion as RGA continued to expand the range and scope of products, services and solutions offered to business partners around the world.

While RGA's primary business continues to be based on individual mortality risk reinsurance, growth in recent years has been created not only by geographic expansion, but by gradual diversification of its product mix into other related lines of business such as financial reinsurance, asset-intensive reinsurance, group reinsurance and health reinsurance. RGA builds upon its core expertise to further refine risk selection and management, use of data, product design and financial solutions to support its clients' evolving needs.

Mortality risk remains the primary focus of RGA's global businesses. The company's vast mortality database forms the basis for its considerable, growing expertise in related areas such as living benefits reinsurance including healthcare, critical illness, long-term care, and longevity products.

With nearly $3 trillion of life reinsurance in force, RGA has one of the industry's largest and most-comprehensive databases of mortality risk. This information and experience provides RGA underwriters, actuaries and claims experts with a robust basis for competitive pricing and sound underwriting, and an understanding of the effects of selection and mortality improvement over time. Products such as term life, whole life, universal life, joint and last survivor life, COLI/BOLI, simplified issue assumed on a yearly renewable term (YRT) or coinsurance basis, and underwritten annuities represent the majority of RGA's mortality reinsurance.

Facultative underwriting, the process in which a reinsurer underwrites individual insurance applications, is a core strength at RGA. The company's facultative underwriting capacity is extensive, as demonstrated by its risk assessment of a record 327,828 cases worldwide in 2012. RGA underwriters have reviewed more than 3 million facultative applications globally since 1979. The quality and extent of RGA's data, research and intelligence, combined with its unique ability to carefully analyze and process that data, allow RGA to deliver more-precise pricing and underwriting that reflect measurable deviations. This expertise plays a critical role in RGA's leadership in using mortality and morbidity to predict outcomes and to help clients write more business and reach underserved markets.

Life insurers and insurance distribution channels increasingly rely upon technology-based risk assessment and underwriting tools to speed application review and processing and facilitate product sales. In 2012, RGA further improved and expanded its range of electronic underwriting applications and services, speeding application-to-issue time and improving underwriting effectiveness. RGA's flagship underwriting application, AURA, has the strongest underwriting rules engine in the market, and a database of more than 200,000 underwriting rules including impairments, medications, sports, avocations and treatments. AURA Hosted, one of the full suite of AURA technology applications, is particularly effective at removing barriers in bringing simplified-issue solutions to market and can be implemented quickly and securely in most insurance and business environments.

Technological innovations reflect RGA's culture of continuous improvement to better support its clients and business partners. One such example, ASAP, is a proprietary web-based underwriting process based on the AURA technology rules engine that enables clients to link to RGA underwriting rules for immediate decisions, provides automatic facultative assessments for common impairments and bind RGA on the risk without the process and documentation requirements of traditional facultative reinsurance. By the end of 2012, almost 67,000 applications had been submitted through ASAP, totaling $32.7 billion of face amount, and resulting in more than $17 billion in placed new business.

RGA's automated facultative application solution, FAC Console, was originally launched to enable insurers to electronically submit facultative applications to multiple reinsurers. In 2012, more than 60% of cases submitted to RGA in the U.S. were facilitated by this electronic service. RGA offers online support for client underwriters around the world through a variety of other web-based underwriting tools, including links to current medical and mortality research, white papers and presentations, as well as financial, medical and foreign travel risk calculators.

RGA's Global Underwriting Manual (GUM) is a web-based manual offered to RGA clients. GUM is currently available in multiple languages, and is used by more than 8,000 registered and active users in 22 regions. The manual is an essential reference guide for insurers seeking current, statistically valid and unbiased epidemiologic evidence combined with the knowledge and experience of RGA's outstanding team of medical directors and underwriters.

In 2012, RGA delivered research data and updates on emerging underwriting and medical issues through its ongoing series of webcasts, featuring presentations from RGA thought leaders and guest speakers. Webcasts were again provided on demand, covering topics such as advances in cancer research (available in English and in Spanish), underwriting fraud prevention, and the value of motor vehicle records in life underwriting. Through these webcasts, RGA is able to share pertinent information with a large audience of client underwriters, actuaries and other professionals in a convenient and cost-efficient manner.

Qualitative and quantitative research: Improved risk modeling and assessment

RGA's actuaries, underwriters and data scientists around the world use data-driven research and analysis for deeper insights and fresh perspectives into emerging trends that lead to more accurate pricing and risk assessment. They capitalize on large internal databases and also partner with external data providers to support RGA's product and service offerings. The combination of cutting-edge statistical techniques and deep business knowledge supports the ongoing development of internal, client-driven and industry-wide experience studies and research projects.

In 2012, the Global Research and Development team conducted numerous studies of internal mortality, morbidity and persistency experience. In addition to this data-driven internal research, the team also investigated a variety of topics of client interest including general aviation, term conversions, laboratory testing, mortality seasonality, and mortality improvement.

In one example of industry-wide research, "An Analysis of Motor Vehicle Records and All-Cause Mortality," published jointly by LexisNexis® and RGA Reinsurance Company, analyzed the mortality from all causes of 7 million life insurance applicants based on their motor-vehicle driving records. Approximately 73,000 deaths occurred during the study period. The study found significant differences in mortality risk from all causes between applicants with clean driving records or minor driving violations compared with applicants that had major driving violations. The MVR study earned RGA recognition in *Best's Review* 2013 Innovation Showcase.

Left to right, from RGA Reinsurance Company, Global Research and Development: Scott Rushing, Vice President and Actuary; Richard Xu, Senior Data Scientist and Actuary; Tim Rozar, Senior Vice President.

RGA's financial reinsurance, asset-intensive reinsurance, and longevity reinsurance business lines provide additional income and risk diversification to RGA's business structure through structured transactions designed to support clients' risk and capital management needs.

New regulatory regimes and financial reporting standards, changes to capital and reserve requirements, aging demographics, and evolving insurance needs within emerging markets have created both challenges and opportunities during the past several years for life and health insurers.

Financial reinsurance solutions structured by RGA help insurers manage regulatory requirements. Such structured financial transactions provide capital for growth or to support mergers and acquisitions; help improve return on equity; or reinforce insurers' surplus positions by improving solvency ratios. RGA is recognized for its leadership in this highly specialized field, and for the expertise it is able to bring to complex financial transactions.

Changing regulatory frameworks and capital requirements demand new reserving methodologies and cash flow modeling, so it is important that reinsurers understand the environments of the global markets in which they and their clients operate.

Asset-intensive reinsurance serves insurers and other business partners facing these challenges. Clients wishing to mitigate risk from products with significant underlying investment risks, such as fixed and variable annuities, benefit by RGA's structured reinsurance solutions.

During 2012, RGA's dedicated Global Financial Solutions team shared asset-intensive reinsurance solutions with clients both inside and outside North America. This business has grown steadily over the past decade, and RGA surpassed all previous successes in 2012, completing the largest such transaction in RGA's history of a $5.4 billion block of in-force annuities.

A combination of improving health conditions and lower birth rates has resulted in aging populations in many global insurance markets, and led to insurers increasingly evaluating longevity products to serve this growing demographic. RGA leverages its unparalleled expertise in mortality and morbidity risks, derived from its extensive pricing and underwriting experience, to help insurers in this area. Its longevity experts evaluated opportunities in 2012 in a number of markets, carefully selecting those that met the common goals of RGA, the client and the market, and they expect to transact new longevity opportunities in many of these markets in the coming years.

RGA growth initiative: Stable value wraps

Stable value investment funds are considered a conservative, low-risk investment option for participants in defined contribution plans, offering protection against interest-rate volatility. Stable value funds offer the unique benefits of returns similar to short-term bond funds, with safety of principal similar to that offered by money-market funds. Stable value wrap contracts are financial instruments that provide limited guarantees for these stable value funds, preserving principal while providing steady, positive returns for participants. These contracts wrap a portfolio of high-quality, short-duration fixed-income securities and enable book value accounting for the stable value fund.

RGA began reviewing the stable value wrap market as early as 2009, when a long-time client indicated its interest in reducing its exposure to this product line by reinsuring its wrap contracts for stable value funds. Management of stable value wrap contracts and their underlying investment risks appeared to align well with RGA's expertise in asset-intensive and financial reinsurance, and with RGA's overall business objectives. RGA's underwriting guidelines for stable value wrap contracts are rigorous, and the coverage they provide is similar to its fee-based business in that the wraps are, in essence, tail risk cover for both economic and policyholder behavior risks.

After more than two years of intensive research and analysis, RGA entered the stable value wrap market in 2012, after recruiting a seasoned team of institutional and stable value market veterans to cultivate strong relationships with selected stable value managers.

"Effective management of the stable value wrap business draws upon RGA's ability to evaluate and manage tail risk exposures," said Mark Gilbert, Senior Vice President, Stable Value Transactions. "We are pleased that RGA has been able to leverage the risk management expertise that has been developed managing annuities and similar products to support clients in yet another new market for RGA."

Success through collaboration: Significant asset-intensive transaction completed in 2012

RGA has been active in asset-intensive reinsurance solutions since 1997. The product line has consistently produced high returns on economic capital and solid operating income, even during economic downturns. In 2012, RGA completed a very large asset-intensive transaction, when John Hancock Life Insurance Company named RGA as the sole reinsurer for a $5.4 billion block of in-force U.S. annuities.

In the transaction, structured as a coinsurance agreement, RGA reinsured a 90% quota share of a block of John Hancock's fixed deferred annuity business. RGA's capital investment in the transaction was approximately $350 million, and was funded with existing resources.

The strength of RGA's long-term relationship with John Hancock and its parent company, Manulife, was a critical factor in completing this transaction. RGA's counterparty strength and risk profile; its ability to take commercial mortgage loans; and ability to execute the transaction within the desired timeframe were also key considerations.

More than 40 associates from several areas of RGA, including Investments, Legal and Finance, played significant roles in collaborating on this transaction.

"This transaction advances RGA's business strategy to expand our annuity portfolio in existing markets, including the United States. We believe that opportunities for capital solutions similar to this transaction will continue to appear over the next several years due to changing regulatory and capital regimes."

– **John Laughlin,** *Executive Vice President, Global Financial Solutions*

Left to right, from RGA Reinsurance Company: Matt Fillo, Managing Counsel, Reinsurance and Regulatory, Global Legal Services; Michael Frings, Vice President and Senior Actuary, Global Financial Solutions; John Laughlin, Executive Vice President, Global Financial Solutions; Brian Butchko, Vice President, Director, U.S. Portfolio Management, Investments; Mark Renetzky, Vice President, Marketing and Transaction Services, Global Financial Solutions.

RGA first became active in providing longevity reinsurance solutions to the U.K. market, and has now also responded to growing demands for longevity protection in Australia, Canada, Continental Europe and the U.S. In the short time RGA has been offering longevity reinsurance, it has become a significant source of diversification from mortality risk, and offers clients a valuable alternative to manage underlying risk and capital.

In 2012, RGA Global Financial Solutions redeployed several experts on its team to RGA offices outside North America to work in close partnership with local staff and RGA's clients. Moving this expertise closer to clients is helping to build the knowledge base of the teams already in place in each market.

Insurers increasingly seek assistance in meeting the challenges of difficult financial environments, changing regulatory and capital requirements, and aging demographics. As demand for effective capital structures that provide innovative solutions for life, health, group, asset-intensive and longevity lines continues to grow, RGA's Global Financial Solutions team will build upon its suite of products and reinforce its presence in local markets to enhance its ability to address the needs of insurers.

To advance RGA's capabilities in relation to acquiring in-force blocks, RGA's Global Acquisitions team further developed its infrastructure and capabilities during 2012. Widespread forces within the global business environment, such as the Eurozone crisis, economic pressures and major regulatory and accounting reforms, led RGA to anticipate continued interest among insurers in mergers, acquisitions and block divestitures.

The Global Acquisitions team adopted a selective and prudent approach to transaction reviews, evaluating almost 100 potential opportunities during the year, and pursuing those aligned with RGA's risk philosophies. Several transactions were initiated by RGA in 2012, including the acquisition of a small Dutch direct life insurance company, anticipated to close in 2013. Regulatory changes in Italy and concurrent strategic repositioning by banks and insurers presented additional opportunities to RGA in 2012. RGA completed several successful block acquisitions in that market during the year, providing numerous benefits to its clients.

Demand for in-force block divestitures remains influenced by the challenging and changing environment, and often influences the partner chosen in any given transaction. RGA's strengths, including a focus on strong, long-term partnerships with its clients, coupled with expertise in analytics and modeling, have helped RGA build a strong franchise in the acquisitions and block reinsurance arena. RGA's creativity in structuring transactions and its flexible approach allow for customized solutions tailored to each situation's particular needs.

Globally, RGA reinsures workplace and other group products, including life, disability, medical, accident and critical illness lines, as well as catastrophe coverage. Group reinsurance complements RGA's individual reinsurance business, and brings cost certainty and innovative risk management tools to employer/employee groups and creditor or association business underwritten on a group basis.

Australia and North America are RGA's largest group reinsurance markets. Significant opportunities also continue to exist within the South Africa, India, Latin America, and Europe markets, and in emerging markets in the Middle East and Asia.

RGA brings innovative reinsurance products and services to the group market. One example lies in a new regional approach to claims and underwriting seminars for U.S. carriers, introduced in 2012. This service brings educational opportunities closer to clients and industry leaders, and allows them to share knowledge, network and participate in roundtable discussions on the issues of the day, in greater numbers and at lower expense. Around the world, RGA innovation extends to multiple product lines, as exemplified in 2012 by the introduction in Australia of RGA's "Serious Game" online training tool for disability claim managers.

In the U.S. market, healthcare reform created opportunities for RGA to support health providers and new Accountable Care Organizations (ACOs) by bringing a Provider Excess Loss (PEL) insurance product to market. Reform has also led to more interest in self-funding, as employers consider alternatives to fully insured plans. In this area, RGA expertise helps makes this an effective strategy for insurers, health maintenance organizations (HMOs) and distribution networks.

RGA's Global Accounts team: Focusing on multinational clients

RGA's Global Accounts team is dedicated to serving the needs of multinational clients. The team complements RGA local offices by providing a central point of contact, and ensures that solutions are delivered that meet the clients' needs globally.

RGA established a dedicated Global Accounts team in 2011 to ensure that the company is able to serve the often-complex needs of multinationals that operate in a number of countries, while complementing RGA's local teams' expertise and relationships with these key clients in the markets where they do business. Multinationals face pressure to achieve strong growth in competitive markets, improve operational efficiency and respond to varied and changing regulatory environments. Increasingly, they require support from partners that understand their business, are able to provide global perspective, and deliver solutions to meet the challenges and opportunities they face.

The Global Accounts team takes the time to understand the global priorities of multinationals, and ensures that appropriate resources are allocated to address them. RGA provides solutions that range from product development that improves the client's performance and market position, to solutions that enhance returns from in-force business. These solutions can often be leveraged centrally or regionally by the client; for example, RGA may provide a multi-country e-underwriting platform to enhance operational efficiency.

The team draws on RGA's product and functional experts across the globe to ensure best-in-class solutions. It is vital to leverage RGA's knowledge in a range of areas, such as underwriting, product development, and financial solutions. Clients gain access to RGA's global expertise, to its value-added services, and to cohesive and efficient solutions.

To improve the ease of doing business with RGA, the Global Accounts team provides a central point of contact for multinational clients, streamlines and simplifies global processes, and ensures that any emerging issues are quickly identified and resolved, thereby ensuring that multinational clients' needs are met both locally and globally.

"It's about making it easy for a multinational client to do business with RGA and gain access to the best we have to offer. With its unique global perspective, RGA always ensures that support and decisions recognize the overall relationship, with solutions that are delivered and executed in the most effective way."

– **Paul Nitsou,** *Executive Vice President, Head of Global Accounts.*

Left to right: Paul Nitsou, Executive Vice President, Head of Global Accounts; Naveed Irshad, Senior Vice President, Global Accounts, RGA International Corporation; Patricia Kelly, Vice President, Global Accounts, RGA International Corporation; Duncan Lord, Vice President, Global Accounts, RGA International Corporation.

RGA's experience in group health pricing, in collaboration with its Global Financial Solutions team, also allows RGA to offer capital-motivated reinsurance solutions that help health insurers and health plans efficiently manage their financial resources, in addition to offering catastrophic risk protection.

RGA leveraged its global group presence in 2012 by conducting a five-country survey of the use of rehabilitation services by disability insurers that identified trends and best practices that have a significant effect on promoting successful return-to-work outcomes. Sixty-six disability carriers in Australia, Canada, South Africa, the U.K. and the U.S. participated in the survey. The India group life market was the subject of another comprehensive employee benefits and credit life survey, in which 19 carriers participated. That study identified several opportunities for innovation, market segmentation and ancillary benefits, as well as areas where current risk selection practices could improve.

Aging populations, the growth of the middle class in emerging markets, and other related forces have fostered greater demand for living benefits products in recent years. These products, which include healthcare, disability, long-term care and critical illness reinsurance, represent an increasing share of RGA's business and provide additional risk diversification to the company.

Left to right, from RGA Reinsurance Company, U.S. Group Reinsurance: Jim Rathburn, Senior Vice President, Group Life, Accident and Disability; Michelle Fallahi, Senior Vice President, Healthcare Reinsurance; Dean Abbott, Senior Vice President and Chief Actuary; Mike Emerson, Executive Vice President; and Jeff Birkholz, Senior Vice President, Operations.

RGA's international health team concentrated on five regional markets during 2012, assigning each market dedicated local resources for healthcare reinsurance. Established health reinsurance teams were augmented in Italy, Mexico and India, and new health business initiatives were launched in Southeast Asia and the Middle East region.

The primary focus of the international healthcare teams is to add value to RGA's clients through the teams' expertise in underwriting, actuarial and claims management; and to apply their experience and data analysis to enable clients to more accurately assess and control risks. Their deep expertise in using data and experience analysis to improve risk assessment of health coverages led to their unique approach to underwriting this business, in which they sought to identify positive underwriting outcomes with fewer exclusions in return for a higher premium. These guidelines were included in the teams' provisions to RGA's Global Underwriting Manual (GUM) for medical reimbursement, with local adaptations now underway.

In the five years since RGA began reinsuring long-term care treaties, its block of business has grown and today represents a small but significant segment of RGA's overall business.

RGA entered the long-term care market in the U.S. in 2007, selectively securing treaties with a small number of insurance carriers. Since then, its business has been carefully developed, focusing on new products with sound pricing and design. RGA maintained its current relationships and explored new business opportunities in this sector in 2012, while continuing to prepare its infrastructure in anticipation of further growth. Today, long-term care reinsurance represents a $300 million business for RGA in the U.S. market.

Some carriers of long-term care insurance are seeking ways to address tail risk of increased longevity, and have recently begun scaling back on more costly and riskier product features, primarily limited-pay products and lifetime benefits. A trend towards differing rates based on gender and further pricing adjustments reflect more conservative interest rate assumptions. RGA is working closely with its clients to develop new approaches and guidelines that address these trends and mitigate known risks.

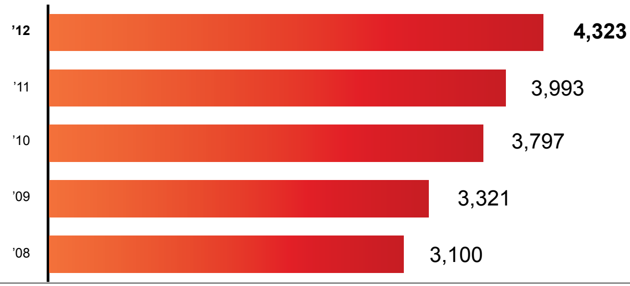
U.S. Operations

#1 in assumed recurring traditional life new business in the United States, with a 20% market share

Named "Best Overall Life Reinsurer" for the fifth consecutive time by cedants (2013 Flaspöhler Survey™ [*Direct Writers Evaluate Reinsurers / Life N. A.*])

116,019 facultative cases reviewed in 2012, an industry record

U.S. Net Premiums (in millions USD)



"Since entering the U.S. reinsurance market forty years ago, RGA's fundamental strength has been our ability to partner effectively with our clients to develop the means to succeed in every market cycle. Whether through facultative assessments of complex cases, more-rigorous data analysis, capital solutions adapted to suit new requirements, or innovations that drive growth, we continually focus on finding better ways to help insurers and the industry as a whole to prosper and succeed."

– Anna Manning, *Executive Vice President and Head of U.S. Markets*

In 2012, RGA's U.S. Operations reported $5.7 billion in total revenue and $4.3 billion in net premiums, increases of 16% and 8%, respectively, over 2011 results. RGA's U.S. Operations include traditional individual and group mortality and morbidity reinsurance, asset-intensive risk coverage and an extensive array of financial reinsurance for life and health insurance products.

8%

RGA's U.S. Operations reported more than $4.3 billion in net premiums in 2012, an increase of 8% over 2011.

Despite a flat individual life insurance market and reduced cessions to reinsurers during 2012, RGA continued to grow in the U.S. because of its outstanding client service, unparalleled expertise in mortality risk assessment, and increasing product diversification. In addition, RGA executed two significant block opportunities in 2012 that supplemented growth. RGA's continued leadership in the U.S. market was reflected in the most recent insurance industry studies: RGA was ranked #1 for individual mortality in the Business Capability Index in NMG Consulting's 2012 cedant study, and was named "Best Overall Life Reinsurer" in the 2013 Flaspöhler Survey™ (*Direct Writers Evaluate Reinsurers / Life N. A.*), the fifth consecutive time RGA has earned that ranking.

Facultative underwriting, the assessment of risks in cases with complex impairments or involving large policy face amounts, remains a fundamental strength of RGA's U.S. business. In 2012, U.S. Operations handled a record 116,019 facultative underwriting submissions, an 8% increase over 2011 submissions, as RGA underwriters reviewed 96% of facultative cases in the U.S. within 24 hours. Since 2007, RGA's U.S. facultative team has processed more than 100,000 facultative submissions annually. Specialized online tools, such as RGA's Automatic Selection and Assessment Program (ASAP), enable faster ratings of multiple impairments and improve assumptions. More than 73,000 cases were submitted through the FAC Console, RGA's automated facultative application submission solution, which was designed to enable insurers to automatically submit facultative cases to multiple reinsurers simultaneously. The RGA FAC Call Desk provides clients a live underwriter for immediate decisions on selected cases with face amounts up to $5 million. The Call Desk can also explain why RGA declined to reinsure a case and discuss how RGA underwriters might respond to potential cases. Through its unique Strategic Underwriting Programs, RGA also helped clients experiencing increased new business volumes or staffing shortages by providing expert RGA underwriters and support for application processing.

Value-added services offered by the company are built upon RGA's core expertise in individual mortality risk. Services provided to U.S. clients during 2012 included prescription history assessment, preferred criteria analysis, benchmarking, product development, quarterly term competitive reports, client-specific experience studies, and product reviews. RGA has also expanded its capabilities in predictive modeling and advanced analytics to develop a more refined approach to experience analysis and risk assessment. The use of predictive modeling to mine constantly-growing databases has gained importance for RGA's clients for applications including target market segmentation, persistency management, fraud detection and risk selection.

Building upon its established training programs and seminars, RGA presented extensive actuarial, underwriting and medical education to clients during 2012. Five major webcast presentations were offered, covering topics such as Solvency II, global underwriting, fraud prevention, and advances in the field of cancer. RGA's Underwriting University Program served underwriters from 21 U.S. life insurance companies in 2012, informing them about the latest discoveries in medical and financial underwriting and on technological advancements in the insurance industry. Client medical directors and their staffs benefitted by in-depth articles on new developments in medicine provided by RGA's medical underwriting newsletter, *ReFlections*. Topics covered in 2012 included predictive modeling, drug-resistant tuberculosis, functional impairment, and electronic medical records. RGA also supported industry education through other newsletters, white papers and presentations at insurance conferences.

In recent years, RGA has strategically expanded its focus to more holistically cover the evolving needs of its U.S. clients and to provide innovative, unique solutions to their business. As one of the largest reinsurers of fixed and variable annuity products with a strong record of financial strength and stability in the marketplace, RGA has become a trusted partner for asset-intensive reinsurance. In 2012, RGA continued to expand its asset-intensive business in the U.S. with a significant transaction to reinsure a large block of fixed deferred annuities *(see page 18)*.

In the group market, RGA features an ever-increasing menu of value-added services supporting the day-to-day actuarial, underwriting and claims operations of group life, accident, disability and health insurance carriers. These services include risk management tools and education, market intelligence, research services and specialty publications helping clients stay up to date on news and trends affecting their markets.

RGA's experienced U.S. healthcare team, responding to opportunities in the health care reform environment and in anticipation of risk moving to provider groups, introduced a Provider Excess Loss (PEL) product to meet this need. Reform also created more opportunities for self-funded solutions which are effective for insurers, HMOs and distribution networks. RGA expects its clients will continue to build their business in this environment and has developed solutions to support this growth and its associated capital requirements.

RGA's extensive mortality and morbidity databases, paired with a comprehensive understanding of changing demographics and medical advances, continue to support steady growth in RGA's long-term care reinsurance business in the U.S. market. At the end of 2012, long-term care reinsurance represented a small but growing proportion of the division's results, with close to $300 million in premiums.

Left to right, from RGA Reinsurance Company: Alan Hobbs, Vice President, Underwriting Services; Kathryn Cox,Vice President, Business Development, U.S. Markets; Mark Dion, Vice President, Underwriting Rules Development and Education, Underwriting Services.

Serving industry needs through e-underwriting advances

RGA's underwriting expertise is one of its most significant competitive advantages, developed during the review of more than 3 million cases since 1979. This unmatched expertise enables RGA underwriters to assist clients in the assessment of a wide range of products, from simplified issue to extremely complex cases. RGA provides underwriting support for individual life, living benefits, longevity and group reinsurance products and is recognized as the industry leader in facultative underwriting.

In the U.S. market, efforts are underway to develop a strategy to reach underserved markets, using simplified issue products, technology-based solutions, and prescription histories in underwriting. In the U.S. and in many other mature markets, aging agent distribution networks, and growing interest in social media and various web-based distribution channels, create demand for more e-underwriting solutions.

The power of data

RGA's extraordinary mortality experience and expertise, and the analytical insights it has developed, are constantly being applied to develop new e-underwriting services to help clients compete and grow.

The company's proprietary e-underwriting platform, AURA (Automated Underwriting and Risk Analysis) has the most-powerful underwriting rules engine in the industry, with a database of more than 200,000 underwriting rules including impairments, medications, sports, avocations and treatments.

AURA Hosted is RGA's innovative automated underwriting engine, available in a Software as a Service (SaaS) model. It allows insurers to deliver simplified-issue solutions quickly, securely, easily, and at low cost to their markets, so they can offer protection coverage to wider populations through a simpler and more effective underwriting process. Insurers using AURA Hosted can take advantage of powerful RGA rules-based decisions without the time and expense of a complex software implementation.

AURA Hosted combines cloud-based computing technology and rules-based underwriting, deploying RGA's market-leading rules, allowing clients to implement e-underwriting solutions that are flexible, scalable and cost-effective. This interactive solution can customize medical and financial requirements, analyze financial evidence and produce detailed decisions. Agents, bank tellers and life insurers can send information to AURA Hosted via an e-application or a simple web form.

E-underwriting *continued*

Left to right, from RGA Reinsurance Company: Dave Wheeler, Senior Vice President, Underwriting; Jaime Correa, Senior Vice President, Underwriting Services; Mark Showers, Executive Vice President and Chief Information Officer; Patti Treis, Vice President and General Manager, AURA Technologies.

AURA Hosted is currently used by insurers in India, Japan, Spain, the U.K. and the U.S. In addition to enabling more-timely life underwriting, AURA permits insurers to underwrite for critical illness, total/partial disability, waiver of premium, ADB, impaired annuities, hospital cash, and surgery policies, and will soon be available for long-term care.

RGA's U.K.-based AURA for Annuities solution is powered by RGA's tailored rules that automate the underwriting of impaired and enhanced annuities. RGA clients can access this service via standard industry portals or through RGA's Global Underwriting Manual.

In addition to AURA and AURA Hosted, RGA's online Automatic Selection and Assessment Program (ASAP) allows clients to obtain quick standard or low substandard facultative decisions on simple impairments and bind RGA on the risk without submitting documentation.

RGA's automated e-underwriting solutions are powered by the AURA Rules engine and RGA's global underwriting rules. These solutions aid clients in streamlining processes, increasing market share and enhancing quality.

Rx Automated Scoring System

RGA's Rx automated scoring system is being successfully used by U.S. life insurance company underwriters in underwriting simplified issue and fully-underwritten products.

The Rx scoring system scores thousands of prescription and over-the-counter drugs that may appear on insurance applicants' prescription drug histories. It was developed following RGA's groundbreaking prescription history mortality study, published in 2009. From its research, RGA developed an underwriting methodology that assigns risk scores to thousands of individual prescription and over-the-counter drugs, enabling an underwriter to efficiently assess an applicant's prescription history.

The Rx automated scoring system is available to clients either as an integral part of AURA, or as an Rx Standalone product, and insurers have praised the system's value as additional credible evidence. RGA's Rx automated scoring system was recognized by A.M. Best's inaugural Innovators Showcase competition in 2012 as an example of forward thinking. RGA is continuing to develop and refine the scoring system.

EASI

EASI, RGA's hosted solution for the U.S. simplified issue market, permits RGA clients to send applicant health disclosures via the web to the dedicated EASI rules engine. EASI combines this information with findings from Rx history, Motor Vehicle Records and MIB databases, and returns a decision at the point of sale. One of the most attractive benefits of the EASI solution is that carriers can implement EASI in a very short time with a very low investment.

Challenges and opportunities will continue to arise in the life insurance industry, as market appetites and distribution channels change. RGA's e-underwriting teams will continue to investigate and analyze new and existing data in innovative ways to develop new e-underwriting options and tools to help its partners grow and succeed.

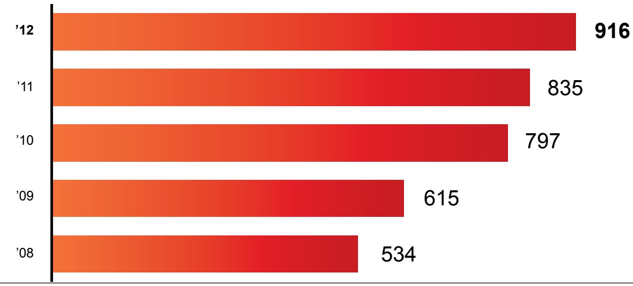
Canada Operations

2012 marked RGA Canada's 20th year in the Canadian insurance market

#1 in individual life recurring new business in Canada, for six consecutive years

Ranked #1 in Business Capability Index by insurers, based on all respondents, in the fourth consecutive study conducted by NMG Consulting

Canada Net Premiums (in millions USD)



"We work hard to develop strong client relationships. We continually look for opportunities where RGA can partner with our customers to improve their businesses and prosperity. Simply put, their success leads to our success."

– Alain Néemeh,
President and Chief Executive Officer,
RGA Life Reinsurance Company of Canada

RGA's Canadian division (RGA Canada), which operates through its subsidiary, RGA Life Reinsurance Company of Canada, celebrated its 20th year of serving clients in Canada in 2012. In a strong performance, revenues topped $1 billion for the second time, at $1.1 billion, representing an increase of 8% over the previous year. Premium income was $916 million, up 10% from 2011. Pre-tax income was very strong at $187 million, increasing 13% over 2011. For the sixth consecutive year, RGA Canada wrote the leading share of recurring new individual life business in this key market, maintaining its approximate one-third Canadian market share. This leadership position supports its increasing success as it expands its foothold in the group life and health, living benefits and longevity markets. RGA Canada focuses on strong client relationships and providing excellent customer service at a competitive price.

10%

RGA Canada posted $916 million in net premiums in 2012, an increase of 10% over 2011.

NMG Consulting's 2012 cedant study of the Canadian reinsurance market rated RGA Canada first in Business Capability Index in each of individual life, individual living benefits, and group life and health businesses. This marked the fourth consecutive NMG study in which RGA Canada was rated first overall in the Canadian market.

Direct insurers in Canada continued to reinsure a significant portion of new individual life business in 2012, ceding an estimated 70% of new recurring business, as measured by ceded face amount of risk. RGA Canada's new assumed individual life reinsurance volume exceeded C$49 billion in 2012. Despite an anticipated decline in life insurance cessions in Canada as companies continue to retain more mortality risk, RGA Canada's new business volume and in-force business position the division for sustained premium growth based on the long duration of the underlying Canadian individual life insurance products and related reinsurance arrangements where premiums generally increase with age. In addition, 2012 saw a growing interest in reinsurance of lapse risk together with mortality risk, which presented additional opportunities to strengthen the value of the life reinsurance proposition. In 2012, approximately 70% of the division's premium base was individual life recurring premiums.

RGA's Canadian operations reinsure an estimated one-third share of critical illness business as measured by face amount in Canada, supporting more than 40% of the companies active in this sector. As part of RGA Canada's continued expansion, it began reinsuring individual disability products as well, hiring experts in the field to provide value to its clients.

RGA Canada remained active in the development of longevity reinsurance. As RGA's local specialists draw upon the company's global experience and knowledge, RGA Canada is well-positioned to continue growing in this increasingly active sector.

The division's group life and health line added two new clients and strengthened its service capabilities with existing clients. A comprehensive survey of voluntary benefits offerings in the Canadian marketplace was conducted in 2012. The survey drew comparisons with the U.S. market and supported clients seeking innovative ways to grow their businesses. Leveraging synergies with RGA's U.S. Group team, RGA Canada's Group team generated comprehensive offerings for the Canadian marketplace in 2012.

RGA Canada continued to deliver greater value to its clients by applying creative problem-solving abilities and technical expertise to deliver customized innovative solutions to clients' financial or capital issues.

RGA Canada's underwriting team contributed to the division's ongoing leadership in individual life reinsurance, processing more than 42,000 facultative applications in 2012, while providing industry-leading turnaround times. The team further refined RGA's underwriting manual to support expanded product offerings and provided market-leading facultative underwriting expertise. Value-added services, such as RGA's automated underwriting software, AURA, were actively promoted to deliver an efficient, effective electronic underwriting solution to Canadian insurers.

Dominic Hains, Vice President, Pricing, and Gary Walters, Senior Vice President, Pricing and Group Reinsurance, RGA Life Reinsurance Company of Canada.

Commitment to Canada's insurance industry

In 2012, RGA Canada's leaders demonstrated their commitment to the growth and success of the insurance industry in Canada by again assuming leadership roles in many industry organizations. RGA professionals chaired a number of industry bodies and committees in 2012 within the Canadian Institute of Actuaries, the Society of Actuaries, the Canadian Life and Health Insurance Association, the International Actuarial Association Accounting Committee, the Life Office Management Association, the Canadian Reinsurance Conference, and the Reinsurance Association Professionals' Association. RGA associates in Canada also participated on many industry task forces and committees, including chairing the CLHIA task force, which developed an industry-wide initiative to support insured employer drug plans for plan members dependent on a catastrophically expensive recurrent drug protocol.

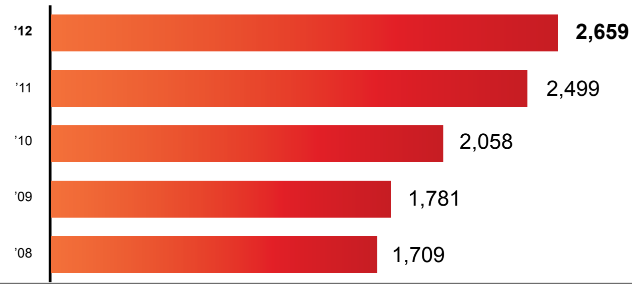
"All of these roles and activities underscore RGA's commitment to the continued health and growth of the insurance industry in Canada, and demonstrate our respect and support for the industry's leading governing bodies."

– **Brian Louth,** *Senior Vice President, Business Development, Underwriting and Chief Marketing Officer, RGA Life Reinsurance Company of Canada*

International Operations

RGA's international operations reported steady growth in 2012, with an 18% increase in life reinsurance in force to a record $1.1 trillion, and annual net premiums of $2.7 billion, a 6% increase over 2011. Through operations in Asia Pacific, Europe, South Africa, India, the Middle East and Latin America, the RGA International division accounted for 33% of the company's net premiums in 2012.

International Division Net Premiums (in millions USD)



"RGA's growth in North America and, more recently, in international markets, is the result of many factors, the most important of which is how we work closely with clients to help them manage risk more profitably. We have always recognized that our success is built through the long-term partnerships we have with our customers."

– Allan O'Bryant, *Executive Vice President, Head of International Markets and Operations*

Asia Pacific Operations

Established initial presence in Asia Pacific region in Hong Kong and Japan in 1995

Ranked #1 in Business Capability Index (BCI) by NMG Consulting in Asia in 2012

Honored as "Life Reinsurer of the Year" by the 16th Asia Insurance Industry Awards

"RGA's culture is all about focusing on the customer, and letting that perspective guide everything we do, from who we hire, to what we research and what strategies we undertake. We listen closely to understand their challenges and opportunities, then collaborate with our teams to develop new products and better solutions to help our clients prosper."

– Tony Cheng, *Chief Executive Officer, Hong Kong and Southeast Asia, Senior Vice President, Head of Asia*

RGA's Asia Pacific operating segment, with offices in Australia, New Zealand, Japan, Hong Kong, Taiwan, South Korea, Malaysia, China and Singapore, serves 15 countries in Asia. In 2012, the segment reported net premiums of $1.4 billion, a 4% increase over 2011, and revenues of $1.5 billion, a 5% increase. Principal reinsurance products offered by RGA in the region include individual and group life reinsurance, living benefits (critical illness, disability income, longevity, health and long-term care) reinsurance, retakaful, superannuation, annuity reinsurance, and financial reinsurance.

Difficult claims experience felt across the Australian and New Zealand markets, combined with a significant drop in local interest rates, created challenging market conditions in 2012. The elevated claims experience led to a significant strengthening of reserves for claims incurred but not yet reported, most notably in respect to Australian group business. This was a key cause of **RGA Australia** reporting a pre-tax loss in Australia and New Zealand of $20 million for 2012. As a result of the adverse conditions, and RGA Australia's focus on maintaining pricing discipline, growth in written premiums slowed to 3% in 2012 (down from an average of 12% per annum growth in the preceding five years).

Despite the challenging environment, RGA continued to lead the region in the development of market-leading underwriting programs and expert solutions. The office was awarded top regional honors by the 2012 Australian Insurance Industry Awards, which named RGA Australia 'Reinsurance Company of the Year' for the third consecutive time.

Tailored workshops and reviews were held to assist individual clients in the Australian and New Zealand markets to better understand and respond to key issues, with an emphasis on claims experience and industry sustainability. RGA Australia teams presented several technical seminars and group events, sharing new insights on topics including pricing, claims, e-solutions, distribution methods, medical underwriting of risks such as diabetes, and trauma insurance.

During 2012, RGA Australia launched the pilot of a market-first facultative call-desk program, RGA TeleXpress. It allows clients to obtain binding underwriting decisions from RGA instantly over the phone. Other infrastructure and operational improvements included the implementation of an enhanced administration service for individual business, the rollout of a new data management secure file transfer system to all cedants, and the pilot for a new e-claims program.

Improvements in underwriting and claims services remained a priority in the market. Extended service hours for underwriting continued in Australia to enable clients to meet year-end demand, and were successfully implemented for New Zealand clients in June. The "Serious Game" claims management training program was also introduced to the Australian and New Zealand markets.

RGA sponsored many major industry events in Australia and New Zealand during the year, including the annual conference of the Financial Services Council, the Financial Service Forum, and the Australian Life Underwriters and Claims Association conference. RGA associates also contributed extensively to local industry working groups on current issues such as the future of financial advice reforms, particularly on commissions for replacement life insurance business, the industry's approach to mental health in insurance, and reforms to insurance contracts legislation.

With significant increases in premiums and assumed new business in Hong Kong and Southeast Asia, **RGA Hong Kong** posted a highly successful year in 2012. The leading reinsurer in the region, RGA signed new reinsurance treaties with 38 clients in 2012, and was selected as a preferred reinsurance partner by two leading multinational insurers. RGA Hong Kong was ranked #1 on NMG Consulting's Business Capability Index and also #1 in terms of new individual premium market share.

Carmony Wong, Head of Underwriting Business Development, Asia, and Peter Tan, General Manager, RGA Reinsurance Company Hong Kong Branch.

Simplified/guaranteed issue underwriting, electronic underwriting utilization, and predictive underwriting models developed by RGA supported its clients' sales of simple protection products through bancassurance, telemarketing and direct marketing distribution channels. RGA e-underwriting tools helped local insurers improve back-office efficiency and develop new business by enabling point-of-sales underwriting decisions for sales channels in banks. Leveraging upsell and

Evolving distribution channels, products and opportunities: Hong Kong and Southeast Asia

Distribution channels throughout Asia are evolving away from agency towards multi-distribution and differentiations in products by channels. While the traditional agency channel is still dominant in protection business, RGA expects to see more sophisticated products emerging, with more exotic benefit features to drive differentiation, designed for a larger customer target ranging from preferred to substandard life. In Hong Kong and Southeast Asia, the 'savings culture' leads to the assumption that savings elements will increasingly be embedded in protection products, and more limited-premium-paying products will gain favor.

Despite aging populations in several more-developed countries, there is low awareness of the need for protection products aimed at senior citizens, such as long-term care. Insurers are slowly developing products to address this sector. Both critical illness and health insurance are becoming more important as countries develop "rich man's diseases" such as diabetes and heart disease, and as, paradoxically, cancer incidence increases in line with improving mortality.

Living benefits products represent attractive opportunities in the region. RGA formed a dedicated health reinsurance team in its Hong Kong branch in 2012 to support the burgeoning individual health insurance segment in several developing Southeast Asian countries, where the public health systems cannot grow quickly enough to meet the needs of rapidly growing middle classes. The market leader in protection product innovation and development of the latest generations of multi-stage and multi-pay critical illness products, RGA Hong Kong successfully launched several variations of innovative critical illness products to meet the needs of this growing market during 2012.

cross-sell programs remained a primary focus of RGA in this rapidly developing market.

During 2012, RGA was the leading reinsurer for all 12 Asian life insurers that reinsure externally in the High Net Worth (HNW) market, by leveraging its market insights, in-depth experience and value-added services to support clients' entry into and success within this attractive market segment. The Hong Kong office also assisted clients with financial and capital-motivated solutions, evaluating the merits of using reinsurance to achieve the more-efficient deployment of capital, enhanced returns on capital investments and strategic objectives, as well as solving complex product pricing issues.

RGA continued to support clients in the Malaysian and Indonesian takaful markets through its Retakaful Window in Labuan, Malaysia. Takaful is important in Muslim countries and regions such as Malaysia, Indonesia and Southern Thailand, providing those growing markets with a Shariah-approved method of financial protection.

RGA Japan delivered another year of strong results in 2012, with net premium of 12,092 million yen ($152 million). The branch reported new assumed amount at risk of 278,454 million yen ($3,490 million). The branch processed a record 52,155 facultative cases in 2012, an 11% increase over 2011. RGA's industry-leading mortality expertise and understanding of the Japanese market enabled its underwriters to apply insights to complex cases to help its clients place more business.

The aging population in Japan is causing insurers to gradually shift their focus from mortality products to health-related products, such as medical and cancer insurance, and annuities. RGA Japan responded to this trend, adapting its range of products and services to the local market's changing needs, and generated a very strong product development pipeline in 2012 that included a well-accepted long-term care product.

Electronic underwriting is an important tool in facilitating insurance sales in the Japan market. RGA implemented AURA e-underwriting solutions with three new clients in 2012 that enabled them to underwrite policyholders directly over the Internet. PIVIT Home Office, RGA Japan's name for its local e-underwriting solution, was launched with one Japanese insurer, and the office continued to inform its clients about the options made possible by the PIVIT underwriting applications.

Leveraging successful risk solutions from other RGA offices worldwide, **RGA Korea** developed living benefits, cancer and critical illness products, including staged cancer, multi-pay critical illness and scaled critical illness products. The team's comprehensive product development approach included facilitating underwriting, claims and product design reviews, conducting VOC surveys of specific distribution needs, and recommending product and process solutions to increase sales.

The office reviewed 14,547 facultative cases during the year. RGA Korea introduced the Advantage Program to the market, enabling direct insurers to increase placements of substandard cases and increase underwriting efficiencies.

RGA Korea actuaries play an active role in providing insights to clients on market trends and risk management issues. To help local insurers understand cash flow pricing which will come into effect in 2013, RGA Korea provided Actuarial School sessions for Korean actuarial professionals, and delivered comprehensive market research in both English and Korean covering the Korean insurance industry. These reports presented detailed analyses of population health trends and emerging data, and covered specific issues that may affect the life insurance industry.

RGA #1 in Business Capability: 2012 NMG Consulting studies

In 2012 NMG Consulting studies, RGA was ranked #1 globally, and in national and regional studies in the Asia, Canada, Europe, India, Italy, Japan, Malaysia, Mexico, Singapore, South Africa, Taiwan, U.K. & Ireland, and U.S. (individual mortality) markets, on NMG's Business Capability Index.

NMG's Business Capability Index (BCI) is a composite measure of reinsurer effectiveness across key capability areas, including business acquisition, relationship management, operational management, technology deployment, and product management.

The NMG Consulting studies measured feedback from insurance executives across more than 700 companies and 40 countries.

RGA Korea led the market in timely claims payment, administration and analysis of premium data, consulting and onsite training programs, which combined to expedite clients' data verification and settlement processes.

$1.1 trillion

Life reinsurance in force increased by 17% in RGA's international operations to a record $1.1 trillion in 2012.

RGA entered the Taiwan market in 1999, and has since developed a significant business operation with consistently strong annual growth. In 2012, **RGA Taiwan** net premiums increased by 11% to $78 million. RGA collaborated with its clients on several major product launches in 2012, including a new critical illness product that covers early-stage critical illnesses with a reduced sum assured, and a long-term health product for families under which insurance benefits could be shared between family members. Both are firsts in the Taiwanese market and are pending regulatory approvals.

The bancassurance channel offered promising opportunities to RGA and its clients in this market. During 2012, RGA teamed up with several clients to launch new-generation mortgage-reducing term products, which cover life benefits as well as cancer, critical illness and accidental benefits. SME insurance proved to be another attractive product, as several major bancassurers in Taiwan plan to launch SME insurance in the coming year.

Sharing knowledge and expertise with clients remained a priority for RGA Taiwan. The team initiated an industry experience study for long-term health business in 2012, the results of which are expected to be shared with clients in 2013. Seminars on underwriting and claims delivered data and insights on life and health topics. In 2012, RGA Taiwan held 10 underwriting and claims market seminars and 36 in-house seminars on selected clients' specific needs.

In 2012, RGA Taiwan was again ranked as the #1 reinsurer in the eighth annual survey by *Risk Management, Insurance & Finance,* a leading local business magazine. RGA Taiwan is the only reinsurer to receive the publication's best rating, "AAA", in all rating categories, measuring professionalism, potential, and overall service performance.

Malaysian Life Reinsurance Group Berhad (MLRe), a joint venture between RGA and the Life Insurance Association of Malaysia, led the Malaysian life reinsurance sector in 2012.

MLRe increased gross premiums by 13% over the previous year to RM229.3 million ($74 million), and expanded its facultative business to 16,426 cases.

MLRe conducts business with all Malaysian life insurance companies and also provides services to clients in neighboring countries. During the year, the operations launched an early-pay critical illness product in Malaysia, collaborating with RGA's Hong Kong team to develop definitions of early critical illnesses, creating the products' design, underwriting guidelines and exclusions, and training. MLRe's deep expertise in medical and financial underwriting led to the development of new, simplified solutions for clients covering medical and non-medical risks, including products sold through the bancassurance channel.

The **RGA China** representative office continued to share expertise and knowledge with local insurers during 2012. Key initiatives included supporting the Chinese regulator and insurance companies in their development of a critical illness industry morbidity table, and providing insights into financial reinsurance solutions to address clients' capital management needs. Since 2005, the office has conducted nine industry claims and underwriting seminars, ten actuarial industry seminars, and many customized in-house training programs for insurers.

Tony Cheng, Chief Executive Officer, Hong Kong and Southeast Asia, Senior Vice President, Head of Asia, RGA Reinsurance Company Hong Kong Branch; Olav Cuiper, Senior Vice President, Head of EMEA and Emerging Markets, Netherlands Senior Executive, RGA International Reinsurance Company Limited.

Europe, South Africa, Latin America, India and Middle East Operations

Established initial presence in Europe in Spain in 1994, launching expansion to cover all European insurance markets

Collaborative approach between RGA operations integral to supporting clients within the broad geographical base served by this segment

Ranked #1 on NMG Consulting's Business Capability Index in 2012 in Europe, India, Italy, Mexico, South Africa, and the U.K. & Ireland studies

"While regulatory and economic pressures will continue to influence the insurance industry, they also drive innovation and growth. At RGA, we are focused on building new relationships and creating value in both traditional and non-traditional sectors through enhanced collaboration and regionalization, securing profitable and sustainable long-term growth for RGA and our business partners."

– Olav Cuiper, *Head of EMEA and Emerging Markets, RGA International Reinsurance Company Limited*

RGA's **Europe, South Africa, Latin America, India and Middle East** segment operates from offices in the United Kingdom, France, Germany, India, Ireland, Italy, Mexico, the Netherlands, Poland, South Africa, Spain, the United Arab Emirates, and the United Kingdom. The segment reported net premiums of $1.3 billion, a 10% increase over 2011, and revenues of $1.4 billion, also an increase of 10%. The principal reinsurance products offered by RGA in the region include individual and group life reinsurance, critical illness reinsurance, longevity risk related to payout annuities, asset-intensive reinsurance, and financial reinsurance.

33%

RGA's operations outside North America contributed 33% of the company's net premiums in 2012.

In 2012, **RGA U.K.** generated approximately $803.6 million, or 61% of the segment's net premiums. Collaborating closely with RGA's Global Financial Solutions team, RGA U.K. won several major longevity transactions in 2012. The office also signed a number of new underwritten annuity treaties, a new protection client, showed ongoing growth in its group business, and developed a new short-term individual protection product.

Left to right, from RGA UK Services Limited: Hamish Galloway, Senior Vice President, Global Financial Solutions; Jason Hurley, Senior Vice President, Head of Business Development; Simon Wainwright, Managing Director.

RGA led the U.K. market in the number of cases reviewed, and improved turnaround times despite a 35% increase in cases processed over 2011. The underwriting team instituted multiple enhancements to RGA's e-underwriting proposition for impaired annuities, and implemented changes in underwriting rules as required by the EU Gender Directive ruling.

Improvements to internal and external claims processing and turnaround times were completed in 2012, through a number of significant new initiatives designed to speed claims processing and notification.

Pricing and business development actuaries shared insights at major conferences, including the U.K. Actuarial Professions' Health and Care conference, its Life Convention, and at FOCUS, the Scottish claims and underwriting seminar.

In 2012, **RGA Netherlands** developed several new products in conjunction with insurers and distributors, and innovative term life, whole of life and critical illness products, with other RGA offices.

In the Dutch market, the insurance industry is increasingly focused on developing greater trust with consumers through transparency and dramatically reduced costs. The market faces transition, as new legislation, such as the commission ban, prohibits the payment of any kind of commission by insurers to distribution channels as of January 1, 2013.

Underwritten annuities: Risks and rewards

Underwritten annuities, impaired annuities, enhanced annuities, and lifestyle annuities are different names, all referring to the same type of product: an annuity designed specifically for a defined contribution pension rollover that takes into account an applicant's health-related risks that could reduce his or her lifespan.

Such risks can include lifestyle factors, such as smoking or obesity, and moderate to severe medical conditions such as cancer, heart attack, kidney failure and stroke. Underwritten annuities enable these individuals, with their predicted shorter lifespans, to receive higher periodic payouts than would their healthy counterparts.

This particular product category, which first emerged in the U.K. in 1995, has greatly expanded since then. In the U.K. alone, the market nearly quintupled over the past six years, growing from slightly over £0.8 billion in 2006 to nearly £4.5 billion in 2012.

RGA's first underwritten annuity client was established during the summer of 2007 and, over the years since then, its commitment to this market has continued to grow. A successfully underwritten annuity product requires a range of expertise, specifically product distribution capabilities, investment management capabilities, and underwriting expertise including lifestyle factor impacts, all built around a set of rates derived from a strong longevity basis.

As more individuals discover this product, its popularity is likely to increase. In addition, over the next 20 years, the large cohort of post-WWII baby boomers, in the U.K. and around the world, will be aging and entering retirement, which will lead to a material increase in purchasers in the markets where these products are sold. Lack of expertise is no longer an insurmountable barrier in providing underwritten annuities to these customers, as advances in electronic underwriting are allowing companies without medical underwriting teams to underwrite these contracts. Together, insurers and reinsurers have created new, efficient processes that provide affordable annuity options for consumers, without burdening insurers or advisers with intrusive, time-intensive underwriting.

In the U.K. market, RGA partnered with several insurers to design competitively-priced, simple-to-underwrite underwritten annuity products, supported by strong e-underwriting rules that provide high take-up rates, and by RGA's deep longevity database, which enables risk-sharing via customized longevity swaps.

Supporting these trends, RGA Netherlands developed a number of new products, including an aggressively priced mortgage-related term life product price, and partnered with insurers and distributors on a pilot for a term life mortgage-related product for chronically ill people, and with the cancer federation on an initiative to conduct a feasibility study for diabetics. Disability risk also presented complex but promising opportunities for RGA in this market.

Both insurance companies and pension funds showed interest in capital-motivated solutions. RGA offered insights on longevity and asset-intensive reinsurance with the industry, concentrating on the impact of Solvency II. Pension funds are also seriously considering asset-intensive and longevity solutions to recover from poor asset/liability ratios.

RGA Germany, which serves the German, Austrian and Swiss markets, again showed solid premium growth and reported excellent claims experience. RGA widened its client base to include domestic traditional life offices, local operations of global insurers, as well as cross-border operations under the EU freedom of services regime.

RGA brings new solutions to address market opportunities, such as underwritten annuities and longevity block transactions, while also supporting clients with competitive solutions for living benefits protection products.

In 2012, the regional life insurance industry struggled with a continuing low-interest-rate environment. Ongoing challenges to the local industry are expected, with regulatory requirements in Germany for additional reserves for guaranteed benefits, and lower consumer demand due to general economic uncertainty.

RGA sponsored market studies to increase understanding of the situation and facilitate discussion regarding the future of the life insurance model. The office helped clients take advantage of the increased interest in protection business by offering tailored and innovative product development services. Its ability to draw upon global expertise in crafting financial and capital-motivated reinsurance led RGA Germany to offer specialized financial solutions to insurers seeking new methods of managing challenges created by the financial crisis.

2012 marked another year of growth for **RGA operations in Central and Eastern Europe,** as the office served key multinational clients in nine countries, with more than 60 treaties in force. RGA was again recognized by NMG Consulting as one of the fastest-growing life reinsurers in the CEE region in new treaty lines signed and new premiums.

RGA fulfills a significant role in this region by sharing its global knowledge and experience, by introducing new life and health products, and by organizing actuarial and underwriting training sessions. In 2012, the office provided insights to its clients into newly arising distribution channels, direct marketing, bancassurance and employee benefits.

Major RGA regional conferences and events, including an annual CEE Actuarial Conference and an Underwriting and Claims Seminar, were held in 2012, as were a number of workshops on product development and bancassurance. RGA also supported local partners by sponsoring and co-organizing several industry events, including the Gender Directive Conference led by the Polish Insurance Association and Conference of Polish Underwriters Association, and the European Actuarial Academy's product development seminar.

The direct life insurance market in **Spain** continued to suffer the effects of the economic recession, as group life and individual life business decreased by 4.95% and 1.88%, respectively, in 2012. The traditional reinsurance market, based mostly on mortgage-related and credit-related protection life products, has been declining, as traditional reinsurance volume continued to decline as companies retain more business.

RGA expanded the range of products and services offered, such as workmen's compensation in Portugal and temporary disability in Spain. Critical illness products were successfully launched and a variety of companies continued working with RGA in both countries to fit their own client and product strategies. RGA strengthened its local infrastructure through a number of improvements, including development of CI pricing, death and disability pricing, a gender distribution analysis, non-proportional business basis analysis, and an external data protection audit.

Two significant financial reinsurance deals were closed in the Spanish market in 2012. Both transactions were structured to monetize the value of the in-force portfolio of the underlying individual risk products. Significant growth is forecast in this sector in this region, where a deep restructuring of Spain's banking system has led to attractive VIF monetization opportunities in which life reinsurers play key roles.

Left to right: Paul Okeefe, Assistant Vice President, Business Development, AURA Technologies; Nic Lempriere-Hogg, Senior Vice President, Divisional Chief Underwriter, and Marc Desrochers, Assistant Vice President, Underwriting, RGA International Corporation.

EU Gender Directive: New approaches and opportunities

In 2011, the Court of Justice of the European Union (ECJ) ruled that, with effect from December 21, 2012, the use of gender as a factor must not result in differences to individuals' premiums and benefits for insurance and related financial services contracts.

While the use of gender in insurance pricing served as a determining factor in risk assessment in the past, the December 2012 implementation of the EU Gender Directive has imposed significant changes on insurers' strategies, leading to the development of specific products that appeal to women, including coverage of specific gender-related diseases. Demand for such products has so far been weak, but RGA sees more opportunities arising in the future as a result of this ruling. RGA continues to work with its clients and local counsel to determine the most appropriate gender-neutral pricing and underwriting strategies that align with sound risk management.

RGA France further developed its infrastructure and operations during 2012 to strengthen its ability to serve the needs of clients in the French and Belgian markets. The office continued to build its expertise in product development, e-underwriting, alternative distribution, and strategic capital management, and reinforced capacity in financial solutions. Recognizing the increased appetite of insurers for capital-motivated reinsurance to manage risk, improve solvency margins and increase available capital, the France office focused on capital management strategies and support to address clients' evolving requirements.

RGA France hosted several workshops and events in 2012, providing insights into optimizing risk management in regard to the recently enacted Gender Directive, the current Eurozone financial crisis, and Solvency II regulatory framework.

RGA India achieved strong results in 2012, with premiums of INR 3,167 million ($59 million), an increase of 22%. Steady growth in group business, given the strength of the Indian economy, and a continued focus on product development for emerging sectors and distribution channels, were key to the office's growth, with several innovative products developed in 2012. These new products included a short-term disability product for India's emerging group market; a combination critical illness/personal accident/hospital cash product for a standalone health company, from which the insured can select one or all of the benefits, and a product for women insuring female-prevalent risks. All of these are expected to contribute to new revenue in 2013.

RGA India leadership and company experts presented on a range of topics at local and regional industry events, including longevity risk, financial reinsurance, health insurance claims fraud, predictive modeling, and the country's economic growth.

The team continued to share insights with its clients through rigorous surveys, conducting a second industry-wide health survey on claims management, and initiating another survey on fraud in the life and health business. The office also conducted a survey on fraud involving life and non-life insurers, and a group term life survey. Client training of underwriters and actuaries provided another gateway to shared knowledge.

Since beginning operations in 2011, **RGA Middle East** has developed several successful products to support the region's insurers and takaful operators. 2012 initiatives included a female cancer product, a standalone personal accident plan for self-employed and salaried employees, a simplified issue term product, and an indexed annually renewable term product in Turkey. RGA's successful expansion into Saudi Arabia resulted in several deals being confirmed towards the end of the year.

Robust information exchange remains a key to collaboration within the thriving, growing Middle Eastern insurance market. RGA presented at many regional conferences during the year, on topics including market research and practices, the role of reinsurers in health insurance, and trends in an era of changes and challenges. The office also hosted a number of training programs offering clients insights on important local issues, including seminars in underwriting and product development.

RGA Italy reported excellent results in 2012, with premiums increasing significantly despite a sluggish insurance market and difficult economic environment. Italian families remain underinsured, compared with similar countries in Europe. While social and cultural reasons play a role in the underinsurance of this market, many of the available insurance products are not in line with local needs. Basic covers like critical illness and long-term care are not yet popular. RGA's ability to partner with clients to develop new ideas and innovative products for Italian businesses, families and individuals, including simplified issue products sold through the bancassurance channel and new living benefits solutions, reinforced its leadership within this market.

Facultative cases increased 20%, compared with 2011. The number of registered users and log-ins to RGA's Global Underwriting Manual (GUM) continued to increase due to ongoing training sessions, translation of additional chapters, and the recent inclusion of long-term care ratings for several major impairments.

Left to right, from RGA International Reinsurance Company Limited, Branch Office for Italy: Roberto Rizzo, Director, Business Development; Roberta D'Ascenzi, Chief Actuary; Arkadiusz (Ark) Bandosz, Managing Director.

The RGA Italy health team finalized its data standards, underwriting guidelines, policy wordings and exclusions, and began to write health group business during 2012. In addition to traditional renewals, the team was heavily involved in business development activities in both individual business, via bancassurance, and group business, creating a project targeted for small and medium enterprises.

Interest in capital management solutions providing surplus relief and cash continued to soar, as the financial crisis persisted in Europe and within Italy, amid a changing regulatory environment. During 2012, RGA Italy completed several acquisitions of block in-force business, both group and individual.

Left to right, from RGA Reinsurance Company of South Africa Limited: Tjaart Esterhuyse, Managing Director; Lettie Motlohi, Human Resources Coordinator; Johann van Niekerk, Head of Strategic Marketing.

RGA South Africa posted outstanding results in 2012 and continued to dominate the local reinsurance market. The office was awarded a share in most of the tenders that were on offer during the year, and managed to grow overall premium income by more than 14% to R936 million, an excellent result given current market conditions.

RGA South Africa's underwriting team handled more than 21,000 facultative cases in 2012, an increase of 10% over the previous year. The office held three client seminars and a key client retreat, with strong client participation, and completed its bi-annual bancassurance survey. Preliminary results were presented in December, 2012, with the main report to be released in 2013.

RGA South Africa participated in several of the Solvency II initiatives conducted by the Financial Services Board during the year, and contributed further through interviews with regulators' staff on key aspects of the development of the South African version of Solvency II. This work is ongoing, and RGA South Africa is committed to playing a leading role in supporting this process.

In 2012, **RGA Latin America** continued a pattern of solid growth, delivering a strong financial performance. RGA is a leader in the Mexican market and has successfully exported its expertise in mortality risk management to local and multinational companies in other countries throughout the region. The office plans to continue expansion in the region using its mortality risk expertise as a key differentiator.

The economic outlook for Latin America is positive, and industry experts believe that overseas banks will be increasing their investments in the region. Latin America is also experiencing a dramatic surge in the growth of its middle class, creating opportunities to penetrate new segments of the population.

Regulatory changes in the region have produced challenges to the execution of reinsurance business, especially without having a locally domiciled entity in several countries. Some changes, however, have led to more-dynamic and stronger markets. For example, in Chile, new regulation for credit entities regarding their credit life (mortgage) portfolio tenders has enabled greater participation by RGA in this line of business. Another important regulatory trend involves the upcoming changes in reserving standards and capital requirements inspired by Solvency II. RGA is looking toward the future, concentrating on creating reinsurance solutions and using its expertise to help its clients navigate these changes.

Left to right, from RGA Reinsurance Company Oficina de Representación en México: Dominique Hierro, Chief Marketing Officer; Jorge Campa, Managing Director, Latin America; Dr. Jonathan Cuevas, Health Director.

Selected Consolidated Financial and Operating Data

For the Years Ended December 31, (in millions, except per share and operating data)	2012	2011	2010	2009	2008
Income Statement Data					
Revenues:					
Net premiums	$ 7,906.6	$ 7,335.7	$ 6,659.7	$ 5,725.2	$ 5,349.3
Investment income, net of related expenses	1,436.2	1,281.2	1,238.7	1,122.5	871.3
Investment related gains (losses), net:					
Other-than-temporary impairments on fixed maturity securities	(15.9)	(30.9)	(31.9)	(128.8)	(113.3)
Other-than-temporary impairments on fixed maturity securities transferred to (from) accumulated other comprehensive income	(7.6)	3.9	2.0	16.0	—
Other investment related gains (losses), net	277.6	(9.1)	241.9	146.9	(533.9)
Total investment related gains (losses), net	254.1	(36.1)	212.0	34.1	(647.2)
Other revenues	244.0	248.7	151.3	185.0	107.8
Total revenues	9,840.9	8,829.5	8,261.7	7,066.8	5,681.2
Benefits and expenses:					
Claims and other policy benefits	6,666.0	6,225.2	5,547.1	4,819.4	4,461.9
Interest credited	379.9	316.4	310.0	323.7	233.2
Policy acquisition costs and other insurance expenses	1,306.5	990.1	1,137.6	1,010.0	399.3
Other operating expenses	451.8	419.3	362.0	294.9	242.9
Interest expense	105.3	102.6	91.0	69.9	76.2
Collateral finance facility expense	12.2	12.4	7.8	8.3	28.7
Total benefits and expenses	8,921.7	8,066.0	7,455.5	6,526.2	5,442.2
Income from continuing operations before income taxes	919.2	763.5	806.2	540.6	239.0
Provision for income taxes	287.3	217.5	270.5	167.6	78.8
Income from continuing operations	631.9	546.0	535.7	373.0	160.2
Loss from discontinued accident and health operations, net of income taxes	—	—	—	—	(11.0)
Net income	$ 631.9	$ 546.0	$ 535.7	$ 373.0	$ 149.2

(Continued)

For the Years Ended December 31, (in millions, except per share and operating data)	2012	2011	2010	2009	2008
Basic Earnings Per Share					
Continuing operations	$ 8.57	$ 7.42	$ 7.32	$ 5.12	$ 2.51
Discontinued operations	—	—	—	—	(0.18)
Net Income	$ 8.57	$ 7.42	$ 7.32	$ 5.12	$ 2.33
Diluted Earnings Per Share					
Continuing operations	$ 8.52	$ 7.37	$ 7.17	$ 5.09	$ 2.45
Discontinued operations	—	—	—	—	(0.16)
Net Income	$ 8.52	$ 7.37	$ 7.17	$ 5.09	$ 2.29
Weighted average diluted shares, in thousands	74,153	74,108	74,694	73,327	65,271
Dividends per share on common stock	$ 0.84	$ 0.60	$ 0.48	$ 0.36	$ 0.36
Balance Sheet Data					
Total investments	$ 32,912.2	$ 24,964.6	$ 22,666.6	$ 19,224.1	$ 15,610.7
Total assets	40,360.4	31,634.0	28,670.2	24,905.8	21,385.2
Policy liabilities[(1)]	27,886.6	21,139.7	19,647.2	17,643.6	16,045.5
Short-term debt	—	—	200.0	—	—
Long-term debt	1,815.3	1,414.7	1,016.4	1,216.1	918.2
Collateral finance facility	652.0	652.0	850.0	850.0	850.0
Trust preferred securities	—	—	159.4	159.2	159.0
Total stockholders' equity	6,910.2	5,818.7	4,765.4	3,639.8	2,435.9
Total stockholders' equity per share	93.47	79.31	64.96	49.87	33.54
Operating Data (in billions)					
Assumed ordinary life reinsurance in force	$ 2,927.6	$ 2,664.4	$ 2,540.3	$ 2,325.1	$ 2,108.1
Assumed new business production	426.6	428.9	327.6	321.0	305.0

[(1)] Policy liabilities include future policy benefits, interest-sensitive contract liabilities, and other policy claims and benefits.

Leadership

EXECUTIVE MANAGEMENT

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Executive Vice President and Head of U.S. Markets

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Allan E. O'Bryant
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Glossary of Terms

Actuary
A specialist in the mathematics of risk, especially as it relates to insurance calculations such as premiums, reserves, dividends, and insurance and annuity rates.

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.

ASEAN
Association of Southeast Asian Nations.

Asset-intensive reinsurance
A transaction (usually coinsurance or funds withheld, and often involving reinsurance of annuities) where performance of the underlying assets, in addition to any mortality, is a key element.

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.

Bancassurance
The provision of insurance and banking products and services through a common distribution channel and/or to the same client base.

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, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

Captive insurer
An insurance or reinsurance entity designed to provide insurance or reinsurance cover for risks of the entity or entities by which it is owned or to which it is affiliated.

Cedant/Ceding company
Direct insurer (or reinsurer) that passes on, or cedes, shares of its insured or reinsured risks to a reinsurer or retrocessionaire.

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

Coinsurance
(Also known as original terms reinsurance)
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.

Coinsurance funds-withheld
A variant on coinsurance, in which the ceding company retains the assets.

Counterparty
A party to a contract requiring or offering the exchange of risk.

Counterparty risk
The risk that a party to an agreement will be unable to fulfill its contractual obligations.

Critical illness insurance
(Also known as dread disease insurance)
Insurance that provides a guaranteed fixed sum upon diagnosis of a specified illness or condition such as cancer, heart disease or permanent total disability. The policy can be arranged in its own right or can be an add-on to a life policy.

Enterprise Risk Management (ERM)
An enterprise-wide framework used by a firm to assess all risks facing the organization, manage mitigation strategies, monitor ongoing risks and report to interested audiences.

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, 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 companies follow when preparing financial statements for reporting results to stockholders.

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.

Guaranteed issue life insurance
Insurance products that are guaranteed upon application, regardless of past health conditions.

IFRS (International Financial Reporting Standards)
Standards and interpretations adopted by the International Accounting Standards Board (IASB).

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.

Longevity product
An insurance product that mitigates longevity risk by providing a stream of income for the duration of the policyholder's life.

Modified coinsurance
A variant on coinsurance in which the ceding company retains both the assets and reserves.

Morbidity
A measure of the incidence of sickness or disease within a specific population group.

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

Mortality risk reinsurance
Removing some of the major mortality or lapse 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)
Insurance business relating to contracts directly between insurers and policyholders. The insurance company is directly responsible to the insured.

Premium
Amounts paid to insure a risk.

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

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.

Retakaful
A form of reinsurance that is acceptable within Islamic law (see also Takaful).

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.

Securitization
The structuring of financial assets as collateral against which securities can be issued to investors.

Simplified issue life insurance
Insurance products with limited face amounts that require no or minimal underwriting.

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

Takaful
A form of insurance that is acceptable within Islamic law, and that is devised upon the principles of mutual advantage and group security.

Tele-underwriting
A telephone interview process, during which an applicant's qualifications to be insured are assessed.

Treaty
(Also known as a contract)
A reinsurance agreement between a reinsurer and a ceding company. The three most common methods of accepting reinsurance are automatic, facultative, and facultative-obligatory. The three most common types of reinsurance treaties are YRT (yearly renewable term), 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.

Webcasts
Presentation of information broadcast over the Internet.

Reconciliation of Consolidated Net Income to Operating Income

(Dollars in thousands)	For the years ended December 31,	
	2012	2011
Net income	**$ 631,893**	$ 546,045
Capital (gains) losses, derivatives and other, net	**(32,202)**	(178,638)
Change in fair value of embedded derivatives	**(113,440)**	231,936
Deferred acquisition cost offset, net	**30,131**	(73,984)
Gain on repurchase of collateral finance facility securities	**—**	(42,617)
Loss on retirement of Preferred Income Equity Redeemable Securities	**—**	2,854
Total non-operating income	**(115,511)**	(60,449)
Operating income	**$ 516,382**	$ 485,596

Cautionary Statement Regarding Forward-Looking Statements

This annual review 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 strategies, earnings, revenues, income or loss, ratios, 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) adverse capital and credit market conditions and their impact on our liquidity, access to capital, and cost of capital, (2) the impairment of other financial institutions and its effect on our business, (3) requirements to post collateral or make payments due to declines in market value of assets subject to our collateral arrangements, (4) the fact that the determination of allowances and impairments taken on our investments is highly subjective, (5) adverse changes in mortality, morbidity, lapsation, or claims experience, (6) changes in our financial strength and credit ratings and the effect of such changes on our future results of operations and financial condition, (7) inadequate risk analysis and underwriting, (8) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in our current and planned markets, (9) the availability and cost of collateral necessary for regulatory reserves and capital, (10) market or economic conditions that adversely affect the value of our investment securities or result in the impairment of all or a portion of the value of certain of our investment securities, that in turn could affect regulatory capital, (11) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (12) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (13) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (14) adverse litigation or arbitration results, (15) the adequacy of reserves, resources, and accurate information relating to settlements, awards, and terminated and discontinued lines of business, (16) the stability of and actions by governments and economies in the markets in which we operate, including ongoing uncertainties regarding the amount of United States sovereign debt and the credit ratings thereof, (17) competitive factors and competitors' responses to our initiatives, (18) the success of our clients, (19) successful execution of our entry into new markets, (20) successful development and introduction of new products and distribution opportunities, (21) our ability to successfully integrate and operate reinsurance business that we acquire, (22) action by regulators who have authority over our reinsurance operations in the jurisdictions in which we operate, (23) our dependence on third parties, including those insurance companies and reinsurers to which we cede some reinsurance, third-party investment managers, and others, (24) the threat of natural disasters, catastrophes, terrorist attacks, epidemics, or pandemics anywhere in the world where we or our clients do business, (25) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, (26) the effect of our status as an insurance holding company and regulatory restrictions on our ability to pay principal of and interest on our debt obligations, and (27) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission.

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the Securities and Exchange Commission. These forward-looking statements 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 the risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to review the risk factors in our 2012 Form 10-K.

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