2004
Annual Report

ON THE PATH OF SUCCESS

Many factors must come together to achieve success in the life reinsurance business.

Integrity. Responsiveness. **Reliability.** Expertise. Understanding. Agility. Accountability. Insight. Dedication. Innovation. Wisdom. Diligence. Prudence. **Drive.** Determination. Initiative. Efficiency. Intelligence. Imagination. Strength. Teamwork. Creativity. Foresight. Perseverance. Respect. Effectiveness. **Vision.** Ingenuity. Focus. Leadership.

These qualities enable us to earn the confidence of our customers, who see RGA as the partner to have at their side. We walk the path of success — together.

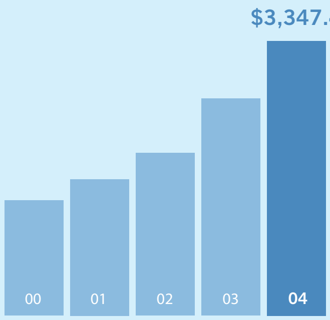
RGA® Reinsurance Group of America, Incorporated®

CONTENTS

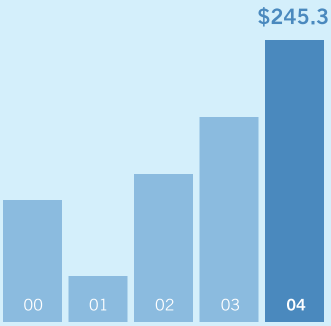
FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED DECEMBER 31,	2004	2003	2002	2001	2000
Net premiums *(in millions)* [1]	$ 3,347.4	$ 2,643.2	1,980.7	1,661.8	1,404.1
Income from continuing operations	$ 245.3	$ 178.3	128.5	39.9	105.8
Diluted earnings per share [1]	$ 3.90	$ 3.46	2.59	0.80	2.12
Operating data *(in billions)*					
Assumed ordinary life insurance in force	$ 1,458.9	$ 1,252.2	758.9	616.0	545.9
Assumed new business production	$ 279.1	$ 544.4	230.0	171.1	161.1

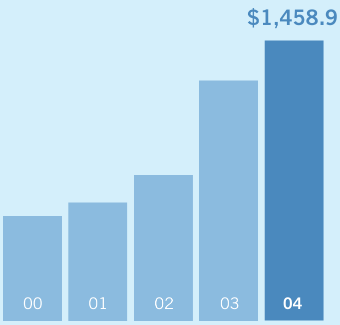
[1] *Reflects results from continuing operations*



Net Premiums
(in millions)



Income from Continuing Operations
(in millions)



Assumed Ordinary Life Insurance In Force
(in billions)

MANY FACTORS MUST COME TOGETHER TO ACHIEVE SUCCESS IN THE LIFE REINSURANCE BUSINESS.

A. GREIG WOODRING
PRESIDENT AND CHIEF EXECUTIVE OFFICER

TO OUR SHAREHOLDERS

In 2004, RGA earned significant recognition when it was named "Life Reinsurance Company of the Year" by the trade publication *The Review – Worldwide Reinsurance*. *The Review* stated that "Smart growth, strong results and a well-regarded management team all contributed to the award going to RGA." We were very proud and gratified to be recognized in this manner as the industry's premier life reinsurer.

RGA's business is to transfer individual mortality risk from our customers' balance sheets to our own. Short-term volatility can make it difficult to project our fiscal results even late into the year. A case in point is the devastating Indian Ocean tsunami that occurred late in 2004, which resulted in a late-year $7.5 million charge to RGA.

Mortality volatility is inherent in our business. Our in force book of many millions of individual policies and nearly $1.5 trillion of insurance coverage creates a spread of risk to minimize the effects of such volatility. RGA's focus on mortality risk pricing and our knowledge and experience with these risks provides the confidence that mortality results, when properly priced, become highly predictable over the long term. This predictability helps to smooth out the effects of the short-term ups and downs in our path—to the benefit of both RGA and our customers.

Our financial performance was strong in 2004. Income from continuing operations showed a solid 38 percent increase to $245.3 million, while premiums rose 27 percent to $3.3 billion with strong increases from each of RGA's operating sectors. RGA's International Division premium grew 41 percent over 2003 levels to $877.7 million. While a weakened U.S. dollar is partly responsible for that increase, even in local currencies the premium increase represented an impressive 28 percent.

Although we expect growth rates to slow somewhat, we believe that RGA can achieve strong international growth for many years to come as we continue penetrating our target markets.

Operational Review

RGA enjoyed a strong year financially as well as in operations. In late 2003, RGA assumed the life reinsurance business of Allianz Life Insurance Company. The integration of the Allianz business took place in 2004, according to plan and with an apparent ease that belied the complex challenges of the task. The business had been well-managed by Allianz, and the transition was executed effectively by the RGA/Allianz team. We consider the transaction and integration to be an unqualified success.

Facultative underwriting has always been a cornerstone of RGA's success. In 2004, after several relatively flat years, we received a record number of applications in the U.S. as the case count rose six percent. The average application face amount remained well over $1 million. The facultative story was equally impressive across RGA global operations; the number of cases processed in 2004 increased by 16 percent overall to more than 200,000. Notable growth occurred in Japan, where RGA continued to make good progress in developing a strong facultative operation.

RELIABILITY

Our business is to provide our clients with stability in an unpredictable and sometimes turbulent world. With millions of individual policies and nearly $1.5 trillion of insurance in force, RGA has the resources, experience and expertise needed to mitigate risk and protect our customers from volatility.

Annuity coinsurance transactions require intense, ongoing partnerships between RGA and primary insurance companies. A low interest rate environment, in addition to generally high capital levels within the life insurance industry, created a difficult sales environment for this business in 2004. Despite these difficulties, RGA's experience in this arena has been good to date and, having established strong marketing relationships in this line, we feel that RGA will be well-positioned as conditions change and demand once again increases.

Sales of new mortality-based reinsurance have been strong across all of our markets. New reinsurance business tends to have little financial impact during its first year, but builds the foundation for future revenue growth. The business RGA wrote during 2004 will provide recurring revenue flows well into the future. Based upon current trends, we expect 2005 to also be a vigorous sales year.

RGA ceased writing Argentine privatized pension (AFJP) reinsurance business and placed it in run-off in 2001. In the fourth quarter of 2004, RGA strengthened reserves on this business by $10 million in order to absorb claims development associated with the run-off of existing treaties. The AFJP business has developed far enough in its life cycle that, in 2005, we hope to more actively push for commutation and final settlement of these arrangements. In the third quarter, we settled a large disputed accident and health treaty that resulted in a pre-tax charge of $24 million. Having exited and put our accident and health business into run-off in 1998, this settlement brought us much closer to the completion of this run-off.

In 2004, RGA brought a substantial portion of our investment management in-house, after previously relying upon outside managers to invest on our behalf. Migrating this function to RGA allows us to better monitor and control our investments, and has already noticeably improved our investment performance. We have worked hard to build a strong team of investment professionals to fulfill this important role. Continued low interest rates and, as a consequence, falling portfolio rates, have hurt our bottom line growth in recent years, and these interest conditions appear unlikely to change much in the immediate future. Nevertheless, our investment team has achieved strong results despite this difficult environment.

RGA remains a leader in the development of underwriting technology. AURA™, our automated underwriting system, continues to meet with great success. AURA has been implemented more than 20 times in the last three years, with several more installations under way, and is recognized as state-of-the-art underwriting technology. In addition to AURA, our ASAP℠ solution offers a growing number of life insurers an automated means of quickly and effectively handling some of their problematic cases. In 2005, we will roll out ASAP-Plus, which will expand the ASAP approach to new categories of risks.

DRIVE

We are pioneering new tools and technologies to help us better serve our clients, while remaining true to our core strengths and the areas in which we excel. With this balanced approach, RGA will achieve strong growth for many years to come, as we continue on the path of success.

During the year, we made steady progress in strengthening our administrative capabilities. These infrastructure enhancements have primarily focused on our rapidly growing international operations. In Australia, we constructed a data warehouse that facilitates our ability to standardize data reported by our customers and allows us to stay on top of the growing administrative demands of our quickly expanding business.

Industry Outlook

Consolidation continued in the U.S. life reinsurance market in 2004 with the acquisition of yet another major player. Nevertheless, while the number of life reinsurers continues to decrease, demand for the services and the capacity of life reinsurers remains high. RGA has built a strong and respected franchise in North America and across the globe, and the proven strength of this franchise makes us an increasingly valuable partner to our clients. As life insurers continue to turn to reinsurers to improve their own performance, RGA is increasingly perceived as the reinsurer of choice.

The Path of Success

Our customers recognize that RGA has charted a steady, consistent course through changing times and in an ever-evolving industry. Despite the uncertainty that has gripped the life reinsurance business over the past several years, RGA's position has only become more strong, stable and solid. We have built considerable momentum by providing, day-in and day-out, reliable prices and superior service to life insurers around the world.

On the path of success, it is important to remain alert, stay on course, and move forward even when faced with rough spots in the road. Factors such as these contributed to RGA's considerable progress during 2004.

We thank our RGA associates, whose hard work contributed to yet another successful year; our shareholders, who have supported our efforts; and, especially, we thank our clients around the world—partners who join with us on the path of success.

A. Greig Woodring

A. GREIG WOODRING
PRESIDENT AND CHIEF EXECUTIVE OFFICER

VISION

On the path of success we must remain alert, stay on course and move forward with determination, even when faced with rough spots in the road. Our adherence to this philosophy contributed to the many successes of 2004, including being named "Life Reinsurance Company of the Year" and will guide us as we move forward in 2005.

NORTH AMERICA

RGA is the second-largest life reinsurer in North America, where operations in the United States, Canada and Mexico represent 74 percent of RGA's 2004 net premium. RGA has long been recognized as the premier facultative underwriter in North America, where the company processed over 120,000 challenging cases for clients in 2004. The world headquarters of Reinsurance Group of America in St. Louis, Missouri, is also home to RGA Financial Markets, RGA Technology Partners, and the E'Reinsurance unit. RGA's success in North America comes from consistent and expert underwriting, competitive pricing, technological innovation, tailored reinsurance solutions and superb customer service.

United States

U.S. Traditional Mortality Reinsurance

1 Mortality-risk reinsurance is RGA's core business. A significant aspect of this business is facultative underwriting, the process of underwriting applications individually, an area in which RGA excels.

In 2004, RGA's U.S. traditional mortality reinsurance operation had its largest recurring business production year on record, with more than $168 billion in new business generated. The division also demonstrated why RGA is the facultative leader in the U.S. by processing nearly 94,000 applications—another record.

In an otherwise typical year in the U.S. marketplace, the acquisition of one large RGA competitor by another was the most noteworthy change to the U.S. reinsurance landscape in 2004. This changing landscape provided RGA with many opportunities to establish new business partnerships and to significantly expand existing business relationships.

In the U.S., the amount of new insurance ceded to reinsurers has decreased slightly over the last few years. RGA expects this trend to continue in 2005, as a hardening price environment, the presence of fewer life reinsurers, and other developments combine to exert downward pressure on the amount of insurance ceded to reinsurers. RGA will rise to the challenge, developing new reinsurance products as required and closely examining other business opportunities.

In 2005, the U.S. Division will continue to concentrate on the best practices that deliver to clients the level of knowledge, expertise, and customer service they expect from RGA. At the same time, the division will seek innovative ways to grow its facultative business, using technology to make facultative application submission simple and cost-effective for clients. The division will also focus on strengthening relationships with existing accounts, and seeking ways to initiate business with targeted new clients.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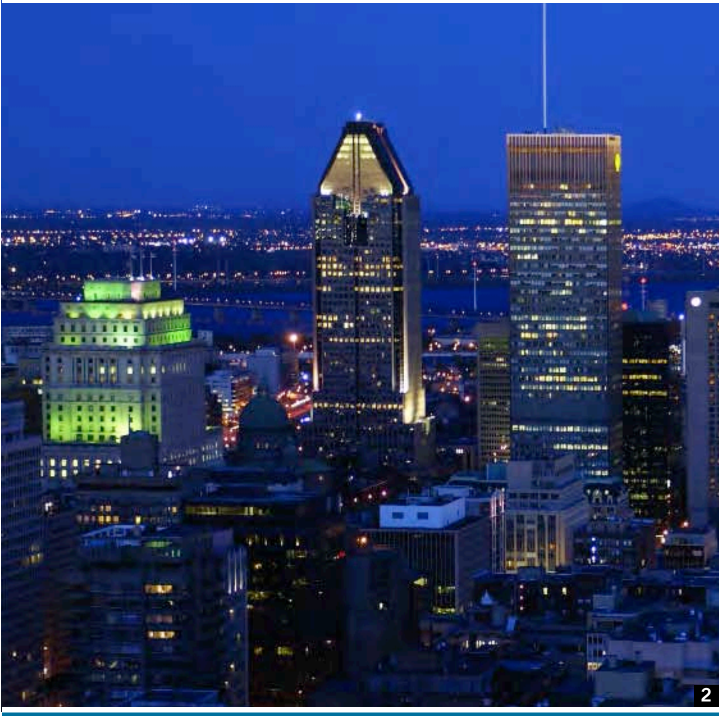
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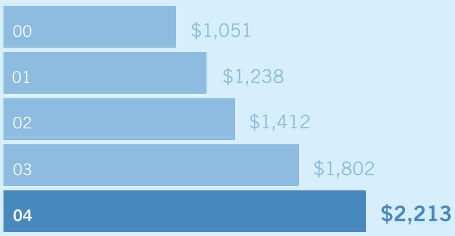
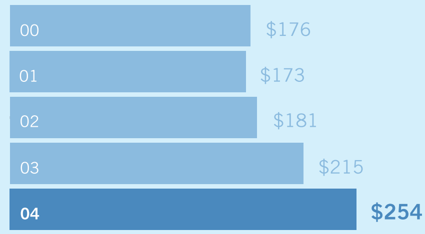


U.S. Net Premiums *(in millions)*



Canada Net Premiums *(in millions)*

RGA Financial Markets

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

Financial Markets operates in two segments: asset-intensive reinsurance and capital-motivated reinsurance, also known as financial reinsurance. Asset-intensive reinsurance is the reinsurance of interest-sensitive business, including annuities and corporate-owned life insurance. Capital-motivated reinsurance transactions are designed to help insurance companies find sources of capital to support growth and acquisitions or achieve higher returns on investment.

RGA Financial Markets had another solid year. By the end of 2004, it managed over $1 billion of statutory surplus provided through financial reinsurance. Invested assets related to asset-intensive reinsurance grew from $3.1 billion in 2003 to $3.7 billion in 2004. Revenues for all business increased from $244 million in 2003 to $277 million in 2004, while pre-tax income approached $30 million.

One of Financial Markets' key strengths is its ability to respond to client needs through sophisticated and detailed insurance risk analysis and modeling. Its solid understanding of the financial, regulatory and tax implications of its business has helped RGA Financial Markets to become one of the largest capital-motivated reinsurance providers in the United States.

RGA Technology Partners, Inc.℠

RGA Technology Partners is RGA's wholly owned subsidiary devoted to developing and implementing software solutions for the life insurance industry. The AURA (Automated Underwriting and Risk Analysis™) system continued to be well-received in the global life insurance marketplace during 2004. AURA's new case tracking and workflow components permit RGA Technology Partners to offer clients a complete underwriting solution through the AURA suite of products. The company also invested in developing call-handling capabilities, which will enhance AURA's use in a tele-underwriting environment.

In its third full year of operation, RGA Technology Partners consistently met or exceeded its goals and objectives. As of 2004, AURA has been implemented in more than 20 global carrier locations. RGA Technology Partners, with its commitment to enhancing the AURA product and service offerings, will continue its steady growth into 2005.

E'Reinsurance Solutions

The E'Reinsurance Solutions group is responsible for developing technology solutions that leverage RGA's underwriting and mortality expertise while reducing business costs for both the client and RGA. The group also researches new products and concepts in the industry and identifies technology-related business opportunities. In early 2003, E'Reinsurance launched ASAP (Automated Selection and Assessment Program℠), a tool that allows clients to electronically submit certain facultative cases to RGA without paper copies. Building on the success of ASAP, the group explored technological and business enhancements to ASAP during 2004. In 2005, E'Reinsurance will expand its product line by offering a new automated underwriting solution for preferred facultative cases.

RGA is committed to those characteristics that lie at the very heart of our business and that drive our success: facultative underwriting expertise, leading customer service, and a dedication to life reinsurance. Our determined focus on these qualities has made RGA the reinsurer of choice to North American clients for more than 30 years.

PAUL SCHUSTER, EXECUTIVE VICE PRESIDENT, U.S. DIVISION, RGA

Canada

RGA Life Reinsurance Company of Canada

2 **3** RGA Life Reinsurance Company of Canada continued to post strong results in 2004, generating 20 percent of Reinsurance Group of America's income from continuing operations, $73.5 million, up from $59.6 million in 2003. The volume of new recurring reinsurance business written increased by 60 percent in constant currency terms, far exceeding target, due in part to a significant competitor exiting the market. RGA Canada also processed over 23,000 facultative applications in 2004, an increase of 33 percent over 2003.

In 2004, RGA Canada began expanding its product line beyond traditional life reinsurance into group reinsurance. RGA is adding key staff to support this initiative and is poised for success in 2005. RGA continued to provide leading insurance technology solutions, including AURA, RGA's automated underwriting software, thereby helping to improve effectiveness and service offerings to clients. RGA Canada also made a concerted effort, through RGA-sponsored seminars and recognized professional involvement in the life insurance industry, to further penetrate its client base. This effort resulted in a significant increase in new business volumes experienced in 2004, and several treaty gains that will contribute to further market share expansion in 2005.

As continued consolidation among both reinsurance and direct life insurance companies in Canada took place in 2004, RGA leveraged its expertise and reputation to take advantage of the new opportunities created and will continue to do so, as further consolidation is likely in 2005.

Regulatory reviews of several aspects of the financial reporting and minimum capital environments for life insurance are under way. RGA, through extensive involvement in, and leadership of, professional and industry groups, continues to play an active role in shaping an improved reporting and capital regulatory environment.

In 2005, RGA Canada will build on its fundamental strengths—facultative underwriting, mortality expertise, capital management solutions and superior client service—and will continue to develop client partnerships built on trust.

Mexico

RGA Reinsurance Company Oficina de Representación en México

4 RGA continued to strengthen its position in the Mexican individual life market in 2004, processing an impressive 95 percent of facultative quotes within 24 hours, and renewing participation in most of its automatic treaties. In 2004, RGA entered the group life reinsurance market in Mexico, and was successful in winning significant shares in automatic treaties. While the total amount of facultative applications processed by RGA Mexico decreased slightly from the preceding year, the amount of new business written nearly doubled.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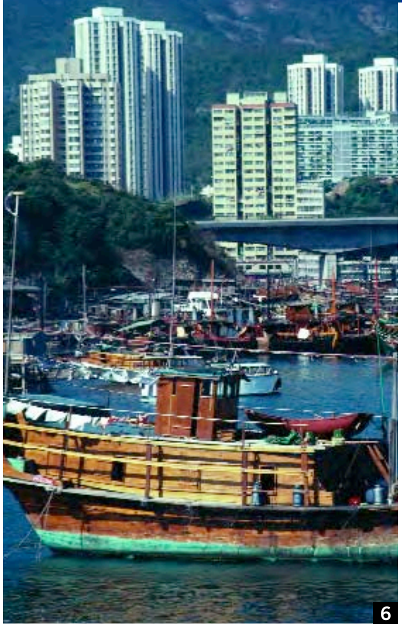
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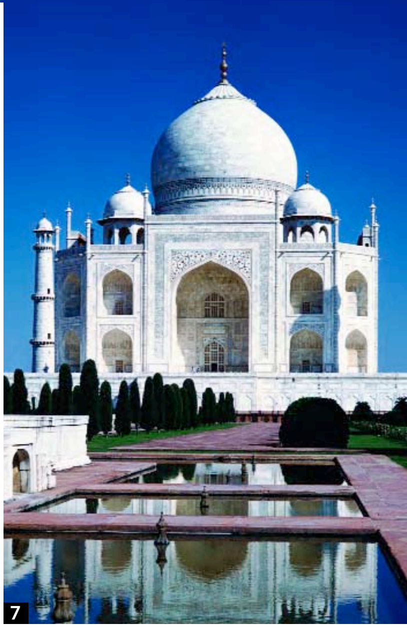
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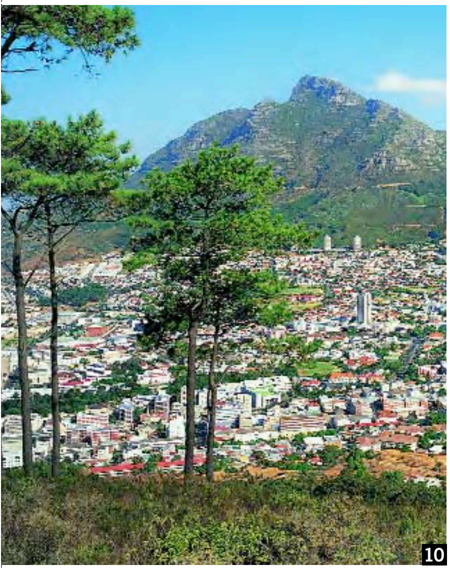
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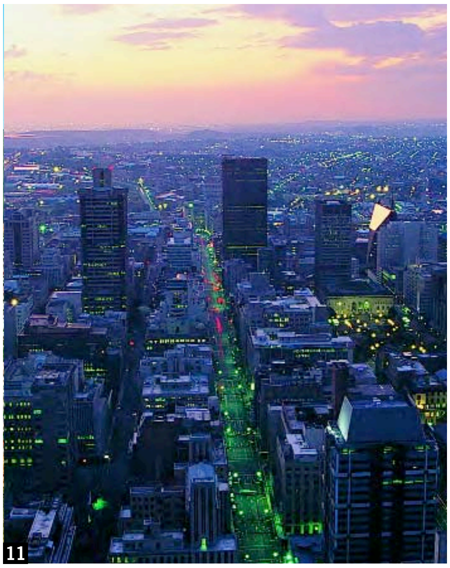
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INTERNATIONAL

RGA's International Division oversees all business outside North America, developing and implementing RGA's strategies for worldwide growth. The year 2004 marked the tenth anniversary, in Hong Kong, of RGA's first office outside North America. RGA's expansion overseas will continue in 2005, with the opening of a representative office in Beijing.

In 2004, International Division revenue exceeded $911 million—approximately 23 percent of RGA's total revenue—and the division's underwriters reviewed over 96,000 facultative cases for clients. Though several of its operations are in early development, the division generated a solid income from continuing operations of $44.3 million. RGA has clearly established itself as a significant international life reinsurer, a fact acknowledged recently in a leading trade publication, which named Reinsurance Group of America as 2004 Life Reinsurance Company of the Year.

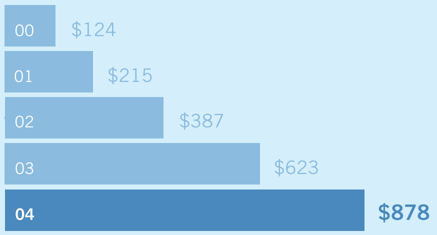
From 13 offices in 10 countries, more than 200 International Division associates serve RGA's clients. Many of these companies do business with RGA in more than one market, enabling RGA to leverage its global expertise to both the clients' and RGA's advantage.

Australia and New Zealand

5 RGA's office in Sydney serves the Australian and New Zealand life insurance markets. Both countries support mature insurance markets exhibiting only moderate growth but, within intensely competitive reinsurance sectors, RGA's business has prospered, with net premiums increasing by $88.2 million in 2004. RGA Australia plays a leading role among all local reinsurers in the production of new individual and group business and in facultative underwriting.

Hong Kong

6 Hong Kong is one of Asia's most dynamic financial centers and home to many major multinationals' regional offices. RGA maximizes its presence in Hong Kong, not only by generating business in the local marketplace, but by extending relationships with multinational corporations into other markets where they operate. Hong Kong is also RGA's base for supporting business in other ASEAN markets. In Hong Kong's rebounding economy, RGA experienced a strong year, making further inroads with target clients, developing several successful new products and providing strong actuarial and underwriting support.



International Division Net Premiums *(in millions)*

India

7 After three years of operation, RGA is well-established in the India life reinsurance market. The office met its primary 2004 business objectives, more than doubling revenue from the preceding year, and signing treaties with prominent new clients. RGA now does business with nine of the 13 new direct writers that began operation following the opening of the India market to private companies in 2000. Direct companies appreciate the benefits of diversifying reinsurance relationships, value RGA's facultative underwriting expertise, and recognize RGA's commitment to India. With an established core team, RGA continues to strengthen existing relationships, forge new partnerships, and further develop the facultative life reinsurance market.

Japan

8 RGA Japan celebrated its tenth year of operation by surpassing its business goals and objectives, increasing its net premiums by $21.9 million in 2004. The office also processed more than 20,000 facultative applications, and won a significant new client. RGA does business with over 30 Japanese life insurers, who turn to RGA for leading facultative underwriting, product design expertise and capital-motivated reinsurance solutions. RGA Japan's aggressive goals in 2005 include expanding its product line to focus on an aging population, further developing financial reinsurance solutions, and increasing the amount of reinsurance in Japan.

Malaysia

9 RGA's joint venture company, Malaysian Life Reinsurance Group Berhad (MLRe), outperformed goals for both premiums and facultative applications for a fourth consecutive year. RGA's global underwriting and risk management expertise combine with MLRe's local market knowledge and experience to offer added value to MLRe clients. In 2005, MLRe will continue to provide clients with tailored reinsurance solutions, while also focusing on developing life products for bancassurance.

South Africa

10 **11** RGA South Africa's revenue grew by 41 percent in 2004, representing exceptional growth over the previous year. Life insurers in South Africa face several unique obstacles to profitability. RGA effectively guides clients through business challenges, providing services including benchmarking studies and product development support. Clients have responded by making RGA an automatic consideration in any reinsurance transaction. Strengthening economic conditions should drive growth in life insurance premiums in 2005, translating into increased use of reinsurance, as companies turn to RGA for risk management solutions.

South Korea

12 In only two years of operation in South Korea, one of the world's most important emerging insurance markets, RGA has established itself as a leading life reinsurer and product development expert. In 2004, net premiums increased by $27.9 million. RGA's success is due to the strength of its local team, as well as the efforts of RGA technical experts, actuaries, underwriters and medical directors worldwide. The South Korea office anticipates receiving its branch license in 2005, which will allow RGA to strengthen relationships and more actively provide clients with expert facultative and automatic life reinsurance, and other reinsurance products and services.

Leveraging global best practices and tailoring them to meet the needs of clients in other parts of the world is pivotal to RGA's international success—and to the success of our clients. As RGA builds its international operations, we will continue to leverage our global capabilities in risk and capital management to the benefit of our clients and ourselves.

GRAHAM WATSON, CHIEF EXECUTIVE OFFICER, RGA INTERNATIONAL; EXECUTIVE VICE PRESIDENT AND CHIEF MARKETING OFFICER, RGA

Spain and Portugal

13 RGA's office in Madrid does business with more than 30 clients, including most of the top life insurance companies. In 2004, RGA successfully increased its participation levels in client treaties, and saw revenue rise more than 86 percent. RGA has become the preferred reinsurer for many clients—a fact confirmed in a prominent 2004 survey of insurers that named RGA as one of the top two life reinsurers in Spain. In 2005, RGA plans to conduct a bancassurance study for its clients to identify best practices and new business opportunities.

Taiwan

14 In 2004, RGA's Taiwan office undertook a major initiative to expand its product lines into group life and group personal accident products to meet the evolving needs of clients. The company experienced robust growth, with revenues nearly doubling, as RGA secured new clients and confirmed its reputation as an expert reinsurer committed to the market. RGA is also adding actuarial and underwriting staff to further build on the solid services and support it already provides. RGA anticipates recovering interest rates in Taiwan, which will lead to increased life insurance sales and, in turn, even greater opportunity for reinsurance. Restrictions on investment products should also prompt a return to more traditional reinsurance products.

United Kingdom

15 RGA's U.K. operation has achieved remarkable success in recent years. It is now RGA's second-largest revenue producer, with revenue up 27 percent over 2003 and more than doubling over the past three years. In 2004, RGA worked to diversify the risk profile of its business and, while facing a downturn in the life insurance market, was still able to consolidate its position. RGA expects 2005 to be a challenging business year, but there remains considerable potential in the U.K. RGA will continue to focus on key targeted clients and leverage its competency in mortality-risk analysis.

Other European Operations

RGA's International Division continued to expand into continental Europe, with new treaty clients added in Italy, the Netherlands and Germany. RGA expects to take advantage of ongoing regulatory and fiscal changes in Europe as the industry prepares for the inevitable growth of traditional insurance products. As these markets evolve, RGA's presence will expand and strengthen in key European regions.

LEADERSHIP

Executive Committee Members

1 **FRANK A. ALVAREZ**
Executive Vice President

2 **DAVID B. ATKINSON**
Executive Vice President
and Chief Operating Officer

3 **BRENDAN J. GALLIGAN**
Senior Vice President

4 **JACK B. LAY**
Executive Vice President
and Chief Financial Officer

5 **ROBERT M. MUSEN**
Executive Vice President

6 **PAUL NITSOU**
Executive Vice President

7 **A. DAVID PELLETIER**
President and Chief Executive
Officer, RGA Canada

8 **PAUL A. SCHUSTER**
Executive Vice President

9 **GRAHAM S. WATSON**
Executive Vice President
and Chief Marketing Officer

10 **A. GREIG WOODRING**
President
and Chief Executive Officer

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LISA M. WEBER
DIRECTOR
President, Individual Business, MetLife, Inc.

A. GREIG WOODRING
PRESIDENT, CHIEF EXECUTIVE OFFICER
AND DIRECTOR
Reinsurance Group of America,
Incorporated

(in millions)

YEARS ENDING DECEMBER 31,	**2004**	2003	2002	2001	2000
Income Statement Data					
Revenues:					
Net premiums	**$3,347.4**	$2,643.2	$1,980.7	$1,661.8	$1,404.1
Investment income, net of related expenses	**580.5**	465.6	374.5	340.6	326.5
Realized investment gains (losses), net	**29.5**	5.3	(14.6)	(68.4)	(28.7)
Change in value of embedded derivatives	**26.1**	43.6	–	–	–
Other revenues	**55.4**	47.3	41.4	34.3	23.8
Total revenues	**4,038.9**	3,205.0	2,382.0	1,968.3	1,725.7
Benefits and expenses:					
Claims and other policy benefits	**2,678.5**	2,108.4	1,539.5	1,376.8	1,103.6
Interest credited	**198.9**	179.7	126.7	111.7	104.8
Policy acquisition costs and other insurance expenses	**591.0**	458.2	391.5	304.2	243.5
Change in deferred acquisition costs associated with change in value of embedded derivatives	**22.9**	30.7	–	–	–
Other operating expenses	**140.0**	119.6	94.8	91.3	81.2
Interest expense	**38.4**	36.8	35.5	18.1	17.6
Total benefits and expenses	**3,669.7**	2,933.4	2,188.0	1,902.1	1,550.7
Income from continuing operations before income taxes	**369.2**	271.6	194.0	66.2	175.0
Provision for income taxes	**123.9**	93.3	65.5	26.3	69.2
Income from continuing operations	**245.3**	178.3	128.5	39.9	105.8
Discontinued operations:					
Loss from discontinued accident and health operations, net of income taxes	**(23.0)**	(5.7)	(5.7)	(6.9)	(28.1)
Cumulative effect of change in accounting principle, net of income taxes	**(0.4)**	0.5	–	–	–
Net income	**$ 221.9**	$ 173.1	$ 122.8	$ 33.0	$ 77.7

(in millions, except per share and operating data)

YEARS ENDING DECEMBER 31,	**2004**	2003	2002	2001	2000
Basic Earnings Per Share					
Continuing operations	**$ 3.94**	$ 3.47	$ 2.60	$ 0.81	$ 2.14
Discontinued operations	**(0.37)**	(0.11)	(0.11)	(0.14)	(0.57)
Accounting change	**(0.01)**	0.01	–	–	–
Net income	**$ 3.56**	$ 3.37	$ 2.49	$ 0.67	$ 1.57
Diluted Earnings Per Share					
Continuing operations	**$ 3.90**	$ 3.46	$ 2.59	$ 0.80	$ 2.12
Discontinued operations	**(0.37)**	(0.11)	(0.12)	(0.14)	(0.56)
Accounting change	**(0.01)**	0.01	–	–	–
Net income	**$ 3.52**	$ 3.36	$ 2.47	$ 0.66	$ 1.56
Weighted average diluted shares, in thousands	**62,964**	51,598	49,648	49,905	49,920
Dividends per share on common stock	**$ 0.27**	$ 0.24	$ 0.24	$ 0.24	$ 0.24
Balance Sheet Data					
Total investments	**$10,564.2**	$ 8,883.4	$6,650.2	$5,088.4	$4,560.2
Total assets	**14,048.1**	12,113.4	8,892.6	7,016.1	6,090.0
Policy liabilities	**10,314.5**	8,811.8	6,603.7	5,077.1	4,617.7
Long-term debt	**349.7**	398.1	327.8	323.4	272.3
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	**158.4**	158.3	158.2	158.1	–
Total stockholders' equity	**2,279.0**	1,947.7	1,222.5	1,005.6	862.9
Total stockholders' equity per share	**$ 36.50**	$ 31.33	$ 24.72	$ 20.30	$ 17.51
Operating Data *(in billions)*					
Assumed ordinary life reinsurance in force	**$ 1,458.9**	$ 1,252.2	$ 758.9	$ 616.0	$ 545.9
Assumed new business production	**279.1**	544.4	230.0	171.1	161.1

Forward-Looking and Cautionary Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others, statements relating to projections of the strategies, earnings, revenues, income or loss, ratios, future financial performance, and growth potential of Reinsurance Group of America, Incorporated and its subsidiaries (referred 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 changes in mortality, morbidity or claims experience, (2) changes in our financial strength and credit ratings or those of MetLife, Inc. ("MetLife"), the beneficial owner of a majority of our common shares, or its subsidiaries, and the effect of such changes on our future results of operations and financial condition, (3) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (4) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (5) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (6) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (7) adverse litigation or arbitration results, (8) the adequacy of reserves relating to settlements, awards and terminated and discontinued lines of business, (9) the stability of governments and economies in the markets in which we operate, (10) competitive factors and competitors' responses to our initiatives, (11) the success of our clients, (12) successful execution of our entry into new markets, (13) successful development and introduction of new products, (14) our ability to successfully integrate and operate reinsurance business that we acquire, (15) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or its subsidiaries, (16) our dependence on third parties, including those insurance companies and reinsurers to which we cede some reinsurance, third-party investment managers and others, (17) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, and (18) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission ("SEC").

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and the cautionary statements described in the periodic reports we file with the SEC. 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 these risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the sections named "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

Subsequent Event

On January 31, 2005, MetLife announced an agreement to purchase Travelers Life & Annuity and substantially all of Citigroup's international insurance business. To help finance that transaction, MetLife indicated that it would consider select asset sales, including its holdings of common stock of Reinsurance Group of America, Incorporated ("RGA").

Overview

RGA is an insurance holding company that was formed on December 31, 1992. As of December 31, 2004, General American Life Insurance Company ("General American"), a Missouri life insurance company, directly owned approximately 51.6% of the outstanding shares of common stock of RGA. General American is a wholly-owned subsidiary of MetLife, Inc., a New York-based insurance and financial services holding company.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA, RGA Reinsurance Company ("RGA Reinsurance"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada"), RGA Americas Reinsurance Company Ltd. ("RGA Americas"), RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance UK Limited ("RGA UK") as well as several other subsidiaries subject to an ownership position of greater than fifty percent (collectively, the "Company").

We are primarily engaged in traditional individual life, asset-intensive, critical illness and financial reinsurance. RGA and its predecessor, the Reinsurance Division of General American, have been engaged in the business of life reinsurance since 1973. Approximately 73.7% of our 2004 net premiums were from our more established operations in North America, which include our U.S. and Canada segments.

We believe we are one of the leading life reinsurers in North America based on premiums and the amount of life insurance in force. We believe, based on an industry survey prepared by Munich American at the request of the Society of Actuaries Reinsurance Section ("SOA survey"), that we have the second largest market share in North America as measured by life insurance in force. Our approach to the North American market has been to:

- focus on large, high quality life insurers as clients;
- provide quality facultative underwriting and automatic reinsurance capacity; and
- deliver responsive and flexible service to our clients.

In 1994, we began using our North American underwriting expertise and industry knowledge to expand into international markets and now have subsidiaries, branches or offices in Australia, Barbados, Hong Kong, India, Ireland, Japan, Mexico, South Africa, South Korea, Spain, Taiwan and the United Kingdom. These operations are included in either our Asia Pacific segment or our Europe & South Africa segment. We generally start new operations from the ground up in these markets as opposed to acquiring existing operations, and we often enter these markets to support our North American clients as they expand internationally. Based on Standard & Poor's Global Reinsurance Highlights, 2004 Edition, we believe we are the fourth largest life reinsurer in the world based on 2003 gross premiums. While RGA believes information published by Standard & Poor's is generally reliable, RGA has not independently verified the data. Standard & Poor's does not guarantee the accuracy and completeness of the information. We conduct business with the majority of the largest U.S. and international life insurance companies, with no single non-affiliated client representing more than 10% of 2004 consolidated gross premiums. We have also developed our capacity and expertise in the reinsurance of asset-intensive products (primarily annuities and corporate-owned life insurance) and financial reinsurance.

Industry Trends

We believe that the following trends in the life insurance industry will continue to create demand for life reinsurance.

Outsourcing of Mortality. The SOA survey indicates that U.S. life reinsurance in force has grown from $2.6 trillion in 1998 to $5.8 trillion at year-end 2003. We believe this trend reflects increased utilization by life insurance companies of reinsurance to manage capital and mortality risk and to develop competitive products. Reinsurers are able to efficiently aggregate a significant volume of life insurance in force, creating economies of scale and greater diversification of risk. As a result of having larger amounts of data at their disposal compared to primary life insurance companies, reinsurers tend to have better insights into mortality trends, creating more efficient pricing for mortality risk.

Increased Capital Sensitivity. Regulatory environments, rating agencies and competitive business pressures are causing life insurers to reinsure as a means to:

- manage risk-based capital by shifting mortality and other risks to reinsurers, thereby reducing amounts of reserves and capital they need to maintain;
- release capital to pursue new business initiatives; and
- unlock the capital supporting, and value embedded in, non-core product lines.

Consolidation and Reorganization Within the Life Reinsurance and Life Insurance Industry. As a result of consolidations in recent years within the life reinsurance industry, there are fewer competitors. According to the SOA survey, as of December 31, 2003, the top five companies held over 70% of the market share in North America based on life reinsurance in force, whereas in 1995, the top five companies held less than 50% of the market share. As a consequence, we believe the life reinsurance pricing environment may reflect higher prices in the future.

The SOA surveys indicate that the authors obtained information from participating or responding companies and do not guarantee the accuracy and completeness of their information. Additionally, the surveys do not survey all reinsurance companies, but RGA believes most of its principal competitors are included. While RGA believes these surveys to be generally reliable, RGA has not independently verified their data.

Additionally, the number of merger and acquisition transactions within the life insurance industry has increased in recent years. We believe that reorganizations and consolidations of life insurers will continue. As reinsurance products are increasingly used to facilitate these transactions and manage risk, we expect demand for our products to continue.

Changing Demographics of Insured Populations. The aging of the population in North America is increasing demand for financial products among "baby boomers" who are concerned about protecting their peak income stream and are considering retirement and estate planning. We believe that this trend is likely to result in continuing demand for annuity products and life insurance policies, larger face amounts of life insurance policies and higher mortality risk taken by life insurers, all of which should fuel the need for insurers to seek reinsurance coverage.

We continue to follow a two-part business strategy to capitalize on industry trends.

Continue Growth of Core North American Business. Our strategy includes continuing to grow each of the following components of our North American operations:

- **Facultative Reinsurance.** Based on discussions with our clients and informal knowledge about the industry, we believe we are a leader in facultative underwriting in North America. We intend to maintain that status by emphasizing our underwriting standards, prompt response on quotes, competitive pricing, capacity and flexibility in meeting customer needs. We believe our facultative business has allowed us to develop close, long-standing client relationships and generate additional business opportunities with our facultative clients.
- **Automatic Reinsurance.** We intend to expand our presence in the North American automatic reinsurance market by using our mortality expertise and breadth of products and services to gain additional market share.
- **In Force Block Reinsurance.** We anticipate additional opportunities to grow our business by reinsuring "in force block" insurance, as insurers and reinsurers seek to exit various non-core businesses and increase financial flexibility in order to, among other things, redeploy capital and pursue merger and acquisition activity. We took advantage of one such opportunity in 2003 when we assumed the traditional life reinsurance business of Allianz Life Insurance Company of North America ("Allianz Life").

Continue Expansion Into Selected Markets. Our strategy includes building upon the expertise and relationships developed in our core North American business platform to continue our expansion into selected products and markets, including:

- **International Markets.** Management believes that international markets offer opportunities for growth, and we intend to capitalize on these opportunities by establishing a presence in selected markets. Since 1994, we have entered twelve markets internationally, including, in the mid-to-late 1990's, Australia, Hong Kong, Japan, Malaysia, New Zealand, South Africa, Spain, Taiwan and the U.K., and in the last three years, China, India and South Korea. During January 2005, we received approval to open a representative office in China. Before entering new markets, we evaluate several factors including:

  — the size of the insured population,
  — competition,
  — the level of reinsurance penetration,
  — regulation,
  — existing clients with a presence in the market, and
  — the economic, social and political environment.

  We generally start new operations in these markets from the ground up as opposed to acquiring existing operations, and we often enter these markets to support our North American clients as they expand internationally. Many of the markets that we have entered since 1994, or may enter in the future, are not utilizing life reinsurance, including facultative life reinsurance, at the same levels as the North American market, and therefore, we believe represent opportunities for increasing reinsurance penetration. Additionally, we believe that in certain markets, ceding companies may want to reduce counterparty exposure to their existing life reinsurers, creating opportunities for us.
- **Asset-intensive and Other Products.** We intend to continue leveraging our existing client relationships and reinsurance expertise to create customized reinsurance products and solutions. Industry trends, particularly the increased pace of consolidation and reorganization among life insurance companies and changes in products and product distribution, are expected to enhance existing opportunities for asset-intensive and other products.

Financial Objectives

We set various consolidated financial and operating goals for the intermediate period (next three to five years) including:

- Achieving a return on stockholders' equity of 12% to 14%;
- Achieving annual earnings per share growth of 12% to 13%; and
- Maintaining a debt to capital ratio of 20% to 25%.

Additionally, we establish various financial growth objectives for our operational segments for the intermediate period (next three to five years). For our U.S. and Canada operations, we are targeting premium and income before income taxes growth of 10% to 12%. Our newer international operations, which include Europe & South Africa, and Asia Pacific, are smaller and their annual financial results are subject to more volatility. However, over the intermediate term (next three to five years), we are targeting premium and income before income taxes growth of 20% to 25%.

These targets are aspirational and you should not rely on them. We can give no assurance that we will be able to approach or meet any of these objectives, and we may fall short of any or all of them. See "Forward-Looking and Cautionary Statements."

Results of Operations

We derive revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, income earned on invested assets, and fees earned from financial reinsurance transactions.

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

During December 2003, we completed a large coinsurance agreement with Allianz Life. Under this agreement, RGA Reinsurance assumed the traditional life reinsurance business of Allianz Life, including yearly renewable term reinsurance and coinsurance of term policies. The business did not include any accident and health risk, annuities or related guaranteed minimum death benefits or guaranteed minimum income benefits. This transaction added additional scale to our U.S. traditional business, but did not significantly add to our client base because most of the underlying ceding companies were already our clients. As of December 31, 2004, approximately 96.2% of the underlying ceding companies, representing approximately 95.7% of the business in force, had novated their treaties from Allianz Life to RGA Reinsurance during 2004. Novation results in the underlying client companies reinsuring the business directly to RGA Reinsurance versus passing through Allianz Life. The profitability of the business is not dependent on novation.

The transaction was effective retroactive to July 1, 2003. Under the agreement, Allianz Life transferred to RGA Reinsurance $425.7 million in cash and statutory reserves. RGA Reinsurance paid Allianz Life a ceding commission of $310.0 million. As a result of this transaction, during the fourth quarter of 2003, our U.S. traditional sub-segment reflected $246.1 million in net premiums and approximately $6.8 million of net income, after tax. Additionally, as of December 31, 2003, we reflected $217.6 million in invested assets and cash, $264.0 million in deferred policy acquisition costs and $455.5 million in future policy benefits on our consolidated balance sheet.

Consolidated assumed insurance in force increased from $1.3 trillion to $1.5 trillion for the year ended December 31, 2004. Assumed new business production for 2004 totaled $279.1 billion compared to $544.4 billion in 2003 and $230.0 billion in 2002. The transaction with Allianz Life contributed $287.2 billion of the 2003 increase in new business production.

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

Our profitability primarily depends on the volume and amount of death claims incurred and our ability to adequately price the risks we assume. While death claims are reasonably predictable over a period of many years, claims become less predictable over shorter periods and are subject to significant fluctuation from quarter to quarter and year to year. Effective July 1, 2003, we increased the maximum amount of coverage that we retain per life from $4 million to $6 million. This increase does not affect business written prior to July 1, 2003. Claims in excess of this retention amount are retroceded to retrocessionaires; however, we remain fully liable to the ceding company, our customer, for the entire amount of risk we assume. The increase in our retention limit from $4 million to $6 million reduces the amount of premiums we pay to our retrocessionaires, but increases the maximum impact a single death claim can have on our results and therefore may result in additional volatility to our results.

We maintain two catastrophe insurance programs that renew on August 13th of each year. The current programs began August 13, 2004. The primary program covers all of our business worldwide and provides protection for losses incurred during any event involving 10 or more insured deaths. Under this program, we retain the first $50 million in claims, the catastrophe program covers the next $30 million in claims, and we retain all claims in excess of $80 million. This program covers catastrophic losses from covered events, including natural disasters and terrorism-related losses due to nuclear, chemical or biological events. Under the second program, which covers events involving 5 or more insured deaths, we retain the first $25 million in claims, the catastrophe program covers the next $25 million in claims, and we retain all claims in excess of $50 million. It covers only losses under U.S. guaranteed issue (e.g. company- and bank-owned life insurance) reinsurance and includes losses due to acts of terrorism but excludes terrorism losses due to nuclear, chemical or biological events. Both programs are insured by several insurance companies and Lloyds Syndicates, with no single entity providing more than $13 million of coverage.

Since December 31, 1998, we have formally reported our accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, we expect to pay claims over a number of years as the level of business diminishes. We will report a loss to the extent claims and related expenses exceed established reserves. During 2004, the accident and health division reported a net loss of $23.0 million due to claim payments in excess of established reserves, an arbitration settlement and legal fees. See Note 20 of the Notes to Consolidated Financial Statements. The increase in 2004 is due primarily to a negotiated settlement of all disputed claims associated with the Company's largest identified accident and health exposure.

The Company has five main operational segments, each of which is a distinct reportable segment: U.S., Canada, Europe & South Africa, Asia Pacific and Corporate and Other. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance primarily to domestic clients. The Canada operations provide insurers with reinsurance of traditional life products as well as reinsurance of critical illness products. Asia Pacific operations provide primarily traditional life reinsurance, critical illness and, to a lesser extent, financial reinsurance. Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe & South Africa, in addition to other markets we are developing. Our discontinued accident and health business is excluded from continuing operations. We measure segment performance based on profit or loss from operations before income taxes.

Consolidated income from continuing operations increased 37.6% in 2004 to $245.3 million and increased 38.8% in 2003 to $178.3 million. Diluted earnings per share from continuing operations were $3.90 for 2004 compared to $3.46 for 2003 and $2.59 for 2002. A majority of our earnings during these years were attributed primarily to traditional reinsurance results in the U.S. Claims and other policy benefits as a percentage of net premiums during 2004 and 2003 were 80.0% and 79.8%, respectively, and within our range of expectations. Additionally, 2004 and 2003 income from continuing operations for our U.S. Traditional operations benefited from the Allianz Life transaction as twelve months and six months of financial results were included, respectively.

Our results in 2004 were adversely affected by the Indian Ocean tsunami on December 26, 2004. At December 31, 2004, we recorded $7.5 million in policy claims and benefits, including an estimate for incurred but not reported claims. As of February 17, 2005, we had received 14 death claims totaling approximately $2.2 million due to this tragedy. Our estimate is based on the limited information received to date and is subject to change.

Consolidated investment income increased 24.7% and 24.3% during 2004 and 2003, respectively. These increases related to a growing invested asset base due to positive cash flows from our mortality operations and deposits from several annuity reinsurance treaties, offset, in part, by declining invested asset yields primarily due to a decline in prevailing interest rates. The cost basis of invested assets increased by $1.5 billion, or 17.7%, in 2004 and increased $2.1 billion, or 32.3%, in 2003. In excess of $400 million of the increase in the cost basis of invested assets during 2003 was due to the Company's common equity offering in which 12,075,000 new shares were issued. The average yield earned on investments, excluding funds withheld, was 5.91% in 2004, compared with 6.39% in 2003 and 6.51% in 2002. We expect the average yield to vary from year to year depending on a number of variables, including the prevailing interest rate environment, and changes in the mix of our underlying investments. Funds withheld assets are associated with annuity contracts on which we earn a spread. Fluctuations in the yield on funds withheld assets are generally offset by a corresponding adjustment to the interest credited on the liabilities. Investment income and realized investment gains and losses are allocated to the operating segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The consolidated provision for income taxes for continuing operations represented approximately 33.6%, 34.3%, and 33.8% of pre-tax income for 2004, 2003, and 2002, respectively. Absent unusual items, we expect the consolidated effective tax rate to be between 34% and 35%. The effective tax rates for 2004 and 2002 include the effect of $1.9 million and $2.0 million reductions in tax liabilities, respectively, resulting from the favorable resolution of a tax position and the settlements of Internal Revenue Service ("IRS") audit issues. The Company calculated tax benefits related to its discontinued operations of $12.4 million for 2004, and $3.1 million for 2003 and 2002. The effective tax rate on the discontinued operations was approximately 35% for each of the three years.

Critical Accounting Policies

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

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

Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. DAC amounts reflect our expectations about the future experience of the business in force and include commissions and allowances as well as certain costs of policy issuance and underwriting. Some of the factors that can affect the carrying value of DAC include mortality assumptions, interest spreads and policy lapse rates. The Company performs periodic tests to establish that DAC remains recoverable, and if experience significantly deteriorates to the point where a premium deficiency exists, a cumulative charge to current operations will be recorded. No such adjustments were made during 2004, 2003 or 2002. As of December 31, 2004, the Company estimates that approximately 52% of its DAC balance is collateralized by surrender fees due to the Company and the reduction of policy liabilities, in excess of termination values, upon surrender or lapse of a policy.

Liabilities for future policy benefits under long-term life insurance policies (policy reserves) are computed based upon expected investment yields, mortality and withdrawal (lapse) rates, and other assumptions, including a provision for adverse deviation from expected claim levels. The Company primarily relies on its own valuation and administration systems to establish policy reserves. The policy reserves established by the Company may differ from those established by its ceding companies (clients) due to the use of different mortality and other assumptions. However, the Company relies on its clients to provide accurate data, including policy-level information, premiums and claims, which is the primary information used to establish reserves. RGA's administration departments work directly with clients to help ensure information is submitted by them in accordance with the reinsurance contracts. Additionally, the Company performs periodic audits of the information provided by ceding companies. RGA establishes reserves for processing backlogs with a goal of clearing all backlogs within a ninety-day period. The backlogs are usually due to data errors we discover or computer file compatibility issues, since much of the data reported to the Company is in electronic format and is uploaded to our computer systems.

The Company periodically reviews actual historical experience and relative anticipated experience compared to the assumptions used to establish policy reserves. Further, the Company determines whether actual and anticipated experience indicates that existing policy reserves together with the present value of future gross premiums are sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. This loss recognition testing is performed at the segment level and, if necessary, net liabilities are increased along with a charge to income. Because of the many assumptions and estimates used in establishing reserves and the long-term nature of reinsurance contracts, the reserving process, while based on actuarial science, is inherently uncertain.

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

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

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

The Company is currently a party to various litigation and arbitrations. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or even provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that the outcomes of such litigation and arbitrations, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods. See Note 20 of the Notes to Consolidated Financial Statements.

Further discussion and analysis of the results for 2004 compared to 2003 and 2002 are presented by segment. Certain prior-year amounts have been reclassified to conform to the current year presentation. References to income before income taxes exclude the effects of discontinued operations and the cumulative effect of changes in accounting principles.

U.S. Operations

U.S. operations consist of two major sub-segments: Traditional and Non-Traditional. The Traditional sub-segment primarily specializes in mortality-risk reinsurance. The Non-traditional category consists of Asset-Intensive and Financial Reinsurance.

(in thousands)

		Non-Traditional		
FOR THE YEAR ENDED DECEMBER 31, 2004	Traditional	Asset-Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$2,207,817	$ 4,833	$ –	$2,212,650
Investment income, net of related expenses	220,080	215,862	173	436,115
Realized investment gain (losses), net	9,738	(7,196)	–	2,542
Change in value of embedded derivatives	–	26,104	–	26,104
Other revenues	4,157	9,735	27,419	41,311
Total revenues	2,441,792	249,338	27,592	2,718,722
Benefits and expenses:				
Claims and other policy benefits	1,758,452	9,751	2	1,768,205
Interest credited	50,290	146,480	–	196,770
Policy acquisition costs and other insurance expenses	329,006	48,243	9,521	386,770
Change in DAC associated with change in value of embedded derivatives	–	22,896	–	22,896
Other operating expenses	43,977	4,714	5,466	54,157
Total benefits and expenses	2,181,725	232,084	14,989	2,428,798
Income before income taxes	$ 260,067	$ 17,254	$12,603	$ 289,924

U.S. Operations *continued*

(in thousands)

FOR THE YEAR ENDED DECEMBER 31, 2003	Traditional	Non-Traditional Asset-Intensive	Non-Traditional Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$1,797,478	$ 4,315	$ –	$1,801,793
Investment income, net of related expenses	181,897	164,127	105	346,129
Realized investment losses, net	(5,715)	(1,674)	–	(7,389)
Change in value of embedded derivatives	–	43,596	–	43,596
Other revenues	3,920	6,524	27,302	37,746
Total revenues	1,977,580	216,888	27,407	2,221,875
Benefits and expenses:				
Claims and other policy benefits	1,457,886	2,976	–	1,460,862
Interest credited	58,317	119,621	–	177,938
Policy acquisition costs and other insurance expenses	241,877	34,422	9,900	286,199
Change in DAC associated with change in value of embedded derivatives	–	30,665	–	30,665
Other operating expenses	41,186	3,809	5,128	50,123
Total benefits and expenses	1,799,266	191,493	15,028	2,005,787
Income before income taxes	$ 178,314	$ 25,395	$12,379	$ 216,088

(in thousands)

FOR THE YEAR ENDED DECEMBER 31, 2002	Traditional	Non-Traditional Asset-Intensive	Non-Traditional Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$1,407,751	$ 3,786	$ –	$1,411,537
Investment income, net of related expenses	161,869	110,019	191	272,079
Realized investment gains (losses), net	(6,194)	(4,135)	–	(10,329)
Other revenues	2,802	7,277	26,586	36,665
Total revenues	1,566,228	116,947	26,777	1,709,952
Benefits and expenses:				
Claims and other policy benefits	1,097,998	17,376	–	1,115,374
Interest credited	56,675	65,504	–	122,179
Policy acquisition costs and other insurance expenses	228,800	18,560	8,196	255,556
Other operating expenses	30,505	1,242	9,295	41,042
Total benefits and expenses	1,413,978	102,682	17,491	1,534,151
Income before income taxes	$ 152,250	$ 14,265	$ 9,286	$ 175,801

Income before income taxes for the U.S. operations totaled \$289.9 million in 2004, compared to \$216.1 million for 2003 and \$175.8 million in 2002. The increase in revenue from a larger portfolio of mortality risk in the Traditional sub-segment is the primary reason for the growth in earnings for the current year. The Allianz Life acquisition is the major factor for the growth in revenue in 2004 compared to the prior periods. Revenue growth in the traditional sub-segment, including the Allianz Life business, and the change in fair value of embedded derivatives in the Asset Intensive sub-segment contributed to the increase in income before income taxes in 2003 compared to 2002.

Traditional Reinsurance

The U.S. traditional sub-segment provides life reinsurance to domestic clients for a variety of life products through yearly renewable term agreements, coinsurance and modified coinsurance agreements. These reinsurance arrangements may be either facultative or automatic agreements. During 2004, production totaled \$168.8 billion of face amount of new business, compared to \$423.4 billion in 2003 and \$150.3 billion in 2002. Production for 2003 includes \$287.2 billion related to the Allianz Life transaction. Management believes industry consolidation and the trend toward reinsuring mortality risks should continue to provide opportunities for growth.

Income before income taxes for U.S. traditional reinsurance increased 45.8% in 2004 and 17.1% in 2003. Contributing to the increase for 2004 and 2003 is the Allianz Life business, which generated a full year of premium and income in 2004 and 6 months of premium and income in 2003.

Net premiums for U.S. traditional reinsurance increased \$410.3 million in 2004, or 22.8%. Similarly, net premiums increased \$389.7 million in 2003, or 27.7%, primarily due to the \$246.1 million in net premiums from the Allianz Life transaction. During 2004, the Allianz Life business was fully integrated into the U.S. traditional sub-segment. The increased premium is driven by the growth of total U.S. business in force, which increased to \$996.7 billion in 2004, an increase of 11.1% over prior year. Total in force at year-end 2003 was \$896.8 billion. This included \$278.0 billion of in force from the Allianz Life acquisition. Premium levels can be influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased \$38.2 million, or 21.0%, and \$20.0 million, or 12.4%, in 2004 and 2003, respectively. The increase in both years is due to growth in the invested asset base, primarily due to the Allianz Life transaction as well as increased operating cash flows on traditional reinsurance.

Investment income and realized investment gains and losses are allocated to the various operating segments based on average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments.

Claims and other policy benefits, as a percentage of net premiums (loss ratios), were 79.6%, 81.1%, and 78.0% in 2004, 2003, and 2002, respectively. Over the past 3 years, the mortality experience in this sub-segment has fluctuated. This is somewhat expected as death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation. In 2004, overall mortality experience was slightly favorable. Conversely, in 2003, mortality experience in this business was slightly higher than anticipated, while the 2002 ratio reflects favorable mortality experience.

Interest credited relates to amounts credited on the Company's cash value products in this segment, which have a significant mortality component. This amount fluctuates with the changes in deposit levels, cash surrender values and investment performance. Interest credited expense in 2004 totaled \$50.3 million compared to \$58.3 million at year-end 2003. This decrease relates primarily to one treaty in which the credited loan rate dropped from 6.9% in 2003 to 5.1% in 2004.

The amount of policy acquisition costs and other insurance expenses, as a percentage of net premiums, was 14.9%, 13.5%, and 16.3% in 2004, 2003 and 2002, respectively. Overall, these percentages will fluctuate due to varying allowance levels within coinsurance-type arrangements, the timing of amounts due to and from ceding companies, as well as the amortization pattern of previously capitalized amounts, which are based on the form of the reinsurance agreement and the underlying insurance policies. Additionally, the mix of first year coinsurance versus yearly renewable term can cause the percentage to fluctuate from period to period.

Other operating expenses, as a percentage of net premiums, were 2.0%, 2.3% and 2.2% in 2004, 2003 and 2002, respectively. The slight increase in 2003 can be attributed to the \$2.7 million of expenses associated with the Allianz Life transaction that were not capitalized. Operating expenses for 2004 increased 6.8% primarily due to technology related costs; however, growth in premium has more than offset this increase, resulting in a reduction in this ratio to 2.0%.

Asset-Intensive Reinsurance

The U.S. Asset-Intensive sub-segment concentrates on the investment risk within underlying annuities and corporate-owned life insurance policies. Most of these agreements are coinsurance, coinsurance funds withheld or modified coinsurance of non-mortality risks such that the Company recognizes profits or losses primarily from the spread between the investment earnings and the interest credited on the underlying deposit liabilities.

During 2003, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). The Company recorded a change in value of embedded derivatives during 2004 and 2003 of $26.1 million and $43.6 million within revenues and $22.9 million and $30.7 million of related deferred acquisition costs, respectively (see "New Accounting Pronouncements" in Note 2 of the Consolidated Financial Statements for further discussion).

Income before income taxes decreased in 2004 to $17.3 million compared to $25.4 million and $14.3 million in 2003 and 2002, respectively. This decrease is primarily due to the change in the fair value of embedded derivatives, which resulted in a $3.2 million net gain for 2004 compared to a net gain of $12.9 million in 2003. The fair value of the derivatives is tied primarily to movements in credit spreads; therefore, the value is expected to fluctuate significantly over time. In addition, a $2.0 million loss on the conversion of a coinsurance-funds withheld annuity treaty to a coinsurance treaty in the third quarter of 2004 contributed to the decrease in income before income taxes. The conversion resulted in $11.7 million of additional investment income offset by $13.7 million in amortization of policy acquisition costs. Higher realized investment losses also contributed to the decrease in income for 2004. Somewhat offsetting the losses was increased investment income due to the higher invested asset base. Results for 2003 were also affected by higher than expected credit losses within the funds withheld portfolios.

Total revenues, which are comprised primarily of investment income, increased 15.0% and 85.5% in 2004 and 2003, respectively. The increase in 2004 is primarily attributed to continued growth in the asset base for this segment coupled with the $11.7 million increase in investment income due to the aforementioned converted annuity treaty. Contributing to the increase in 2003 was the implementation of Issue B36, which resulted in additional revenue of $43.6 million. This, along with the continued growth in the asset base, is the primary reason for the significant growth in 2003. The average invested asset balance was $3.3 billion, $2.7 billion and $1.9 billion for 2004, 2003 and 2002, respectively. Invested assets outstanding as of December 31, 2004 and 2003 were $3.7 billion and $3.1 billion, of which $1.9 billion and $2.0 billion were funds withheld at interest, respectively.

Total expenses, which is comprised primarily of interest credited, policy benefits, and acquisition costs increased 21.2% and 86.5% in 2004 and 2003, respectively. Contributing to the increase in 2004 are policy acquisition costs, which increased $13.7 million due to the conversion of the funds withheld treaty previously discussed and interest credited, which increased $26.9 million, or 22.5%, primarily due to the 22.2% increase in the average invested asset base discussed above. The decrease in the deferred acquisition costs associated with the change in value of the embedded derivatives from $30.7 million in 2003 to $22.9 million in 2004 somewhat offset the increased expenses. The increase in expenses for 2003 compared to 2002 is attributable to the implementation of Issue B36 and growth in business for the comparable periods.

Financial Reinsurance

The U.S. financial reinsurance sub-segment income consists primarily of net fees earned on financial reinsurance transactions. Included in the results is net income from RGA Financial Group L.L.C. ("RGA Financial Group"), a wholly-owned subsidiary. The majority of the financial reinsurance transactions assumed by the Company are retroceded to other insurance companies. The fees earned from the assumption of the financial reinsurance contracts are reflected in other revenues, and the fees paid to retrocessionaires are reflected in policy acquisition costs and other insurance expenses. RGA Financial Group earns fees from brokered business that is placed with third parties and does not participate in the assumption of the financial reinsurance. This income is reflected in other revenues.

Income before income taxes increased 1.8% and 33.3% in 2004 and 2003, respectively. Income in 2004 remained somewhat flat as the growth in capital provided was mostly offset by reduced spreads earned on the business. The increase for 2003 can be attributed to lower operating expenses allocated to this sub-segment in 2003 compared to 2002. Prior to 2003, all expenses associated with Non-Traditional Reinsurance business were allocated to Financial Reinsurance. In 2003, these expenses were divided proportionately between Asset-Intensive and Financial Reinsurance business.

At December 31, 2004, 2003 and 2002, the amount of reinsurance assumed from client companies, as measured by pre-tax statutory surplus, was $1.5 billion, $1.1 billion and $1.2 billion, respectively. The pre-tax statutory surplus includes all business assumed by the Company. Fees resulting from this business can be affected by large transactions and the timing of completion of new deals and therefore can fluctuate from period to period.

Canada Operations

The Company conducts reinsurance business in Canada through RGA Life Reinsurance Company of Canada ("RGA Canada"), a wholly-owned subsidiary. RGA Canada assists clients with capital management activity and mortality risk management, and is primarily engaged in traditional individual life reinsurance, as well as group reinsurance and non-guaranteed critical illness products.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	2004	2003	2002
Revenues:			
Net premiums	**$253,852**	$214,738	$181,224
Investment income, net of related expenses	**100,141**	87,212	70,518
Realized investment gains (losses), net	**11,508**	13,423	(163)
Other revenues (losses)	**32**	(212)	136
Total revenues	**365,533**	315,161	251,715
Benefits and expenses:			
Claims and other policy benefits	**250,542**	223,375	186,398
Interest credited	**1,840**	1,488	1,070
Policy acquisition costs and other insurance expenses	**28,505**	20,293	16,136
Other operating expenses	**11,161**	10,441	9,480
Total benefits and expenses	**292,048**	255,597	213,084
Income before income taxes	**$ 73,485**	$ 59,564	$ 38,631

RGA Canada's reinsurance in force totaled approximately $105.2 billion and $84.0 billion at December 31, 2004 and 2003, respectively. RGA Canada includes most of the life insurance companies in Canada as clients.

Income before income taxes increased 23.4% and 54.2% in 2004 and 2003, respectively. The increase in 2004 was primarily the result of more favorable mortality experience in the current year, offset by a decrease in realized investment gains of $1.9 million, or 3.2%. Additionally, the Canadian dollar strengthened against the U.S. dollar during 2004 relative to 2003, and contributed $4.4 million, or 7.4%, to income before income taxes in 2004. The increase in 2003 was the result of an increase of $13.6 million or 35.2% in realized investment gains as well as favorable mortality experience. Additionally, the Canadian dollar strengthened against the U.S. dollar during 2003 relative to 2002, and contributed $6.7 million, or 17.3%, to income before income taxes in 2003.

Net premiums increased by 18.2%, to $253.9 million in 2004, and increased by 18.5%, to $214.7 million in 2003, primarily due to new business from new and existing treaties. Additionally, a stronger Canadian dollar contributed $17.6 million, or 8.2%, and $24.1 million, or 13.3%, to net premiums reported in 2004 and in 2003, respectively. Premium levels are significantly influenced by large transactions, mix of business and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased by 14.8% and 23.7% during 2004 and 2003, respectively. Investment performance varies with the composition of investments. In 2004, the increase in investment income was mainly the result of a stronger Canadian dollar during 2004 compared to 2003 which contributed $6.6 million, or 7.6%, an increase in the invested asset base due to operating cash flows on traditional reinsurance which contributed $2.9 million, or 3.3%, and interest on an increasing amount of funds withheld at interest related to one treaty which contributed $2.2 million, or 2.5%. In 2003, the increase in investment income was mainly the result of a stronger Canadian dollar during 2003 compared to 2002 which contributed $9.0 million, or 12.8%, an increase in the invested asset base due to operating cash flows on traditional reinsurance which contributed $3.1 million, or 4.4%, and interest on an increasing amount of funds withheld at interest related to one treaty which contributed $2.1 million, or 3.0%. Investment income also includes an allocation to the segments based upon average assets and related capital levels deemed appropriate to support business volumes. The amount of investment income allocated to the Canadian operations was $4.8 million and $5.8 million in 2004 and 2003, respectively.

Loss ratios for this segment were 98.7% in 2004, 104.0% in 2003 and 102.9% in 2002. The current year loss ratio includes the effect of approximately $1.6 million in policy liabilities for the December 26, 2004 Indian Ocean tsunami. The lower loss ratio for the current period is primarily due to better mortality experience compared to the prior year. Historically, the increase in percentages is primarily the result of several large permanent level premium in-force blocks assumed in 1998 and 1997. These blocks are mature blocks of permanent level premium business in which mortality as a percentage of premiums is expected to be higher than the historical ratios. The nature of level premium permanent policies requires the Company to set up actuarial liabilities and invest the amounts received in excess of early-year mortality costs to fund claims in the later years when premiums, by design, continue to be level as compared to expected increasing mortality or claim costs. Claims and other policy benefits, as a percentage of net premiums and investment income, were 70.8% during 2004 compared to 74.0% in 2003 and 74.0% in 2002. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 11.2% in 2004, 9.5% in 2003 and 8.9% in 2002. Policy acquisition costs and other insurance expenses as a percentage of net premiums vary from period to period primarily due to the mix of the business in the segment.

Other operating expenses increased $0.7 million in 2004 and $1.0 million in 2003 compared to their respective prior-year periods. The increases in 2004 and in 2003 are primarily attributable to the strengthening of the Canadian dollar.

Europe & South Africa Operations

The segment provides life reinsurance for a variety of products through yearly renewable term and coinsurance agreements, and reinsurance of accelerated critical illness coverage (pays on the earlier of death or diagnosis of a pre-defined critical illness). Reinsurance agreements may be either facultative or automatic agreements covering primarily individual risks and in some markets, group risks.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	**2004**	2003	2002
Revenues:			
Net premiums	**$478,580**	$364,203	$226,846
Investment income, net of related expenses	**5,125**	3,869	1,009
Realized investment gains, net	**5,080**	3,999	894
Other revenues	**1,541**	1,067	2,064
Total revenues	**490,326**	373,138	230,813
Benefits and expenses:			
Claims and other policy benefits	**314,128**	230,895	130,975
Policy acquisition costs and other insurance expenses	**121,708**	105,062	82,700
Other operating expenses	**21,472**	15,866	13,049
Interest expense	**1,336**	1,043	680
Total benefits and expenses	**458,644**	352,866	227,404
Income before income taxes	**$ 31,682**	$ 20,272	$ 3,409

Europe & South Africa net premiums grew 31.4% during 2004 and 60.6% in 2003. Future net premium growth is not expected to continue at these levels. The growth was primarily the result of new business from both existing treaties and new treaties, combined with favorable currency exchange rates. Several foreign currencies, particularly the British pound, the euro, and the South African rand strengthened against the U.S. dollar in 2004 and 2003. The effect of the strengthening of the local currencies was an increase in 2004 and 2003 premiums of $49.1 million and $41.7 million, respectively. Also, a significant portion of the growth of premiums was due to reinsurance of accelerated critical illness, primarily in the U.K. This coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned from this coverage totaled $177.4 million, $145.7 million and $103.5 million in 2004, 2003 and 2002, respectively. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Investment income increased $1.3 million and $2.9 million in 2004 and 2003, respectively. These increases were primarily due to growth in the 2004 invested assets in the U.K. and South Africa of $10.7 million and $7.6 million, respectively. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments.

Loss ratios were 65.6%, 63.4% and 57.7% for 2004, 2003 and 2002, respectively. The loss ratio for 2004 includes the effect of approximately $1.9 million in policy liabilities related to the December 26, 2004 Indian Ocean tsunami. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation. Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 25.4%, 28.8% and 36.5% for 2004, 2003 and 2002, respectively. These percentages fluctuate due to timing of client company reporting, variations in the mixture of business being reinsured and the relative maturity of the business. In addition, as the segment grows, renewal premiums which have lower allowances than first year premiums, represent a greater percentage of the total premiums. Accordingly, the change in the mixture of business during 2004 caused the loss ratio to slightly increase and caused the policy acquisition costs and other insurance expenses as a percentage of net premiums to slightly decrease.

Policy acquisition costs are capitalized and charged to expense in proportion to premium revenue recognized. Acquisition costs, as a percentage of premiums, associated with some treaties in the United Kingdom are typically higher than those experienced in the Company's other segments. Future recoverability of the capitalized policy acquisition costs on this business is primarily sensitive to mortality and morbidity experience. If actual experience suggests higher mortality and morbidity rates going forward than currently contemplated in management's estimates, the Company may record a charge to income, due to a reduction in the DAC asset and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits. The Company estimates that a 12 percent increase in anticipated mortality and morbidity experience would have no impact while a 15 percent or 18 percent increase would result in pre-tax income statement charges of approximately $47.8 million and $112.3 million, respectively.

Other operating expenses increased 35.3% during 2004 and 21.6% for 2003. Increases in other operating expenses were due to higher costs associated with maintaining and supporting the significant increase in business over the past two years. As a percentage of premiums, other operating expenses were 4.5%, 4.4% and 5.8% in 2004, 2003 and 2002, respectively. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time.

Asia Pacific Operations

The Asia Pacific segment has operations in Australia, Hong Kong, Japan, Malaysia, New Zealand, South Korea and Taiwan. The principal types of reinsurance for this segment include life, critical care and illness, disability income, superannuation, and financial reinsurance. Superannuation is the Australian government mandated compulsory retirement savings program. Superannuation funds accumulate retirement funds for employees, and in addition, offer life and disability insurance coverage. Reinsurance agreements may be either facultative or automatic agreements covering primarily individual risks and in some markets, group risks. The Company operates multiple offices throughout each region in an effort to best meet the needs of the local client companies.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	**2004**	2003	2002
Revenues:			
Net premiums	**$399,122**	$259,010	$160,197
Investment income, net of related expenses	**16,113**	10,692	7,059
Realized investment gains (losses), net	**670**	(761)	(268)
Other revenues	**5,121**	1,191	2,363
Total revenues	**421,026**	270,132	169,351
Benefits and expenses:			
Claims and other policy benefits	**330,144**	185,358	110,806
Policy acquisition costs and other insurance expenses	**52,300**	47,513	36,660
Other operating expenses	**24,363**	16,903	14,727
Interest expense	**1,614**	1,096	842
Total benefits and expenses	**408,421**	250,870	163,035
Income before income taxes	**$ 12,605**	$ 19,262	$ 6,316

Asia Pacific income before income taxes decreased 34.6% during 2004 and grew 205.0% during 2003. The decrease in income before income taxes for 2004 was primarily the result of increases in the volume of claims and other policy benefits in relation to net premiums. Offices in which increases in claim activity were most evident were Australia and New Zealand. Additionally, various adjustments related to enhancements of the business administration process in the Australia and New Zealand operations reduced income before income taxes by approximately $2.0 million. The enhancements were a reaction to the increasing levels of business within those operations and to improve the reliability of the administration functions. The growth in income before income taxes during 2003 was primarily the result of additional premium volume and lower acquisition costs relative to net premiums. As the segment grows, although acquisition costs and operating expenses increase as well, we expect the growth in premium volume generally to cover these costs, creating favorable economies of scale.

Asia Pacific net premiums grew 54.1% during 2004 and 61.7% during 2003. The growth in 2004 was primarily the result of organic growth in Australia, Japan and South Korea, along with favorable exchange rates in multiple countries. In terms of growth of premium dollars during 2004, the larger markets of Australia, Japan and Korea were the primary contributors, adding approximately $88.2 million, $21.9 million and $27.9 million in premium volume compared to 2003. Growth in Australia was driven primarily by continued success in the group market. Given the maturing nature of the Australian market, and increased competition for group business, it is unlikely that future growth rates will continue at the levels of 2003 and 2004 in this market, but some level of additional growth is anticipated. Premium growth in the Japan market during 2004 was driven primarily by growth in a single client relationship. Of the $21.9 million in additional premium volume in Japan compared to 2003, approximately $13.0 million of the growth came from this client. In Korea, 2004 premium growth was driven by a $12.3 million dollar increase in premium volume from one existing client relationship, along with approximately $10.0 million dollars of premium from two new clients. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

During 2003, growth in terms of premium volume was also driven by the larger markets of Australia, Japan and South Korea, which added approximately $69.2 million, $16.6 million and $17.2 million, respectively, in premium volume compared to 2002. Australia's growth was driven primarily by capturing a significant share of the group market. The growth in the Japanese market was attributable to having a full year of a large treaty, versus a partial year in 2002, and additional business with most existing clients. The formation of the Japanese branch in December 2003 helped strengthen the Company's presence in the Japanese market and is expected to continue to lead to future growth. The growth in South Korean premiums in 2003 was attributable to new business from an existing treaty and from a large new critical illness treaty.

Several foreign currencies, particularly the Korean won and the Australian dollar, continued to strengthen against the U.S. dollar in 2004. The overall effect of the strengthening of local Asia Pacific segment currencies was an increase in 2004 premiums of $32.0 million over 2003, and $27.3 million for 2003 over 2002.

A portion of the growth of premiums for the segment in each year presented is due to reinsurance of accelerated critical illness, primarily in Australia. This coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned from this coverage totaled $39.1 million, $31.2 million and $15.0 million in 2004, 2003 and 2002, respectively.

Net investment income increased $5.4 million in 2004, as compared to an increase of $3.6 million in 2003. The increase in both years was primarily due to growth in the invested assets in Australia and favorable exchange rates, along with an increase in allocated investment income. Investment income and realized investment gains and losses are allocated to the various operating segments based on average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments.

Other revenue during 2004 primarily represented profit and fees associated with financial reinsurance in Japan, Korea and Taiwan of approximately $2.1 million, and fees associated with the recapture provisions for two client treaties of approximately $0.9 million. Other revenue during 2003 and 2002 primarily represented profit and fees associated with financial reinsurance in Taiwan and South Korea.

Loss ratios as a percentage of net premiums were 82.7%, 71.6% and 69.2% for 2004, 2003 and 2002, respectively. This percentage will fluctuate due to timing of client company reporting, variations in the mixture of business being reinsured and the relative maturity of the business. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation. While loss ratios were relatively stable between 2002 and 2003, the overall segment loss ratio increased 11.1% from 2003 to 2004. The increase in this percentage was attributable primarily to loss experience in Australia and New Zealand. Australia's loss ratio increased from 65.8% in 2003 to 87.7% in 2004, primarily due to additional reserves on disability income business of approximately $22.8 million and a reserve of approximately $3.4 million related to the Indian Ocean tsunami in December 2004. New Zealand's loss experience is primarily due to the unfavorable performance of five significant treaties. These five treaties combined reflect an increase of approximately $17.7 million in claims and other policy benefits over 2003.

Policy acquisition costs and other insurance expenses as a percentage of net premiums decreased by 5.2% to 13.1% during 2004 and by 4.6% to 18.3% during 2003. The ratio of policy acquisition costs and other insurance expenses as a percentage of net premiums will generally decline as the business matures. The percentages also fluctuate periodically due to timing of client company reporting and variations in the mixture of business being reinsured. During 2004, the percentage declined, in part, due to the addition of a significant block of yearly renewable term business with no allowance included within the treaty terms. Policy acquisition costs are capitalized and charged to expense in proportion to premium revenue recognized.

Other operating expenses decreased to 6.1% of net premiums in 2004, from 6.5% in 2003 and 9.2% in 2002. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time. The timing of the entrance into and development of new markets in the growing Asia Pacific segment may cause other operating expenses as a percentage of premiums to be somewhat volatile over periods of time.

Corporate and Other

Corporate and Other revenues include investment income from invested assets not allocated to support segment operations and undeployed proceeds from the Company's capital raising efforts, in addition to unallocated realized capital gains or losses. General corporate expenses consist of unallocated overhead and executive costs and interest expense related to debt and the $225.0 million of 5.75% mandatorily redeemable trust preferred securities. Additionally, the Corporate and Other operations segment includes results from RGA Technology Partners, Inc., a wholly-owned subsidiary that develops and markets technology solutions for the insurance industry, the Company's Argentine privatized pension business, which is currently in run-off, and an insignificant amount of direct insurance operations in Argentina.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	**2004**	2003	2002
Revenues:			
Net premiums	**$ 3,244**	$ 3,419	$ 862
Investment income, net of related expenses	**23,034**	17,677	23,847
Realized investment gains (losses), net	**9,673**	(3,912)	(4,785)
Other revenues	**7,361**	7,508	208
Total revenues	**43,312**	24,692	20,132
Benefits and expenses:			
Claims and other policy benefits	**15,518**	7,941	(4,089)
Interest credited	**321**	276	3,466
Policy acquisition costs and other insurance expenses	**1,746**	(902)	452
Other operating expenses	**28,743**	26,303	16,488
Interest expense	**35,487**	34,650	33,994
Total benefits and expenses	**81,815**	68,268	50,311
Loss before income taxes	**$(38,503)**	$(43,576)	$(30,179)

Loss before income taxes decreased $5.1 million, or 11.6%, during 2004 compared to 2003, primarily due to an increase in unallocated realized investment gains and investment income of $13.6 million and $5.4 million, respectively. These increases in revenue were partially offset by an increase in AFJP reserves of $10.0 million during the fourth quarter of 2004 and a $2.4 million increase in unallocated general corporate expenses.

Loss before income taxes grew approximately 44.4% during 2003 compared to 2002, primarily due to a $6.4 million decrease in unallocated investment income, a $5.5 million increase in unallocated general corporate expenses, and a $2.9 million increase in unallocated realized investment losses.

Status of Argentine Privatized Pension Business

Administradoras de Fondos de Jubilaciones y Pensiones ("AFJPs") are privately owned pension fund managers that were formed as a result of reform and privatization of Argentina's social security system. Privatized pension reinsurance covers the life insurance as well as the total and permanent disability components of the pension program. The claims under that program are initially established as units of the underlying pension fund ("AFJP fund units") at the time they are filed. Because AFJP claims payments are linked to the AFJP fund units, the ultimate amounts of claims paid by the reinsurer under the program should vary with the underlying performance of the related pension fund over the period in which the claims were adjudicated. In addition, the reinsurer is subject to the mortality and morbidity risks associated with the underlying plan participants. The Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina during 2001 because of adverse experience with respect to this business, as several aspects of the pension fund claims flow did not develop as was contemplated when the reinsurance programs were initially priced, as discussed in this section.

Because AFJP claims payments are linked to the AFJP fund units and the AFJP funds are heavily invested in Argentine government securities, the economic crisis in Argentina should have significantly reduced the AFJP fund unit values, and hence the claims payable. However, the opposite effect has occurred because of regulatory intervention of the Argentine government in the AFJP system, including the pesofication of the Argentine economy as it relates to AFJPs. Specifically, we believe AFJP fund unit values are still artificially high, inflating AFJP yields. These AFJP fund unit values adversely affect reinsurers like RGA Reinsurance by inflating the cost of claims payments on quota share reinsurance contracts, prematurely triggering attachment points on stop loss reinsurance contracts, and prematurely triggering excess of retention reinsurance contracts. Additionally, the previous delay in paying disability claims, coupled with the high AFJP fund unit values, has the effect of inflating the disability claims payments that will ultimately have to be made by reinsurers. The passage of regulations in 2004 by the Argentine government has accelerated payment of these deferred disability claims at the inflated AFJP fund unit values.

It is the Company's position that these actions of the Argentine government constitute violations of the Treaty on Encouragement and Reciprocal Protection of Investments, between the Argentine Republic and the United States of America, dated November 14, 1991 (the "Treaty"). RGA Reinsurance has filed a request for arbitration of its dispute relating to these violations pursuant to the Washington Convention of 1965 on the Settlement of Investment Disputes under the auspices of the International Centre for Settlement of Investment Disputes of the World Bank (the "ICSID Arbitration"). The request for arbitration was officially registered in November of 2004.

In addition, because of an Argentine regulatory action that has accelerated payment of the deferred disability claims, during the third quarter of 2004, the Company formally notified the AFJP ceding companies that it will no longer make artificially inflated claim payments, as it has been doing for some time under a reservation of rights, but rather will pay claims only on the basis of the market value of the AFJP fund units. This formal notification could result in litigation or arbitrations in the future. In the fourth quarter of 2004, the Company increased the amount of liabilities associated with the AFJP business by $10.0 million, so that the overall amount of the liabilities reflects the Company's current estimate of the value of its obligations, and reflects the uncertainty regarding the amount and timing of claims payments and the outcome of any negotiated settlements. While it is not feasible to predict or determine the ultimate outcome of the ICSID Arbitration, or litigation or arbitrations that may occur in Argentina in the future, or provide reasonable ranges of potential losses if the Argentine government continues with its present course of action, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Discontinued Operations

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

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

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to an arbitration that involves some of these LMX reinsurance programs. Additionally, while RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires, which could result in exposure to workers' compensation carve-out risks. The Company and other reinsurers and retrocessionaires involved have raised substantial defenses upon which to contest claims arising from these coverages, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals, inappropriate or unauthorized underwriting procedures and other defenses. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affect the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

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

The Company is currently a party to an arbitration that involves personal accident business. In addition, the Company is currently a party to litigation that involves the claim of a broker to commissions on a medical reinsurance arrangement. As of January 31, 2005, the companies involved in these litigation actions have raised claims, or established reserves that may result in claims, that are $3.7 million in excess of the amounts held in reserve by the Company. The Company generally has little information regarding any reserves established by ceding companies, and must rely on management estimates to establish policy claim liabilities. It is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $24.5 million in excess of the amounts held in reserve by the Company. These claims appear to be related to personal accident business (including LMX business) and workers' compensation carve-out business. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

The loss from discontinued accident and health operations, net of income taxes, increased to $23.0 million in 2004 from $5.7 million in 2003 and 2002. The increase in 2004 is due primarily to a negotiated settlement of all disputed claims associated with the Company's largest identified accident and health exposure. As a result of this settlement, the Company's discontinued accident and health operation recorded a $24.0 million pre-tax charge during the third quarter of 2004.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The net reserve balance as of December 31, 2004 and 2003 was $57.4 million and $54.5 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $1.4 million, $4.8 million and $3.3 million for 2004, 2003 and 2002, respectively.

Deferred Acquisition Costs

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

The Company periodically reviews the EGP valuation model and assumptions so that the assumptions reflect a view of the future believed to be reasonable. Two assumptions are considered to be most significant: (1) estimated interest spread, and (2) estimated future policy lapses. The following table reflects the possible change that would occur in a given year if assumptions, as a percentage of current deferred policy acquisition costs related to asset-intensive products ($325.2 million as of December 31, 2004), are changed as illustrated:

	One-Time Increase in DAC	One-Time Decrease in DAC
Quantitative Change in Significant Assumptions:		
Estimated interest spread increasing (decreasing)		
25 basis points from the current spread	1.6%	(1.8)%
Estimated policy lapse rates decreasing (increasing)		
20% on a permanent basis (including surrender charges)	0.3%	(0.2)%

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

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

The following table displays DAC balances for asset-intensive business and non-asset-intensive business by segment as of December 31, 2004:

(in thousands)

	Asset-Intensive DAC	Non-Asset-Intensive DAC	Total DAC
U.S.	$325,209	$ 934,554	$1,259,763
Canada	–	181,689	181,689
Asia Pacific	–	228,399	228,399
Europe & South Africa	–	552,422	552,422
Corporate and Other	–	3,701	3,701
Total	$325,209	$1,900,765	$2,225,974

As of December 31, 2004, the Company estimates that approximately 52% of its DAC balance is collateralized by surrender fees due to the Company and the reduction of policy liabilities, in excess of termination values, upon surrender or lapse of a policy.

Liquidity and Capital Resources

The Holding Company

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

The Company believes that it has sufficient liquidity to fund its cash needs under various scenarios that include the potential risk of the early recapture of a reinsurance treaty by the ceding company and significantly higher than expected death claims. Historically, the Company has generated positive net cash flows from operations. However, in the event of significant unanticipated cash requirements beyond normal liquidity, the Company has multiple liquidity alternatives available based on market conditions and the amount and timing of the liquidity need. These options include borrowings under committed credit facilities, secured borrowings, the ability to issue long-term debt, capital securities or common equity and, if necessary, the sale of invested assets subject to market conditions.

As part of its normal review of risk management and retention levels, the Company increased its retention limit from $4.0 million to $6.0 million per life for business written after July 1, 2003. The higher retention limit will naturally lead to larger death claim payments for certain policies, but these larger payments will be partially offset by smaller premium outflows to the Company's retrocessionaires. The Company believes its sources of liquidity are sufficient to cover the potential increase in claims payments on both a short-term and long-term basis.

During the fourth quarter of 2003, the Company issued 12,075,000 shares of its common stock at $36.65 per share, raising proceeds of approximately $426.7 million, net of expenses. The Company uses the proceeds for general corporate purposes, including funding its reinsurance operations. Pending such use, RGA invested the net proceeds in interest-bearing, investment-grade securities, short-term investments, or similar assets. MetLife, Inc. and its affiliates purchased 3,000,000 shares of common stock in the offering with a total purchase price of approximately $110.0 million.

RGA has repurchased shares in the open market in the past primarily to satisfy obligations under its stock option program. In 2001, the Board of Directors approved a repurchase program authorizing RGA to purchase up to $50 million of its shares of stock, as conditions warrant. During 2002, RGA purchased approximately 0.2 million shares of treasury stock under the program at an aggregate cost of $6.6 million. The Company did not purchase any treasury stock during 2004 or 2003 and currently does not anticipate making any purchases during 2005.

Statutory Dividend Limitations

RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. The applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2005, RCM and RGA Reinsurance could pay maximum dividends, without prior approval, equal to their unassigned surplus, approximately $43.7 million and $88.6 million, respectively. Dividend payments from other subsidiaries are subject to regulations in the country of domicile.

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

Valuation of Life Insurance Policies Model Regulation (Regulation XXX)

The Valuation of Life Insurance Policies Model Regulation, commonly referred to as Regulation XXX, was implemented in the U.S. for various types of life insurance business beginning January 1, 2000. Regulation XXX significantly increased the level of reserves that U.S. life insurance and life reinsurance companies must hold on their statutory financial statements for various types of life insurance business, primarily certain level term life products. The reserve levels required under Regulation XXX increase over time and are normally in excess of reserves required under generally accepted accounting principles. In situations where primary insurers have reinsured business to reinsurers that are unlicensed and unaccredited in the U.S., the reinsurer must provide collateral equal to its reinsurance reserves in order for the ceding company to receive statutory financial statement credit. Reinsurers have historically utilized letters of credit for the benefit of the ceding company, or have placed assets in trust for the benefit of the ceding company as the primary forms of collateral. The increasing nature of the statutory reserves under Regulation XXX will likely require increased levels of collateral from reinsurers in the future to the extent the reinsurer remains unlicensed and unaccredited in the U.S.

In order to reduce the impact of Regulation XXX, RGA Re has retroceded Regulation XXX reserves to unaffiliated and affiliated unlicensed reinsurers. RGA Re's statutory capital may be significantly reduced if the unaffiliated or affiliated reinsurer is unable to provide the required collateral to support RGA Re's statutory reserve credits and RGA Re cannot find an alternative source for collateral.

Shareholder Dividends

Historically, RGA has paid quarterly dividends ranging from $0.027 per share in 1993 to $0.09 per share in 2004. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries.

Debt and Preferred Securities

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of net worth ranging from $600.0 million to $700.0 million, change in control provisions, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material covenant default under any of the agreements which remains uncured, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10.0 million or $25.0 million depending on the agreement, bankruptcy proceedings, and any event which results in the acceleration of the maturity of indebtedness. The facility fee and interest rate for the Company's credit facilities is based on its senior long-term debt ratings. A decrease in those ratings could result in an increase in costs for the credit facilities. As of December 31, 2004, the Company had $405.8 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. The ability of the Company to make debt principal and interest payments depends primarily on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds.

In December 2001, RGA, through its wholly-owned subsidiary trust, issued $225.0 million in Preferred Income Redeemable Securities ("PIERS") Units. See Note 2, "Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements for additional information on the terms of the PIERS units. As of December 31, 2004, the average interest rate on long-term and short-term debt outstanding, excluding the PIERS, was 6.10% compared to 6.02% at the end of 2003. The average interest rate on the Company's U.S. credit facility, which expires in May 2006 and has a capacity of $175.0 million, was 3.0% and 1.7% as of December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, the Company's outstanding balance was $50.0 million under this facility. The Company has two foreign credit facilities with a combined balance of $56.1 million as of December 31, 2004, which expire in 2005; they are reflected as short-term debt on the Company's consolidated balance sheet. RGA may consider renewing these facilities or converting them to fixed-rate debt when they expire.

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

A general economic downturn or a downturn in the equity and other capital markets could adversely affect the market for many annuity and life insurance products and RGA's ability to raise new capital. Because the Company obtains substantially all of its revenues through reinsurance arrangements that cover a portfolio of life insurance products, as well as annuities, its business would be harmed if the market for annuities or life insurance were adversely affected.

Reinsurance Operations

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods.

Assets in Trust

Some treaties give ceding companies the right to request that the Company place assets in trust for their benefit to support their reserve credits in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2004, these treaties had approximately $326.8 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of $808.2 million were held in trust for the benefit of certain subsidiaries of the Company to satisfy collateral requirements for reinsurance business at December 31, 2004. Additionally, securities with an amortized cost of $1,608.1 million, as of December 31, 2004, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions include change in control of the subsidiary, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary. If RGA was ever required to perform under these obligations, the risk to the consolidated company under the reinsurance treaties would not change; however, additional capital may be required due to the change in jurisdiction of the subsidiary reinsuring the business and may create a strain on liquidity.

Guarantees

RGA has issued guarantees to third parties on behalf of its subsidiaries' performance for the payment of amounts due under certain credit facilities, reinsurance treaties and an office lease obligation, whereby if a subsidiary fails to meet an obligation, RGA or one of its other subsidiaries will make a payment to fulfill the obligation. In limited circumstances, treaty guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new, unrated, or not of a significant size, relative to the ceding company. Liabilities supported by the treaty guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $285.4 million and $188.3 million as of December 31, 2004 and 2003, respectively, and are reflected on the Company's consolidated balance sheet in future policy benefits. Potential guaranteed amounts of future payments will vary depending on production levels and underwriting results. Guarantees related to credit facilities provide additional security to third party banks should a subsidiary fail to make principal and/or interest payments when due. As of December 31, 2004, RGA's exposure related to credit facility guarantees was $56.1 million, the maximum potential guarantee, and is reflected on the consolidated balance sheet in short-term debt. RGA has issued a guarantee on behalf of a subsidiary in the event the subsidiary fails to make payment under its office lease obligation, the exposure of which was insignificant as of December 31, 2004.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Since this indemnity generally is not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount due under this indemnity in the future.

Off Balance Sheet Arrangements

The Company has no obligations, assets or liabilities other than those reflected in the consolidated financial statements. Further, the Company has not engaged in trading activities involving non-exchange traded contracts reported at fair value, nor has it engaged in relationships or transactions with persons or entities that derive benefits from their non-independent relationship with RGA.

Cash Flows

The Company's principal cash inflows from its reinsurance operations are premiums and deposit funds received from ceding companies. The primary liquidity concern with respect to these cash flows is early recapture of the reinsurance contract by the ceding company. The Company's principal cash inflows from its investing activities result from investment income, maturity and sales of invested assets, and repayments of principal. The primary liquidity concern with respect to these cash inflows relates to the risk of default by debtors and interest rate volatility. The Company manages these risks very closely. See "Investments" and "Interest Rate Risk" below.

Additional sources of liquidity to meet unexpected cash outflows in excess of operating cash inflows include selling short-term investments or fixed maturity securities and drawing additional funds under existing credit facilities, under which the Company had availability of $125.0 million as of December 31, 2004.

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

The Company's net cash flows provided by operating activities for the years ended December 31, 2004, 2003 and 2002, were $714.5 million, $571.6 million and $159.7 million, respectively. Cash flows from operating activities are affected by the timing of premiums received, claims paid and working capital changes. The increases in operating cash flows during 2004 and 2003 were primarily a result of cash inflows related to premiums and investment income increasing more than cash outflows related to claims, reserve movements and operating expenses. Operating cash increased $142.9 million during 2004 as cash from premiums and investment income increased $921.5 million and $116.8 million, respectively, and was largely offset by higher operating net cash outlays of $895.4 million. During 2003, cash from premiums and investment income increased $591.6 million and $84.5 million, respectively, and was partially offset by higher operating net cash outlays of $264.2 million. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. Additionally, the Company believes it maintains a high-quality fixed maturity portfolio with positive liquidity characteristics. These securities are available for sale and could be sold if necessary to meet the Company's short- and long-term obligations, subject to market conditions.

Net cash used in investing activities was $771.6 million, $1,285.2 million and $582.5 million in 2004, 2003 and 2002, respectively. Changes in cash used in investing activities primarily relate to the management of the Company's investment portfolios and the investment of excess cash generated by operating and financing activities. Net cash used in investing activities was relatively high in 2003 as a result of the investment of approximately $426.7 million related to the Company's stock offering.

Net cash provided by financing activities was $120.9 million, $704.1 million and $287.7 million in 2004, 2003 and 2002, respectively. The Company's stock offering contributed to the amount of cash provided by financing activities during 2003. Changes in cash provided by financing activities primarily relate to the issuance of equity or debt securities, borrowings or payments under the Company's existing credit agreements, treasury stock activity and excess deposits under investment-type contracts.

Contractual Obligations

The following table displays the Company's contractual obligations, other than those arising from its reinsurance business (in millions):

		Payment Due by Period			
	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Contractual Obligations:					
Short-term debt	$ 56.1	$ 56.1	$ –	$ –	$ –
Long-term debt	349.7	–	149.8	–	199.9
Fixed-rate interest on senior notes	105.4	20.8	30.6	27.0	27.0
Fixed-rate interest on trust preferred securities[1]	598.4	12.9	25.9	25.9	533.7
Life claims payable[2]	627.3	627.3	–	–	–
Operating leases	29.1	6.2	11.3	8.0	3.6
Limited partnerships	26.2	–	8.9	15.0	2.3
Structured investment contracts	43.9	21.9	6.8	15.2	–
Mortgage purchase commitments	16.8	16.8	–	–	–
Total	$1,852.9	$762.0	$233.3	$91.1	$766.5

1 Assumes that all securities will be held until the stated maturity date of March 18, 2051. For additional information on these securities, see "Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company" in Note 2 to the Consolidated Financial Statements, "Summary of Significant Accounting Policies."

2 Included in the "Other policy claims and benefits" line item in the consolidated balance sheet.

See Note 9, "Income Tax"; Note 10, "Employee Benefit Plans"; and Note 15, "Long-Term Debt and Preferred Securities," of Notes to Consolidated Financial Statements for information related to the Company's obligations for taxes, funding requirements for retirement and other post-employment benefits, and interest on long-term debt.

Life claims payable include benefit and claim liabilities for which the Company believes the amount and timing of the payment is essentially fixed and determinable. Such amounts generally relate to incurred and reported death and critical illness claims. As of December 31, 2004, liabilities for future policy benefits of approximately $4,097.7 million related primarily to reinsurance of traditional life insurance and related policies and approximately $4,900.6 million of interest sensitive contract liabilities, primarily deferred annuities, have been excluded from this table. Amounts excluded from the table are generally comprised of policies or contracts where (i) the Company is not currently making payments and will not make payments in the future until the occurrence of an insurable event, such as death or disability or (ii) the occurrence of a payment triggering event, such as a surrender of a policy or contract, is outside of the control of the Company. The timing of payment on these liabilities is not reasonably fixed and determinable since the insurable event or payment triggering event has not yet occurred, and the Company has no control over the timing of such occurrence. In addition to timing of payments, significant uncertainties relating to these liabilities include mortality, morbidity and persistency. On a consolidated basis, the Company has historically generated positive cash flows from operations; however, it must factor these uncertainties regarding its insurance obligations into its asset/liability management program. See "Asset/Liability Management" for additional discussion.

Letters of Credit

The Company has obtained letters of credit, issued by banks, in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. These letters of credit represent guarantees of performance under the reinsurance agreements and allow ceding companies to take statutory reserve credits. Certain of these letters of credit contain financial covenant restrictions similar to those described in the "Debt and Preferred Securities" discussion above. At December 31, 2004, there were approximately $32.6 million of outstanding bank letters of credit in favor of third parties. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas and RGA Barbados. The Company cedes business to its offshore affiliates to help reduce the amount of regulatory capital required in certain jurisdictions such as the U.S. and the United Kingdom. The capital required to support the business in the offshore affiliates reflects more realistic expectations than the original jurisdiction of the business, where capital requirements are often considered to be quite conservative. As of December 31, 2004, $370.5 million in letters of credit from various banks were outstanding between the various subsidiaries of RGA. Based on the growth of the Company's business and the pattern of reserve levels under Regulation XXX associated with term life business, the amount of ceded reserve credits is expected to grow. This growth will require the Company to obtain additional letters of credit, put additional assets in trust, or utilize other mechanisms to support the reserve credits. If the Company is unable to support the reserve credits, the regulatory capital levels of several of its subsidiaries may be significantly reduced. The reduction in regulatory capital would not directly impact the Company's consolidated shareholders' equity under Generally Accepted Accounting Principles; however, it could effect the Company's ability to write new business and retain existing business. Fees associated with letters of credit are not fixed and are based on the Company's ratings and the general availability of these instruments in the marketplace.

Asset / Liability Management

The Company actively manages its assets using an approach that is intended to balance quality, diversification, asset/liability matching, liquidity and investment return. The goals of the investment process are to optimize after-tax, risk-adjusted investment income and after-tax, risk-adjusted total return while managing the assets and liabilities on a cash flow and duration basis.

The Company has established target asset portfolios for each major insurance product, which represent the investment strategies intended to profitably fund its liabilities within acceptable risk parameters. These strategies include objectives for effective duration, yield curve sensitivity and convexity, liquidity, asset sector concentration and credit quality.

The Company's liquidity position (cash and cash equivalents and short-term investments) was $184.1 million and $113.5 million at December 31, 2004 and December 31, 2003, respectively. Liquidity needs are determined from valuation analyses conducted by operational units and are driven by product portfolios. Annual evaluations of demand liabilities and short-term liquid assets are designed to adjust specific portfolios, as well as their durations and maturities, in response to anticipated liquidity needs.

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

Investments

The Company had total cash and invested assets of $10.7 billion and $9.0 billion at December 31, 2004 and 2003, respectively. All investments held by RGA and its subsidiaries are monitored for conformance to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, the operating companies' Boards of Directors periodically review their respective investment portfolios. The Company's investment strategy is to maintain a predominantly investment-grade, fixed maturity portfolio, to provide adequate liquidity for expected reinsurance obligations, and to maximize total return through prudent asset management. The Company's asset/liability duration matching differs between the U.S. and Canada operating segments. The target duration for U.S. portfolios, which are segmented along product lines, range between four and seven years. Based on Canadian reserve requirements, a portion of the Canadian liabilities is strictly matched with long-duration Canadian assets, with the remaining assets invested to maximize the total rate of return, given the characteristics of the corresponding liabilities and Company liquidity needs. The duration of the Canadian portfolio exceeds twenty years. The Company's earned yield on invested assets was 5.91% in 2004, compared with 6.39% in 2003, and 6.51% in 2002. See Note 5, "Investments," of the Notes to Consolidated Financial Statements for additional information regarding the Company's investments.

Fixed maturity securities and equity securities available-for-sale

The Company's fixed maturity securities are invested primarily in commercial and industrial bonds, mortgage- and asset-backed securities, public utilities, and Canadian government securities. As of December 31, 2004, approximately 97.9% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments. The largest asset class in which fixed maturities were invested was commercial and industrial bonds, which represented approximately 28.2% of fixed maturity securities as of December 31, 2004, an increase from 26.4% as of December 31, 2003. A majority of these securities were classified as corporate securities, with an average Standard and Poor's ("S&P") rating of "A-" at December 31, 2004. The Company owns floating rate securities that represent approximately 0.3% of fixed maturity securities at December 31, 2004, compared to 1.6% at December 31, 2003. These investments may have a higher degree of income variability than the other fixed income holdings in the portfolio due to the floating rate nature of the interest payments.

Within the fixed maturity security portfolio, the Company holds approximately $1,403.8 million in mortgage-backed securities at December 31, 2004, that include agency-issued pass-through securities, collateralized mortgage obligations guaranteed or otherwise supported by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, or the Government National Mortgage Association, and commercial mortgage-backed securities. All of these securities were investment-grade. The principal risks inherent in holding residential mortgage-backed securities are prepayment and extension risks, which will affect the timing of when cash will be received and are dependent on the level of mortgage interest rates. Prepayment risk is the unexpected increase in principal payments, primarily as a result of homeowner refinancing. Extension risk relates to the unexpected slowdown in principal payments. The Company monitors its residential mortgage-backed securities to mitigate exposure to the cash flow uncertainties associated with these risks.

Within the fixed maturity security portfolio, the Company holds approximately $136.2 million in asset-backed securities at December 31, 2004, which include credit card and automobile receivables, home equity loans and collateralized bond obligations. The Company's asset-backed securities are diversified by issuer and contain both floating and fixed-rate securities. Approximately 1.8% of asset-backed securities, or $2.5 million are collateralized bond obligations. In addition to the risks associated with floating rate securities, principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the securities' priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from collateral, and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include general level of interest rates and the liquidity for these securities in the marketplace.

The Company monitors its investment securities to determine impairments in value. The Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities and various other subjective factors. As of December 31, 2004, the Company held fixed maturities with a cost basis of $15.7 million and a market value of $19.0 million, representing 0.3% of fixed maturities at December 31, 2004, that were non-income producing. Based on management's judgment, securities with an other-than-temporary impairment in value are written down to management's estimate of fair value. The Company recorded other-than-temporary write-downs of fixed maturities totaling $8.5 million, $20.1 million and $33.9 million in 2004, 2003 and 2002, respectively. The circumstances that gave rise to these impairments were bankruptcy proceedings or deterioration in collateral value supporting certain asset-backed securities. During 2004 and 2003, the Company sold fixed maturity securities with fair values of $394.0 million and $460.3 million at losses of $20.6 million and $25.2 million, respectively, or at 95.0% and 94.8% of book value, respectively.

The following table presents the total gross unrealized losses for 403 fixed maturity securities and equity securities as of December 31, 2004, where the estimated fair value had declined and remained below amortized cost by the indicated amount (in thousands):

	At December 31, 2004	
	Gross Unrealized Losses	% of Total
Less than 20%	$16,350	100%
20% or more for less than six months	–	–%
20% or more for six months or greater	–	–%
Total	$16,350	100%

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and often, fair values recover over time. These securities have generally been adversely affected by overall economic conditions, primarily an increase in the interest rate environment.

The following table presents the estimated fair values and gross unrealized losses for the 403 fixed maturity securities and equity securities that have estimated fair values below amortized cost as of December 31, 2004. These investments are presented by class and grade of security. The length of time the related market value has remained below amortized cost is provided for fixed maturity securities as of December 31, 2004.

(in thousands)

	As of December 31, 2004					
	Less than 12 months		Equal to or greater than 12 months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Investment grade securities:						
Commercial and industrial	$268,633	$ 3,591	$48,727	$1,735	$ 317,360	$ 5,326
Public utilities	83,473	1,201	5,714	229	89,187	1,430
Asset-backed securities	38,568	388	–	–	38,568	388
Canadian and Canadian provincial governments	21,497	173	–	–	21,497	173
Mortgage-backed securities	264,617	4,314	–	–	264,617	4,314
Finance	180,990	2,632	22,210	649	203,200	3,281
U.S. government and agencies	30,199	280	–	–	30,199	280
Foreign governments	56,142	451	–	–	56,142	451
Investment grade securities	944,119	13,030	76,651	2,613	1,020,770	15,643
Non-investment grade securities:						
Commercial and industrial	20,667	233	–	–	20,667	233
Public utilities	3,417	20	–	–	3,417	20
Finance	204	1	–	–	204	1
Non-investment grade securities	24,288	254	–	–	24,288	254
Total fixed maturity securities	$968,407	$13,284	$76,651	$2,613	$1,045,058	$15,897
Equity securities	$ 36,619	$ 453	$ –	$ –	$ 36,619	$ 453

The Company believes that the analysis of each security whose price has been below market for greater than twelve months indicated that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of December 31, 2004. The unrealized losses did not exceed 10.0% on an individual security basis and are primarily a result of rising interest rates, changes in credit spreads and the long-dated maturities of the securities. Additionally, all of the gross unrealized losses are associated with investment grade securities.

Mortgage loans on real estate

Mortgage loans represented approximately 5.8% and 5.4% of the Company's investments as of December 31, 2004 and 2003, respectively. As of December 31, 2004, all mortgages were U.S.-based. The Company invests primarily in mortgages on commercial offices, industrial properties and retail locations. The Company's mortgage loans generally range in size from $0.3 million to $11.2 million, with the average mortgage loan investment as of December 31, 2004 totaling approximately $4.7 million. The mortgage loan portfolio was diversified by geographic region and property type as discussed further in Note 5 of the Notes to Consolidated Financial Statements. Substantially all mortgage loans are performing and no valuation allowance has been established as of December 31, 2004 or 2003.

Policy loans

Policy loans comprised approximately 9.1% and 10.2% of the Company's investments as of December 31, 2004 and 2003, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds withheld at interest

Substantially all of the Company's funds withheld at interest receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2004 and 2003, of which $1.9 billion and $2.0 billion, respectively, were subject to the provisions of Issue B36 (see Note 2, "New Accounting Pronouncements," of Notes to Consolidated Financial Statements for further discussion).

Under Issue B36, the Company's funds withheld receivable under certain reinsurance arrangements incorporate credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income.

Funds withheld at interest comprised approximately 25.9% and 30.6% of the Company's investments as of December 31, 2004 and 2003, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company, and are reflected as funds withheld at interest on the Company's balance sheet. In the event of a ceding company's insolvency, the Company would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to the Company is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to the Company from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. The Company is subject to the investment performance on the withheld assets, although it does not directly control them. These assets are primarily fixed maturity investment securities and pose risks similar to the fixed maturity securities the Company owns. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance. Ceding companies with funds withheld at interest had an average A.M. Best Company ("A.M. Best") rating of "A+". Certain ceding companies maintain segregated portfolios for the benefit of the Company.

Based on data provided by ceding companies as of December 31, 2004, funds withheld at interest were approximately (in thousands):

	At December 31, 2004		
	Book Value	Market Value	% of Total Market Value
Underlying Security Type:			
Investment grade U.S. corporate securities	$ 803,035	$ 828,226	43.9%
Below investment grade U.S. corporate securities	71,442	74,313	3.9%
Structured securities	608,964	623,649	33.1%
Foreign corporate securities	127,178	130,659	6.9%
Unrated securities	3,185	3,213	0.2%
Other	219,490	226,816	12.0%
Total segregated portfolios	1,833,294	1,886,876	100.0%
Funds withheld at interest associated with non-segregated portfolios	858,534	858,534	
Embedded derivatives	42,827	42,827	
Total funds withheld at interest	$2,734,655	$2,788,237	

Based on data provided by the ceding companies as of December 31, 2004, the maturity distribution of the segregated portfolio portion of funds withheld at interest was approximately (in thousands):

	At December 31, 2004		
	Book Value	Market Value	% of Total Market Value
Maturity:			
Within one year	$ 87,427	$ 92,338	4.3%
More than one, less than five years	200,592	204,287	9.4%
More than five, less than ten years	420,349	436,298	20.1%
Ten years or more	1,408,977	1,438,003	66.2%
Subtotal	2,117,345	2,170,926	100.0%
Less: Reverse repurchase agreements	(284,051)	(284,050)	
Total all years	$1,833,294	$1,886,876	

Other Invested Assets

Other invested assets represented approximately 2.0% of the Company's investments as of December 31, 2004 and 2003. Other invested assets include derivative contracts, common stocks and preferred stocks and limited partnership interests.

The Company has utilized derivative financial instruments on a very limited basis, primarily to improve the management of the investment-related risks associated with the reinsurance of equity-indexed annuities. The Company invests primarily in exchange-traded and customized Standard and Poor's equity index options. The Company has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit supports. The Company limits its total financial exposure to counterparties. The Company's use of derivative financial instruments historically has not been significant to its financial position. Derivative investments totaled $1.2 million as of December 31, 2004 and consisted of customized over-the-counter call options based upon the S&P 500 index.

Market Risk

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

Interest Rate Risk

This risk arises from many of the Company's primary activities, as the Company invests substantial funds in interest-sensitive assets and also has certain interest-sensitive contract liabilities. The Company manages interest rate risk and credit risk to maximize the return on the Company's capital effectively and to preserve the value created by its business operations. As such, certain management monitoring processes are designed to minimize the impact of sudden and sustained changes in interest rates on fair value, cash flows, and net interest income. The Company manages its exposure to interest rates principally by matching floating rate liabilities with corresponding floating rate assets and by matching fixed rate liabilities with corresponding fixed rate assets. On a limited basis, the Company uses equity options to minimize its exposure to movements in equity markets that have a direct correlation with certain of its reinsurance products.

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

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

Interest rate sensitivity analysis is used to measure the Company's interest rate price risk by computing estimated changes in fair value of fixed rate assets and liabilities in the event of a hypothetical 10% change in market interest rates.

The Company does not have fixed-rate instruments classified as trading securities. The Company's projected loss in fair value of financial instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2004 and 2003 was $207.6 million and $159.1 million, respectively.

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

At December 31, 2004, the Company's estimated changes in fair value were within the targets outlined in the Company's investment policy.

Interest rate sensitivity analysis is also used to measure the Company's interest rate cash flow risk by computing estimated changes in the cash flows expected in the near term attributable to floating rate assets and liabilities in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in cash flows in the near term in market risk sensitive floating rate instruments in the event of a hypothetical 10% change (increase or decrease) in market interest rates. The Company does not have variable-rate instruments classified as trading securities. The Company's projected decrease in cash flows in the near term associated with floating-rate instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2004 and 2003 was $0.3 million and $0.1 million, respectively.

The cash flows from coupon payments move in the same direction as interest rates for the Company's floating rate instruments. The volatility in mortgage prepayments partially offsets the cash flows from interest. At December 31, 2004, the Company's estimated changes in cash flows were within the targets outlined in the Company's investment policy.

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

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

Foreign Currency Risk

The Company is subject to foreign currency translation, transaction, and net income exposure. The Company manages its exposure to currency principally by matching invested assets with the underlying reinsurance liabilities to the extent possible, but generally does not hedge the foreign currency translation or net investment exposure related to its investment in foreign subsidiaries as it views these investments to be long-term. Translation differences resulting from translating foreign subsidiary balances to U.S. dollars are reflected in stockholders' equity on the consolidated balance sheets. The Company generally does not hedge the foreign currency exposure of its subsidiaries transacting business in currencies other than their functional currency (transaction exposure). The majority of the Company's foreign currency transactions are denominated in Australian dollars, Argentine pesos, Canadian dollars, and British pounds.

Currently, the Company believes its foreign currency transaction exposure, with the possible exception of its Argentine peso exposure, to be immaterial to the consolidated results of operations. In an effort to reduce its exposure to the Argentine peso, the Company liquidated substantially all its Argentine based investment securities and reinvested the proceeds into investment securities denominated in U.S. dollars during 2001. The Company's obligations under its insurance and reinsurance contracts continue to be denominated in Argentine pesos, which is the functional currency for this business. Those net contract liabilities totaled approximately 14.8 million Argentine pesos as of December 31, 2004. A net unrealized foreign currency gain of $6.6 million related to these contracts is reflected in accumulated other comprehensive income on the consolidated balance sheet as of December 31, 2004. Because the Company cannot reasonably predict the timing of its claim settlements and what the exchange rate will be at settlement, reported results may be volatile in the future. Net income exposure that may result from the strengthening of the U.S. dollar to foreign currencies will adversely affect results of operations since the income earned in the foreign currencies is worth less in U.S. dollars. When evaluating investments in foreign countries, the Company considers the stability of the political and currency environment. Devaluation of the currency after an investment decision has been made will affect the value of the investment when translated to U.S. dollars for financial reporting purposes.

Inflation

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

New Accounting Standards

In December 2004, FASB revised SFAS No. 123 *Accounting for Stock Based Compensation* ("SFAS 123") to *Share-Based Payment* ("SFAS 123(r)"). SFAS 123(r) provides more guidance on determining whether certain financial instruments awarded in share-based payment transactions are liabilities. SFAS 123(r) also requires that the cost of all share-based transactions should be recorded in the financial statements. The revised pronouncement must be adopted by the Company by July 1, 2005. The Company expects SFAS 123(r) will increase compensation expense by $1.8 million in 2005 and $1.5 million in 2006.

In March 2004, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached further consensus on Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-1"). EITF 03-1 provides accounting guidance regarding the determination of when an impairment of debt and marketable equity securities and investments accounted for under the cost method should be considered other-than-temporary and recognized in income. An EITF 03-1 consensus reached in November 2003 also requires certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities, that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized." The Company has complied with the disclosure requirements of EITF 03-1 which were effective December 31, 2003. The accounting guidance of EITF 03-1 relating to the recognition of investment impairment which was to be effective in the third quarter of 2004 has been delayed pending the development of additional guidance. The Company is actively monitoring the deliberations relating to this issue at the FASB and currently is unable to determine the impact of EITF 03-1 on its consolidated financial statements. In conformity with existing generally accepted accounting principles, the Company's gross unrealized losses totaling $15.9 million at December 31, 2004 are reflected as a component of other comprehensive income on the consolidated balance sheet. Depending on the ultimate guidance issued by the FASB, including guidance regarding management's assertion about intent and ability to hold available-for-sale investment securities, the Company could be required to report these unrealized losses in a different manner, including possibly reflecting these unrealized losses in the consolidated income statement as other-than-temporary impairments, even if the unrealized losses are attributable solely to interest rate movements.

In March 2004, the EITF reached consensus on Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128" ("EITF 03-6"). EITF 03-6 provides guidance in determining whether a security should be considered a participating security for purposes of computing earnings per share and how earnings should be allocated to the participating security. EITF 03-6, which was effective for the Company in the second quarter of 2004, did not have an impact on the Company's earnings per share calculations.

In March 2004, the EITF reached consensus on Issue No. 03-16, "Accounting for Investments in Limited Liability Companies" ("EITF 03-16"). EITF 03-16 provides guidance regarding whether a limited liability company should be viewed as similar to a corporation or similar to a partnership for purposes of determining whether a noncontrolling investment should be accounted for using the cost method or the equity method of accounting. EITF 03-16, did not have a material impact on the Company's consolidated financial statements.

In December 2003, the FASB revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits—an Amendment of FASB Statements No. 87, 88 and 106" ("SFAS 132(r)"). SFAS 132(r) retains most of the disclosure requirements of SFAS 132 and requires additional disclosure about assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined postretirement plans. SFAS 132(r) was primarily effective for fiscal years ending after December 15, 2003; however, certain disclosures about foreign plans and estimated future benefit payments are effective for fiscal years ending after June 15, 2004. The Company's adoption of SFAS 132(r) on December 31, 2003 did not have a significant impact on its consolidated financial statements since it only revised disclosure requirements.

Effective July 1, 2004, the Company adopted FASB Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-2"), which provides accounting guidance to a sponsor of a post-retirement health care plan that provides prescription drug benefits. The impact of the Company's application of FSP 106-2 was immaterial.

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. The Company adopted the provisions of SOP 03-1 on January 1, 2004, recording a charge of $0.4 million as a cumulative effect of change in accounting principle.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments." Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income. The Company adopted the provisions of Issue B36 during the fourth quarter of 2003 and recorded a net gain of $0.5 million as a cumulative effect of change in accounting principle.

Substantially all of the Company's funds withheld receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2004 and 2003, of which $1.9 billion and $2.0 billion, respectively, are subject to the provisions of Issue B36. Management believes the embedded derivative feature in each of these reinsurance treaties is similar to a total return swap on the assets held by the ceding companies. The Company has developed cash flow models as the basis for estimating the value of the total return swap. The cash flow models are based on the Company's expectations of the future cash flows under the reinsurance treaties that in turn are driven by the underlying annuity contracts. The fair value of the total return swap is affected by changes, both actual and expected, in the cash flows of the underlying annuity contracts, changes in credit risk associated with the assets held by the ceding company and changes in interest rates. The change in fair value, which is a non-cash item, also affects the amortization of deferred acquisition costs since the Company is required to include it in its expectation of gross profits. At December 31, 2004 and 2003, the fair value of the embedded derivative totaled $42.8 million and $42.7 million, respectively, and is included in the funds withheld at interest line item on the consolidated balance sheet. Subsequent to the initial adoption of Issue B36, the change in the market value of the underlying is recorded in the consolidated statement of income as change in value of embedded derivatives. Industry standards and practices continue to evolve related to valuing these types of embedded derivative features.

In addition to its annuity contracts, the Company has entered into various financial reinsurance treaties on a funds withheld and modified coinsurance basis. These treaties do not transfer significant insurance risk and are recorded on a deposit method of accounting with the Company earning a net fee. As a result of the experience refund provisions contained in these treaties, the value of the embedded derivatives in these contracts is currently considered immaterial. The Company monitors the performance of these treaties on a quarterly basis. Significant adverse performance or losses on these treaties may result in a loss associated with the embedded derivative.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," which requires the consolidation by a business enterprise of variable interest entities if the business enterprise is the primary beneficiary. FIN 46 was effective January 31, 2003, for the Company with respect to interests in variable interest entities obtained after that date. With respect to interests in variable interest entities existing prior to February 1, 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), which extended the effective date of FIN 46 to the period ending March 31, 2004. The Company adopted the provisions of FIN 46 as of March 31, 2004 and is not required to consolidate any material interests in variable interest entities.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of FASB Statement No. 123." Effective January 1, 2003, the Company prospectively adopted the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company formerly applied the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). For the year ended December 31, 2004 and 2003, the Company recorded pre-tax stock-based compensation expense of approximately $3.9 million and $1.7 million, respectively. See Note 17, "Equity Based Compensation," of the Consolidated Financial Statements for pro forma information.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

AT DECEMBER 31,	2004	2003
Assets:		
Fixed maturity securities available for sale, at fair value	**$ 6,023,696**	$ 4,575,735
Mortgage loans on real estate	**609,292**	479,312
Policy loans	**957,564**	902,857
Funds withheld at interest	**2,734,655**	2,717,278
Short-term investments	**31,964**	28,917
Other invested assets	**207,054**	179,320
Total investments	**10,564,225**	8,883,419
Cash and cash equivalents	**152,095**	84,586
Accrued investment income	**58,076**	47,961
Premiums receivable	**376,298**	412,413
Reinsurance ceded receivables	**434,264**	463,557
Deferred policy acquisition costs	**2,225,974**	1,757,096
Other reinsurance balances	**159,440**	387,108
Other assets	**77,757**	77,234
Total assets	**$14,048,129**	$12,113,374
Liabilities and Stockholders' Equity:		
Future policy benefits	**$ 4,097,722**	$ 3,550,156
Interest sensitive contract liabilities	**4,900,600**	4,170,591
Other policy claims and benefits	**1,316,225**	1,091,038
Other reinsurance balances	**247,164**	267,706
Deferred income taxes	**561,985**	438,973
Other liabilities	**81,209**	90,749
Short-term debt	**56,078**	–
Long-term debt	**349,704**	398,146
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	**158,417**	158,292
Total liabilities	**11,769,104**	10,165,651
Commitments and contingent liabilities	**–**	–
Stockholders' Equity:		
Preferred stock (par value $.01 per share; 10,000,000 shares authorized; no shares issued or outstanding)	**–**	–
Common stock (par value $.01 per share; 140,000,000 and 75,000,000 shares authorized, respectively; 63,128,273 shares issued at December 31, 2004 and December 31, 2003)	**631**	631
Warrants	**66,915**	66,915
Additional paid-in-capital	**1,046,515**	1,042,444
Retained earnings	**846,572**	641,502
Accumulated other comprehensive income:		
Accumulated currency translation adjustment, net of income taxes	**93,691**	53,601
Unrealized appreciation of securities, net	**244,675**	170,658
Total stockholders' equity before treasury stock	**2,298,999**	1,975,751
Less treasury shares held of 683,245 and 967,927 at cost at December 31, 2004 and December 31, 2003, respectively	**(19,974)**	(28,028)
Total stockholders' equity	**2,279,025**	1,947,723
Total liabilities and stockholders' equity	**$14,048,129**	$12,113,374

See accompanying notes to consolidated financial statements.

(Dollars in thousands, except per share data)

TWELVE MONTHS ENDED DECEMBER 31,	**2004**	2003	2002
Revenues:			
Net premiums	**$3,347,448**	$2,643,163	$1,980,666
Investment income, net of related expenses	**580,528**	465,579	374,512
Realized investment gains (losses), net	**29,473**	5,360	(14,651)
Change in value of embedded derivatives	**26,104**	43,596	–
Other revenues	**55,366**	47,300	41,436
Total revenues	**4,038,919**	3,204,998	2,381,963
Benefits and Expenses:			
Claims and other policy benefits	**2,678,537**	2,108,431	1,539,464
Interest credited	**198,931**	179,702	126,715
Policy acquisition costs and other insurance expenses	**591,029**	458,165	391,504
Change in deferred acquisition costs associated with change in value of embedded derivatives	**22,896**	30,665	–
Other operating expenses	**139,896**	119,636	94,786
Interest expense	**38,437**	36,789	35,516
Total benefits and expenses	**3,669,726**	2,933,388	2,187,985
Income from continuing operations before income taxes	**369,193**	271,610	193,978
Provision for income taxes	**123,893**	93,291	65,515
Income from continuing operations	**245,300**	178,319	128,463
Discontinued operations:			
Loss from discontinued accident and health operations, net of income taxes	**(23,048)**	(5,723)	(5,657)
Income before cumulative effect of change in accounting principle	**222,252**	172,596	122,806
Cumulative effect of change in accounting principle, net of income taxes	**(361)**	545	–
Net income	**$ 221,891**	$ 173,141	$ 122,806
Basic Earnings Per Share:			
Income from continuing operations	**$ 3.94**	$ 3.47	$ 2.60
Discontinued operations	**(0.37)**	(0.11)	(0.11)
Cumulative effect of change in accounting principal	**(0.01)**	0.01	–
Net income	**$ 3.56**	$ 3.37	$ 2.49
Diluted Earnings Per Share:			
Income from continuing operations	**$ 3.90**	$ 3.46	$ 2.59
Discontinued operations	**(0.37)**	(0.11)	(0.12)
Cumulative effect of change in accounting principal	**(0.01)**	0.01	–
Net income	**$ 3.52**	$ 3.36	$ 2.47
Dividends Declared Per Share	**$ 0.27**	$ 0.24	$ 0.24

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

TWELVE MONTHS ENDED DECEMBER 31,	**2004**	2003	2002
Cash Flows from Operating Activities:			
Net income	**$ 221,891**	$ 173,141	$ 122,806
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in:			
Accrued investment income	**(9,666)**	(11,480)	(4,958)
Premiums receivable	**50,356**	(166,868)	(95,989)
Deferred policy acquisition costs	**(416,017)**	(596,482)	(274,033)
Reinsurance ceded balances	**29,293**	(38,170)	(41,273)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	**823,621**	1,164,871	460,601
Deferred income taxes	**92,638**	63,895	73,793
Other assets and other liabilities, net	**(9,982)**	23,469	(74,576)
Amortization of net investment discounts and other	**(32,580)**	(40,227)	(35,902)
Realized investment (gains) losses, net	**(29,473)**	(5,360)	14,651
Other, net	**(5,602)**	4,779	14,572
Net cash provided by operating activities	**714,479**	571,568	159,692
Cash Flows from Investing Activities:			
Sales of fixed maturity securities – available for sale	**1,298,647**	1,768,107	2,204,813
Maturities of fixed maturity securities – available for sale	**53,469**	27,623	22,863
Purchases of fixed maturity securities – available for sale	**(1,906,949)**	(2,536,847)	(2,749,069)
Sales of mortgage loans	**13,927**	–	–
Cash invested in mortgage loans of real estate	**(166,747)**	(264,205)	(78,605)
Cash invested in policy loans	**(64,205)**	(67,727)	(70,240)
Cash provided by (invested in) funds withheld at interest	**16,411**	(137,125)	(41,828)
Principal payments on mortgage loans on real estate	**24,710**	12,812	15,069
Principal payments on policy loans	**9,499**	5,991	3,780
Change in short-term investments and other invested assets	**(50,382)**	(93,857)	110,717
Net cash used in investing activities	**(771,620)**	(1,285,228)	(582,500)
Cash Flows from Financing Activities:			
Dividends to stockholders	**(16,821)**	(11,940)	(11,854)
Borrowings under credit agreements	**4,600**	64,662	1,610
Proceeds from offering of common stock, net	**–**	426,701	–
Purchase of treasury stock	**–**	–	(6,594)
Exercise of stock options	**7,162**	14,467	3,782
Excess deposits on universal life and other investment type policies and contracts	**125,922**	210,160	300,761
Net cash provided by financing activities	**120,863**	704,050	287,705
Effect of exchange rate changes	**3,787**	6,095	(3,466)
Change in cash and cash equivalents	**67,509**	(3,515)	(138,569)
Cash and cash equivalents, beginning of period	**84,586**	88,101	226,670
Cash and cash equivalents, end of period	**$ 152,095**	$ 84,586	$ 88,101
Supplementary information:			
Cash paid for interest	**$ 37,883**	$ 35,873	$ 34,687
Cash paid for income taxes	**$ 28,638**	$ 8,043	$ 17,403
Non-cash transfer from funds withheld at interest to fixed maturity securities	**$ 606,040**	$ –	$ –

See accompanying notes to consolidated financial statements.

(in thousands)

	Preferred Stock	Common Stock	Warrants
Balance, January 1, 2002	$ –	$511	$66,915
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Purchase of treasury stock			
Reissuance of treasury stock			
Balance, December 31, 2002	–	511	66,915
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Issuance of common stock, net of expenses		120	
Reissuance of treasury stock			
Balance, December 31, 2003	–	631	66,915
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Reissuance of treasury stock			
Balance, December 31, 2004	$ –	$631	$66,915

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Additional Paid In Capital	Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income	Treasury Stock	Total
$ 611,806	$369,349		$ (6,175)	$(36,818)	$1,005,588
	122,806	$122,806			122,806
		6,803			6,803
		102,855			102,855
		109,658	109,658		
		$232,464			
	(11,854)				(11,854)
				(6,594)	(6,594)
1,236				1,623	2,859
613,042	480,301		103,483	(41,789)	1,222,463
	173,141	$173,141			173,141
		52,886			52,886
		67,890			67,890
		120,776	120,776		
		$293,917			
	(11,940)				(11,940)
426,581					426,701
2,821				13,761	16,582
1,042,444	641,502		224,259	(28,028)	1,947,723
	221,891	$221,891			221,891
		40,090			40,090
		74,017			74,017
		114,107	114,107		
		$335,998			
	(16,821)				(16,821)
4,071				8,054	12,125
$1,046,515	$846,572		$338,366	$(19,974)	$2,279,025

For the years ended December 31, 2004, 2003, and 2002

NOTE 1 Organization

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company that was formed on December 31, 1992. As of December 31, 2004, General American Life Insurance Company ("General American"), a Missouri life insurance company, directly owned approximately 51.6% of the outstanding shares of common stock of RGA. General American is a wholly-owned subsidiary of MetLife, Inc., a New York-based insurance and financial services holding company.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA, RGA Reinsurance Company ("RGA Reinsurance"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada"), RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance UK Limited ("RGA UK") as well as several other subsidiaries, subject to an ownership position of greater than fifty percent (collectively, the "Company").

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

NOTE 2 Summary of Significant Accounting Policies

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

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

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

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

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

Unrealized gains and losses on marketable equity securities and fixed maturity securities classified as available for sale, less applicable deferred income taxes as well as related adjustments to deferred acquisition costs, if applicable, are reflected as a direct charge or credit to accumulated other comprehensive income in stockholders' equity on the consolidated balance sheets.

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

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

Policy loans are reported at the unpaid principal balance.

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

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

Change in value of embedded derivatives reflects the change in the market value of specific financial instruments as required upon the adoption of SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments."

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

The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company uses both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of derivatives historically has not been significant to its financial position. Income or expense on derivative financial instruments used to manage interest-rate exposure is recorded on an accrual basis as an adjustment to the yield of the related interest-earning assets or interest-bearing liabilities for the periods covered by the contracts. Upon sale, exercise, expiration or termination, gains or losses on derivatives accounted for as cash flow hedges are reclassified from accumulated other comprehensive income into earnings in the same period or periods during which the hedged transaction affects earnings. As of December 31, 2004 and 2003, the Company did not hold any derivatives accounted for as cash flow hedges. At December 31, 2004, the Company held customized over-the-counter derivatives with a notional amount of $6.4 million, which are carried at a fair value of $1.2 million. Changes in the fair value of these derivatives are recorded as investment income on the consolidated statements of income. It is the Company's policy to enter into derivative contracts primarily with highly rated companies.

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

Premiums Receivable. Premiums are accrued when due and in accordance with information received from the ceding company. When a ceding company fails to report information on a timely basis, the Company reflects accruals based on the terms of the reinsurance treaty as well as historical experience. Other management estimates include adjustments for lapsed premiums given historical experience, the financial health of specific ceding companies, collateral value and the legal right of offset on related amounts (i.e. allowances and claims) owed to the ceding company. Under the legal right of offset provisions in its reinsurance treaties, the Company can withhold payments for allowances and claims for unpaid premiums. Based on its review of these factors and historical experience, the Company did not believe a provision for doubtful accounts was necessary as of December 31, 2004 or 2003.

Deferred Policy Acquisition Costs. Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. The Company performs periodic tests to establish that DAC remains recoverable, and if financial performance significantly deteriorates to the point where a premium deficiency exists, a cumulative charge to current operations will be recorded. No such adjustments were made during 2004, 2003 or 2002. Deferred costs related to traditional life insurance contracts, substantially all of which relate to long-duration contracts, are amortized over the premium-paying period of the related policies in proportion to the ratio of individual period premium revenues to total anticipated premium revenues over the life of the policy. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

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

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

Goodwill and Value of Business Acquired. The Company accounts for goodwill pursuant to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142. Accordingly, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. From 2002 through 2004, there were no changes to goodwill as a result of acquisitions or disposals. Goodwill as of December 31, 2004 and 2003 totaled $7.0 million and was related to the purchase by the Company's U.S. operations of RGA Financial Group L.L.C. in 2000. The value of business acquired is amortized in proportion to the ratio of annual premium revenues to total anticipated premium revenues or in relation to the present value of estimated profits. Anticipated premium revenues have been estimated using assumptions consistent with those used in estimating reserves for future policy benefits. The carrying value is reviewed periodically for indicators of impairment in value. The value of business acquired was approximately $4.5 million and $5.8 million, including accumulated amortization of $8.9 million and $7.6 million, as of December 31, 2004 and 2003, respectively. The value of business acquired amortization expense for the years ended December 31, 2004, 2003 and 2002 was $1.3 million, $1.7 million and $2.2 million, respectively. These amortized balances are included in other assets on the consolidated balance sheets. Amortization of the value of business acquired is estimated to be $1.0 million, $0.8 million, $0.6 million, $0.4 million and $0.4 million during 2005, 2006, 2007, 2008 and 2009, respectively.

Other Assets. In addition to the goodwill and value of business acquired previously discussed, other assets primarily includes separate accounts, unamortized debt issuance costs, capitalized software, and other capitalized assets. Capitalized software is stated at cost, less accumulated amortization. Purchased software costs, as well as internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. As of December 31, 2004 and 2003, the Company had unamortized computer software costs of approximately $20.3 million and $19.0 million, respectively. During 2004, 2003 and 2002, the Company amortized computer software costs of $2.2 million, $0.5 million and $0.3 million, respectively.

Future Policy Benefits and Interest-Sensitive Contract Liabilities. Liabilities for future benefits on life policies are established in an amount adequate to meet the estimated future obligations on policies in force. Liabilities for future policy benefits under long-term life insurance policies have been computed based upon expected investment yields, mortality and withdrawal (lapse) rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. Interest rates range from 2.5% to 7.2%. The mortality and withdrawal assumptions are based on the Company's experience as well as industry experience and standards. Liabilities for future benefits on interest-sensitive life and investment-type contract liabilities are carried at the accumulated contract holder values without reduction for potential surrender or withdrawal charges.

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

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

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

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

Other Policy Claims and Benefits. Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. The time lag from the date of the claim or death to when the ceding company reports the claim to the Company can vary significantly by ceding company and business segment, but generally averages around 2.5 months on a consolidated basis. The Company updates its analysis of incurred but not reported, including lag studies, on a quarterly basis and adjusts its claim liabilities accordingly. The adjustments in a given period are generally not significant relative to the overall policy liabilities and may result in an increase or decrease in liabilities.

Other Liabilities. Liabilities primarily related to investments in transit, separate accounts, employee benefits, and current federal income taxes payable are included in other liabilities on the consolidated balance sheets. The Company occasionally enters into sales of investment securities under agreements to repurchase the same securities. These transactions are reported as collateralized financings and the repurchase obligation is a component of other liabilities. At December 31, 2004 and 2003, there were no repurchase agreements outstanding.

Income Taxes. RGA and its eligible U.S. subsidiaries file a consolidated federal income tax return. The U.S. consolidated tax return includes RGA, RGA Americas Reinsurance Company, Ltd., RGA Reinsurance, RGA Barbados, RGA Technology Partners, Inc., RCM and Fairfield Management Group, Inc. ("Fairfield"). Due to rules that affect the ability of an entity to join in a consolidated tax return, RGA Sigma Reinsurance SPC files a separate tax return, even though it is considered a U.S. taxpayer. The Company's Argentine, Australian, Canadian, Malaysian, South African, Irish and United Kingdom subsidiaries are taxed under applicable local statutes. The Company's branch operations are taxable under U.S. tax law and applicable local statutes.

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

Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. During December 2001, RGA Capital Trust I (the "Trust"), a wholly-owned subsidiary of RGA, sold Preferred Income Equity Redeemable Securities ("PIERS") Units. Each unit consists of a preferred security ("Preferred Securities") issued by the Trust with a detachable warrant to purchase 1.2508 shares of RGA common stock. The Trust sold 4.5 million PIERS units. The market value of the Preferred Securities on the date issued ($158.1 million) was recorded in liabilities on the consolidated balance sheets under the caption "Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures." The coupon rate of the Preferred Securities is 5.75% on a face amount of $225.0 million.

Warrants. The market value of the detachable warrants on the date the PIERS units were issued is recorded in stockholders' equity on the consolidated balance sheets under the caption "Warrants." In the aggregate as of December 31, 2004, 4.5 million warrants to purchase approximately 5.6 million shares of Company common stock at a price per share of $39.98 were outstanding. If on any date after December 18, 2004, the closing price of RGA common stock exceeds and has exceeded a price per share equal to $47.97 for at least 20 trading days within the immediately preceding 30 consecutive trading days, the Company may redeem the warrants in whole for cash, RGA common stock, or a combination of cash and RGA common stock.

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

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

In the normal course of business, the Company seeks to limit its exposure to losses on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance (quota share) contracts. Effective July 1, 2003, the Company increased its retention amount from $4.0 million of coverage per individual life to $6.0 million. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on an automatic or facultative basis. The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate capital requirements created by this business.

Various RGA insurance subsidiaries retrocede amounts in excess of their retention to RGA Reinsurance, RGA Barbados and RGA Americas. Retrocessions are arranged through the Company's retrocession pools for amounts in excess of the Company's retention limit. As of December 31, 2004, all rated retrocession pool participants followed by the A.M. Best Company were rated "B++" or better. For a majority of the retrocessionaires that were not rated, security in the form of letters of credit or trust assets has been given as additional security in favor of RGA Reinsurance. In addition, the Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance.

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

Recognition of Revenues and Related Expenses. Life and health premiums are recognized as revenue when due from the insured, and are reported net of amounts retroceded. Benefits and expenses are reported net of amounts retroceded and are associated with earned premiums so that profits are recognized over the life of the related contract. This association is accomplished through the provision for future policy benefits and the amortization of deferred policy acquisition costs. Other revenue includes items such as treaty recapture fees, and profit and risk fees associated with financial reinsurance. Any fees that are collected in advance of the period benefited are deferred and recognized over the period benefited. Initial reserve changes are netted against premiums when an in force block of business is reinsured.

For certain reinsurance transactions involving in force blocks of business, the ceding company pays a premium equal to the initial required reserve (future policy benefit). In such transactions, for income statement presentation, the Company nets the expense associated with the establishment of the reserve on the consolidated balance sheet against the premiums from the transaction.

Revenues for interest-sensitive and investment-type products consist of investment income, policy charges for the cost of insurance, policy administration, and surrenders that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Deferred policy acquisition costs are recognized as expenses over the term of the policies. Policy benefits and claims that are charged to expenses include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest-crediting rates for interest-sensitive products were 4.5%, 4.7% and 4.2%, during 2004, 2003 and 2002, respectively. Interest crediting rates for U.S. dollar-denominated investment-type contracts ranged from 2.8% to 5.9% during 2004, 4.0% to 9.5% during 2003 and 2.8% to 6.8% during 2002. Weighted average interest crediting rates for Mexican peso-denominated investment-type contracts were 5.0%, 21.8% and 15.9% for 2004, 2003 and 2002, respectively.

Investment income is recognized as it accrues or is legally due. Realized gains and losses on sales of investments are included in net income, as are write-downs of investments where declines in value are deemed to be other than temporary in nature. The cost of investments sold is determined based upon the specific identification method.

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

New Accounting Pronouncements. In December 2004, FASB revised SFAS No. 123 *Accounting for Stock Based Compensation* ("SFAS 123") to *Share-Based Payment* ("SFAS 123(r)"). SFAS 123(r) provides more guidance on determining whether certain financial instruments awarded in share-based payment transactions are liabilities. SFAS 123(r) also requires that the cost of all share-based transactions should be recorded in the financial statements. The revised pronouncement must be adopted by the Company by July 1, 2005. The Company expects SFAS 123(r) will increase compensation expense by $1.8 million in 2005 and $1.5 million in 2006.

In March 2004, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached further consensus on Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-1"). EITF 03-1 provides accounting guidance regarding the determination of when an impairment of debt and marketable equity securities and investments accounted for under the cost method should be considered other-than-temporary and recognized in income. An EITF 03-1 consensus reached in November 2003 also requires certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities, that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized." The Company has complied with the disclosure requirements of EITF 03-1 which were effective December 31, 2003. The accounting guidance of EITF 03-1 relating to the recognition of investment impairment which was to be effective in the third quarter of 2004 has been delayed pending the development of additional guidance. The Company is actively monitoring the deliberations relating to this issue at the FASB and currently is unable to determine the impact of EITF 03-1 on its consolidated financial statements. In conformity with existing generally accepted accounting principles, the Company's gross unrealized losses totaling $15.9 million at December 31, 2004 are reflected as a component of other comprehensive income on the consolidated balance sheet. Depending on the ultimate guidance issued by the FASB, including guidance regarding management's assertion about intent and ability to hold available-for-sale investment securities, the Company could be required to report these unrealized losses in a different manner, including possibly reflecting these unrealized losses in the consolidated income statement as other-than-temporary impairments, even if the unrealized losses are attributable solely to interest rate movements.

In March 2004, the EITF reached consensus on Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128" ("EITF 03-6"). EITF 03-6 provides guidance in determining whether a security should be considered a participating security for purposes of computing earnings per share and how earnings should be allocated to the participating security. EITF 03-6, which was effective for the Company in the second quarter of 2004, did not have an impact on the Company's earnings per share calculations.

In March 2004, the EITF reached consensus on Issue No. 03-16, "Accounting for Investments in Limited Liability Companies" ("EITF 03-16"). EITF 03-16 provides guidance regarding whether a limited liability company should be viewed as similar to a corporation or similar to a partnership for purposes of determining whether a noncontrolling investment should be accounted for using the cost method or the equity method of accounting. EITF 03-16, did not have a material impact on the Company's consolidated financial statements.

In December 2003, the FASB revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits—an Amendment of FASB Statements No. 87, 88 and 106" ("SFAS 132(r)"). SFAS 132(r) retains most of the disclosure requirements of SFAS 132 and requires additional disclosure about assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined postretirement plans. SFAS 132(r) was primarily effective for fiscal years ending after December 15, 2003; however, certain disclosures about foreign plans and estimated future benefit payments are effective for fiscal years ending after June 15, 2004. The Company's adoption of SFAS 132(r) on December 31, 2003 did not have a significant impact on its consolidated financial statements since it only revised disclosure requirements.

Effective July 1, 2004, the Company adopted FASB Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-2"), which provides accounting guidance to a sponsor of a post-retirement health care plan that provides prescription drug benefits. The impact of the Company's application of FSP 106-2 was immaterial.

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. The Company adopted the provisions of SOP 03-1 on January 1, 2004, recording a charge of $0.4 million as a cumulative effect of change in accounting principle.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income. The Company adopted the provisions of Issue B36 during the fourth quarter of 2003 and recorded a net gain of $0.5 million as a cumulative effect of change in accounting principle.

Substantially all of the Company's funds withheld receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2004 and 2003, of which $1.9 billion and $2.0 billion, respectively, are subject to the provisions of Issue B36. Management believes the embedded derivative feature in each of these reinsurance treaties is similar to a total return swap on the assets held by the ceding companies. The Company has developed cash flow models as the basis for estimating the value of the total return swap. The cash flow models are based on the Company's expectations of the future cash flows under the reinsurance treaties that in turn are driven by the underlying annuity contracts. The fair value of the total return swap is affected by changes, both actual and expected, in the cash flows of the underlying annuity contracts, changes in credit risk associated with the assets held by the ceding company and changes in interest rates. The change in fair value, which is a non-cash item, also affects the amortization of deferred acquisition costs since the Company is required to include it in its expectation of gross profits. At December 31, 2004 and 2003, the fair value of the embedded derivative totaled $42.8 million and $42.7 million, respectively, and is included in the funds withheld at interest line item on the consolidated balance sheet. Subsequent to the initial adoption of Issue B36, the change in the market value of the underlying is recorded in the consolidated statement of income as change in value of embedded derivatives. Industry standards and practices continue to evolve related to valuing these types of embedded derivative features.

In addition to its annuity contracts, the Company has entered into various financial reinsurance treaties on a funds withheld and modified coinsurance basis. These treaties do not transfer significant insurance risk and are recorded on a deposit method of accounting with the Company earning a net fee. As a result of the experience refund provisions contained in these treaties, the value of the embedded derivatives in these contracts is currently considered immaterial. The Company monitors the performance of these treaties on a quarterly basis. Significant adverse performance or losses on these treaties may result in a loss associated with the embedded derivative.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," which requires the consolidation by a business enterprise of variable interest entities if the business enterprise is the primary beneficiary. FIN 46 was effective January 31, 2003, for the Company with respect to interests in variable interest entities obtained after that date. With respect to interests in variable interest entities existing prior to February 1, 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), which extended the effective date of FIN 46 to the period ending March 31, 2004. The Company adopted the provisions of FIN 46 as of March 31, 2004 and is not required to consolidate any material interests in variable interest entities.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123."

Effective January 1, 2003, the Company prospectively adopted the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company formerly applied the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). For the year ended December 31, 2004 and 2003, the Company recorded pre-tax stock-based compensation expense of approximately $3.9 million and $1.7 million, respectively. See Note 17, "Equity Based Compensation," for pro forma information.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform to the 2004 presentation.

NOTE 3 Stock Transactions

On November 13, 2003, RGA issued 10,500,000 shares of its common stock at $36.65 per share. On December 4, 2003, underwriters for the public offering exercised their entire option to purchase an additional 1,575,000 newly issued shares of common stock, also at a price of $36.65 per share. After giving effect to the exercise of the option, RGA sold 12,075,000 shares of its common stock and received proceeds of approximately $426.7 million, net of expenses. MetLife, Inc. purchased 3,000,000 of these newly issued shares.

On January 23, 2002, the Board of Directors approved a stock repurchase program authorizing the Company to purchase up to $50 million of its shares of stock, as conditions warrant. The Board's action allows management, at its discretion, to purchase shares on the open market. As of December 31, 2004, the Company purchased 225,500 shares under this program at an aggregate cost of $6.6 million. Purchased shares are held as treasury stock. All purchases were made during 2002. The Company generally uses treasury shares to support the future exercise of options granted under its stock option plans.

NOTE 4 Significant Transaction

During December 2003, the Company completed a large coinsurance agreement with Allianz Life Insurance Company of North America ("Allianz Life"). Under this agreement, RGA Reinsurance assumed the traditional life reinsurance business of Allianz Life, including yearly renewable term reinsurance and coinsurance of term policies. The business assumed does not include any accident and health risk, annuities or related guaranteed minimum death benefits or guaranteed minimum income benefits. This transaction adds additional scale to the Company's U.S. traditional business, but does not significantly add to the Company's client base since most of the underlying ceding companies are already our clients. The Company agreed to use commercially reasonable efforts to novate the underlying treaties from Allianz Life to RGA Reinsurance and as of December 31, 2004, approximately 96.2% of the client companies, representing approximately 95.7% of the business in force, had novated. Novation results in the underlying client companies reinsuring the business directly to RGA Reinsurance versus passing through Allianz Life. Once novated, it becomes more difficult for the Company to distinguish the performance of the novated treaties from the rest of the Company's traditional life reinsurance business.

The transaction was effective retroactive to July 1, 2003. Under the agreement, Allianz Life transferred to RGA Reinsurance $425.7 million in cash and statutory reserves. RGA Reinsurance paid Allianz Life a ceding commission of $310.0 million. As a result of this transaction, during the fourth quarter of 2003 our U.S. traditional sub-segment reflected $246.1 million in net premiums and approximately $6.8 million of net income, after tax. Additionally, as of December 31, 2003, we reflected $217.6 million in invested assets and cash, $264.0 million in deferred policy acquisition costs and $455.5 million in future policy benefits on our consolidated balance sheet.

NOTE 5 Investments

Major categories of net investment income consist of the following (in thousands):

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Fixed maturity securities available-for-sale	**$288,528**	$228,260	$203,534
Mortgage loans on real estate	**34,045**	23,599	14,385
Policy loans	**54,309**	59,883	59,058
Funds withheld at interest	**199,094**	144,975	89,831
Short-term investments	**1,314**	2,501	3,393
Other invested assets	**12,988**	12,820	7,290
Investment revenue	**590,278**	472,038	377,491
Investment expense	**9,750**	6,459	2,979
Net investment income	**$580,528**	$465,579	$374,512

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities and equity securities at December 31, 2004 and 2003 are as follows (in thousands):

2004	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Available-for-sale:				
Commercial and industrial	**$1,629,094**	**$ 76,927**	**$ 5,559**	**$1,700,462**
Public utilities	**844,099**	**140,163**	**1,450**	**982,812**
Asset-backed securities	**132,417**	**4,167**	**388**	**136,196**
Canadian and Canadian provincial governments	**561,041**	**116,257**	**174**	**677,124**
Mortgage-backed securities	**1,381,185**	**27,047**	**4,409**	**1,403,823**
Finance	**873,249**	**37,052**	**3,282**	**907,019**
U.S. government and agencies	**44,585**	**338**	**184**	**44,739**
Other foreign government securities	**169,087**	**2,885**	**451**	**171,521**
Total fixed maturity securities	**$5,634,757**	**$404,836**	**$15,897**	**$6,023,696**
Equity securities	**$ 171,430**	**$ 6,597**	**$ 453**	**$ 177,574**

2003	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Commercial and industrial	$1,162,516	$ 53,545	$ 7,599	$1,208,462
Public utilities	663,491	102,479	2,567	763,403
Asset-backed securities	74,323	3,835	295	77,863
Canadian and Canadian provincial governments	440,207	73,336	1,276	512,267
Mortgage-backed securities	950,120	23,776	4,253	969,643
Finance	694,579	38,574	2,733	730,420
U.S. government and agencies	173,002	1,170	317	173,855
Other foreign government securities	140,359	766	1,303	139,822
Total fixed maturity securities	$4,298,597	$297,481	$20,343	$4,575,735
Equity securities	$ 142,486	$ 5,689	$ 194	$ 147,981

As of December 31, 2004, the Company held securities with a market value of $535.7 million issued by the Federal Home Loan Mortgage Corporation, $290.5 million issued by the Federal National Mortgage Corporation, $318.4 million in one entity that were guaranteed by a Canadian province and $260.2 million that were issued by a Canadian province, all of which exceeded 10% of consolidated stockholders' equity. As of December 31, 2003, the Company held securities with a market value of $339.7 million issued by the Federal Home Loan Mortgage Corporation, $221.9 million issued by the Federal National Mortgage Corporation, and $269.6 million in one entity that was guaranteed by a Canadian province, all of which exceeded 10% of consolidated stockholders' equity.

Common and non-redeemable preferred equity investments and derivative financial instruments are included in other invested assets in the Company's consolidated balance sheet. Derivative financial instruments are carried at market value, approximately $1.2 million and $6.7 million at December 31, 2004 and 2003, respectively.

The amortized cost and estimated fair value of fixed maturity securities available-for-sale at December 31, 2004 are shown by contractual maturity for all securities except certain U.S. government agencies securities, which are distributed to maturity year based on the Company's estimate of the rate of future prepayments of principal over the remaining lives of the securities. These estimates are developed using prepayment rates provided in broker consensus data. Such estimates are derived from prepayment rates experienced at the interest rate levels projected for the applicable underlying collateral and can be expected to vary from actual experience. Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2004, the contractual maturities of investments in fixed maturity securities were as follows (in thousands):

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	**$ 94,271**	**$ 94,806**
Due after one year through five years	**696,064**	**716,847**
Due after five years through ten years	**1,561,028**	**1,624,963**
Due after ten years	**1,769,792**	**2,047,061**
Asset and mortgage-backed securities	**1,513,602**	**1,540,019**
	$5,634,757	**$6,023,696**

Net realized investment gains (losses) consist of the following (in thousands):

YEARS ENDED DECEMBER 31,	2004	2003	2002
Fixed maturities and equity securities available-for-sale:			
Realized gains	**$ 48,306**	$ 52,602	$ 64,060
Realized losses	**(21,038)**	(45,742)	(79,005)
Other, net	**2,205**	(1,500)	294
Net gains (losses)	**$ 29,473**	$ 5,360	$(14,651)

The Company monitors its investment securities to determine impairments in value. The Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. Based on management's judgment, securities with an other-than-temporary impairment in value are written down to management's estimate of fair value. Included in net realized losses are other-than-temporary write-downs of fixed maturity securities of approximately $8.5 million, $20.1 million and $33.9 million in 2004, 2003 and 2002, respectively. The circumstances that gave rise to these impairments were bankruptcy proceedings or deterioration in collateral value supporting certain asset-backed securities. Realized losses included other-than-temporary impairment in value of collateralized bond obligations of $9.7 million and $24.2 million during 2003 and 2002, respectively.

At December 31, 2004, fixed maturity securities held by the Company that were below investment grade had a book value and estimated fair value of approximately $130.5 million and $140.4 million, respectively. At December 31, 2004, the Company owned non-income producing securities with an amortized cost of $15.7 million and market value of $19.0 million. During 2004, 2003 and 2002 the Company sold fixed maturity securities with fair values of $394.0 million, $460.3 million and $466.1 million at losses of $20.6 million, $25.2 million and $44.4 million, respectively.

The following table presents the total gross unrealized losses for 403 and 450 fixed maturity securities and equity securities as of December 31, 2004 and 2003, respectively, where the estimated fair value had declined and remained below amortized cost by the indicated amount (in thousands):

	AT DECEMBER 31, 2004		AT DECEMBER 31,2003	
	Gross Unrealized Losses	% of Total	Gross Unrealized Losses	% of Total
Less than 20%	$16,350	100%	$20,537	100%
20% or more for less than six months	–	–	–	–
20% or more for six months or greater	–	–	–	–
Total	$16,350	100%	$20,537	100%

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and often, fair values recover over time. These securities have generally been adversely affected by overall economic conditions, primarily an increase in the interest rate environment.

The following tables present the estimated fair values and gross unrealized losses for the 403 and 450 fixed maturity securities and equity securities that have estimated fair values below amortized cost as of December 31, 2004 and 2003, respectively. These investments are presented by class and grade of security. The length of time the related market value has remained below amortized cost is provided for fixed maturity securities as of December 31, 2004. As of December 31, 2003, all gross unrealized losses were outstanding less than 12 months.

(in thousands)

	As of December 31, 2004					
	Less than 12 months		Equal to or greater than 12 months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Investment grade securities:						
Commercial and industrial	$268,633	$ 3,591	$48,727	$1,735	$ 317,360	$ 5,326
Public utilities	83,473	1,201	5,714	229	89,187	1,430
Asset-backed securities	38,568	388	–	–	38,568	388
Canadian and Canadian provincial governments	21,497	173	–	–	21,497	173
Mortgage-backed securities	264,617	4,314	–	–	264,617	4,314
Finance	180,990	2,632	22,210	649	203,200	3,281
U.S. government and agencies	30,199	280	–	–	30,199	280
Foreign governments	56,142	451	–	–	56,142	451
Investment grade securities	944,119	13,030	76,651	2,613	1,020,770	15,643
Non-investment grade securities:						
Commercial and industrial	20,667	233	–	–	20,667	233
Public utilities	3,417	20	–	–	3,417	20
Finance	204	1	–	–	204	1
Non-investment grade securities	24,288	254	–	–	24,288	254
Total fixed maturity securities	$968,407	$13,284	$76,651	$2,613	$1,045,058	$15,897
Equity securities	$ 36,619	$ 453	$ –	$ –	$ 36,619	$ 453

(in thousands)

	As of December 31, 2003	
	Less than 12 months	
	Fair Value	Unrealized Losses
Investment grade securities:		
Commercial and industrial	$ 381,730	$ 7,553
Public utilities	126,550	2,517
Asset-backed securities	6,835	295
Canadian and Canadian provincial governments	32,734	1,276
Foreign governments	79,549	1,303
Mortgage-backed securities	299,907	4,253
Finance	144,263	2,733
U.S. government and agencies	34,015	317
Investment grade securities	1,105,583	20,247
Non-investment grade securities:		
Commercial and industrial	654	46
Public utilities	2,945	50
Non-investment grade securities	3,599	96
Total fixed maturity securities	$1,109,182	$20,343
Equity securities	$ 12,703	$ 194

The Company believes that the analysis of each security whose price has been below market for greater than twelve months indicated that the financial strength, liquidity, leverage, future outlook, and the Company's ability and intent to hold the security until recovery support the view that the security was not other-than-temporarily impaired as of December 31, 2004. The unrealized losses did not exceed 10.0% on an individual security basis and are primarily a result of rising interest rates, changes in credit spreads and the long-dated maturities of the securities. Additionally, all of the gross unrealized losses are associated with investment grade securities.

The Company makes mortgage loans on income producing properties, such as apartments, retail and office buildings, light warehouses and light industrial facilities. Loan to value ratios at the time of loan approval are 75 percent or less for domestic mortgages. The distribution of mortgage loans by property type is as follows as of December 31, 2004 (in thousands):

	2004		2003	
	Carrying Value	**Percentage Of Total**	Carrying Value	Percentage Of Total
Property type:				
Apartment	**$ 58,298**	**9.57%**	$ 56,581	11.80%
Retail	**133,654**	**21.94%**	98,597	20.57%
Office building	**209,737**	**34.42%**	171,142	35.71%
Industrial	**190,518**	**31.27%**	147,617	30.80%
Other commercial	**17,085**	**2.80%**	5,375	1.12%
Total	**$609,292**	**100.00%**	$479,312	100.00%

All of the Company's mortgage loans are amortizing loans. As of December 31, 2004 and 2003, the Company's mortgage loans were distributed as follows (in thousands):

	2004		2003	
	Carrying Value	**Percentage Of Total**	Carrying Value	Percentage Of Total
United States:				
Alabama	**$ 9,700**	**1.59%**	$ –	–
Arizona	**29,193**	**4.79%**	26,030	5.43%
California	**137,153**	**22.51%**	102,296	21.33%
Colorado	**21,527**	**3.53%**	20,643	4.31%
Connecticut	**2,021**	**0.33%**	–	–
Florida	**50,252**	**8.25%**	45,100	9.41%
Georgia	**39,458**	**6.48%**	31,882	6.65%
Illinois	**52,478**	**8.61%**	28,595	5.97%
Indiana	**11,094**	**1.82%**	11,438	2.39%
Kansas	**21,372**	**3.51%**	13,633	2.84%
Louisiana	**5,139**	**0.84%**	5,269	1.10%
Maine	**9,752**	**1.60%**	4,980	1.04%
Maryland	**10,822**	**1.78%**	6,949	1.45%
Massachusetts	**12,174**	**2.00%**	–	–
Missouri	**12,923**	**2.12%**	14,199	2.96%
Nevada	**9,819**	**1.61%**	11,155	2.33%
New Hampshire	**2,330**	**0.38%**	2,377	0.50%
New Jersey	**20,810**	**3.42%**	16,159	3.37%
New Mexico	**3,832**	**0.63%**	3,900	0.81%
New York	**6,771**	**1.11%**	3,605	0.75%
North Carolina	**20,669**	**3.39%**	22,958	4.79%
Ohio	**3,828**	**0.63%**	–	–
Oregon	**5,735**	**0.94%**	5,849	1.22%
Pennsylvania	**–**	**–**	5,451	1.14%
Rhode Island	**5,547**	**0.91%**	5,266	1.10%
South Dakota	**7,221**	**1.19%**	7,365	1.54%
Texas	**23,080**	**3.79%**	20,943	4.37%
Virginia	**38,326**	**6.29%**	31,883	6.65%
Washington	**28,512**	**4.68%**	23,017	4.80%
Wisconsin	**7,754**	**1.27%**	8,370	1.75%
Total	**$609,292**	**100.00%**	$479,312	100.00%

All mortgage loans are performing and no valuation allowance had been established as of December 31, 2004 and 2003.

The maturities of the mortgage loans are as follows (in thousands):

	2004	2003
Due one year through five years	**$ 97,880**	$105,179
Due after five years	**388,744**	297,321
Due after ten years	**122,668**	76,812
Total	**$609,292**	$479,312

Policy loans comprised approximately 9.1% and 10.2% of the Company's investments as of December 31, 2004 and 2003, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds withheld at interest comprised approximately 25.9% and 30.6% of the Company's investments as of December 31, 2004 and 2003, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance funds withheld basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company and are reflected as funds withheld at interest on RGA's consolidated balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. In most cases, the Company is subject to the investment performance on the funds withheld assets, although it does not control them. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance.

NOTE 6 Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2004 and 2003. SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," as amended, defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties (in thousands):

	2004		2003	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Assets:				
Fixed maturity securities	**$6,023,696**	**$6,023,696**	$4,575,735	$4,575,735
Mortgage loans on real estate	**609,292**	**631,970**	479,312	499,102
Policy loans	**957,564**	**957,564**	902,857	902,857
Funds withheld at interest	**2,734,655**	**2,788,237**	2,717,278	2,799,062
Short-term investments	**31,964**	**31,964**	28,917	28,917
Other invested assets	**207,054**	**201,829**	179,320	174,646
Liabilities:				
Interest-sensitive contract liabilities	**$4,900,600**	**$4,438,784**	$4,170,591	$3,900,244
Long-term and short-term debt	**405,782**	**431,388**	398,146	421,735
Company-obligated mandatorily redeemable preferred securities	**158,417**	**223,451**	158,292	194,490

Publicly traded fixed maturity securities are valued based upon quoted market prices. Private placement securities are valued based on the credit quality and duration of marketable securities deemed comparable by the Company's investment advisor, which may be of another issuer. The fair value of mortgage loans on real estate is estimated using discounted cash flows. Policy loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves. The carrying value of funds withheld at interest approximates fair value except where the funds withheld are specifically identified in the agreement. The carrying value of short-term investments at December 31, 2004 and 2003 approximates fair value. Common and preferred equity investments and derivative financial instruments included in other invested assets are reflected at fair value on the consolidated balance sheet, while limited partnership interests are carried at cost.

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

NOTE 7 Reinsurance

Retrocession reinsurance treaties do not relieve the Company from its obligations to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company. Consequently, allowances would be established for amounts deemed uncollectible. At December 31, 2004 and 2003, no allowances were deemed necessary. The Company regularly evaluates the financial condition of its reinsurers / retrocessionaires.

The effect of reinsurance on net premiums and amounts earned is as follows (in thousands):

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Direct	**$ 4,930**	$ 3,966	$ 4,986
Reinsurance assumed	**3,644,472**	2,918,488	2,325,512
Reinsurance ceded	**(301,954)**	(279,291)	(349,832)
Net premiums and amounts earned	**$3,347,448**	$2,643,163	$1,980,666

The effect of reinsurance on policyholder claims and other policy benefits is as follows (in thousands):

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Direct	**$ 4,299**	$ 8,272	$ 3,330
Reinsurance assumed	**2,945,413**	2,350,135	1,744,630
Reinsurance ceded	**(271,175)**	(249,976)	(208,496)
Net policyholder claims and benefits	**$2,678,537**	$2,108,431	$1,539,464

At December 31, 2004 and 2003, there were no reinsurance ceded receivables associated with a single reinsurer with a carrying value in excess of 5% of total assets.

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

	Direct	Assumed	Ceded	Net	Assumed/ Net %
Life insurance in force:					
December 31, 2004	**$76**	**$1,458,827**	**$161,978**	**$1,296,925**	**112.48%**
December 31, 2003	75	1,252,161	254,822	997,414	125.54%
December 31, 2002	75	758,875	162,395	596,555	127.21%

At December 31, 2004, the Company has provided approximately $1.5 billion of statutory financial reinsurance, as measured by pre-tax statutory surplus, to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and to enhance ceding companies' financial strength. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are collateralized by future profits on the reinsured business. The Company retrocedes the majority of the assumed financial reinsurance. The Company earns a fee based on the amount of net outstanding financial reinsurance.

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time, generally 10 years, or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding company the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2004, these treaties had approximately $326.8 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of $808.2 million were held in trust to satisfy collateral requirements for reinsurance business for the benefit of certain subsidiaries of the Company at December 31, 2004. Additionally, securities with an amortized cost of $1,608.1 million, as of December 31, 2004, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Additionally, under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another or make payments under the treaty. These conditions include change in control of the subsidiary, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary.

NOTE 8 Deferred Policy Acquisition Costs

The following reflects the amounts of policy acquisition costs deferred and amortized (in thousands):

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Deferred policy acquisition costs:			
Assumed	**$2,321,731**	$1,835,923	$1,162,256
Retroceded	**(95,757)**	(78,827)	(77,320)
Net	**$2,225,974**	$1,757,096	$1,084,936

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Beginning of year	**$1,757,096**	$1,084,936	$ 800,319
Capitalized			
Assumed	**915,071**	1,045,932	615,431
Retroceded	**(15,296)**	(23,772)	(23,001)
Amortized			
Assumed	**(406,367)**	(343,368)	(314,146)
Allocated to change in value of embedded derivatives	**(22,896)**	(28,897)	–
Retroceded	**(1,634)**	22,265	6,333
End of year	**$2,225,974**	$1,757,096	$1,084,936

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

NOTE 9 Income Tax

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

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Current income tax expense (benefit)	**$ 22,351**	$27,347	$(14,412)
Deferred income tax expense	**80,764**	46,313	57,221
Foreign current tax expense	**8,904**	2,048	6,134
Foreign deferred tax expense	**11,874**	17,583	16,572
Provision for income taxes	**$123,893**	$93,291	$ 65,515

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

YEARS ENDED DECEMBER 31,	2004	2003	2002
Tax provision at U.S. statutory rate	**$129,217**	$95,064	$67,892
Increase (decrease) in income taxes resulting from:			
Foreign tax rate differing from U.S. tax rate	**(1,063)**	(2,227)	(124)
Amounts related to audit resolution	**(1,900)**	–	(2,000)
Travel and entertainment	**241**	2	129
Intangible amortization	**–**	–	199
Deferred tax valuation allowance	**(2,602)**	556	(211)
Other, net	**–**	(104)	(370)
Total provision for income taxes	**$123,893**	$93,291	$65,515

Total income taxes were as follows (in thousands):

YEARS ENDED DECEMBER 31,	2004	2003	2002
Income taxes from continuing operations	**$123,893**	$ 93,291	$ 65,515
Tax benefit on discontinued operations	**(12,410)**	(3,082)	(3,066)
Tax effect on cumulative change in accounting principle	**(195)**	293	–
Income tax from stockholders' equity:			
Net unrealized holding gain on debt and equity securities recognized for financial reporting purposes	**39,855**	36,637	51,591
Exercise of stock options	**(1,329)**	(2,919)	(1,943)
Foreign currency translation	**(15,455)**	28,477	(3,664)
Total income taxes provided	**$134,359**	$152,697	$108,433

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31, 2004 and 2003, are presented in the following tables (in thousands):

YEARS ENDED DECEMBER 31,	2004	2003
Deferred income tax assets:		
Nondeductible accruals	**$ 31,877**	$ 23,744
Reserves for policies and investment income differences	**186,454**	140,049
Deferred acquisition costs capitalized for tax	**30,163**	40,711
Net operating loss carryforward	**169,453**	183,340
Foreign tax and AMT credit carryforward	**–**	12,394
Capital loss carryforward	**6,969**	–
Subtotal	**424,916**	400,238
Valuation allowance	**(9,466)**	(12,988)
Total deferred income tax assets	**415,450**	387,250
Deferred income tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	**773,055**	617,492
Differences between tax and financial reporting amounts concerning certain reinsurance transactions	**23,579**	35,474
Differences in foreign currency translation	**13,407**	28,862
Differences in the tax basis of cash and invested assets	**167,394**	144,395
Total deferred income tax liabilities	**977,435**	826,223
Net deferred income tax liabilities	**$561,985**	$438,973

As of December 31, 2004 and 2003, a valuation allowance for deferred tax assets of approximately $9.5 million and $13.0 million, respectively, was provided on the foreign tax credits and net operating and capital losses of RGA Reinsurance, General American Argentina Seguros de Vida, S.A., RGA South Africa, and RGA UK. The Company utilizes valuation allowances when it realizes, based on the weight of the available evidence, that it is more likely than not that the deferred income taxes will not be realized. Except for RGA International Reinsurance Company Ltd., the Company has not recognized a deferred tax liability for the undistributed earnings of its wholly owned foreign subsidiaries because the Company considers these earnings to be permanently reinvested and does not expect these earnings to be repatriated in the foreseeable future.

During 2004, 2003 and 2002, the Company received federal income tax refunds of approximately $1.4 million, $1.6 million and $5.2 million, respectively. The Company made cash income tax payments of approximately $29.9 million, $8.0 million and $17.4 million in 2004, 2003 and 2002, respectively. At December 31, 2004 and 2003, the Company recognized gross deferred tax assets associated with net operating losses of approximately $458.9 million and $487.2 million, respectively, that will expire between 2011 and 2019. However, these net operating losses are expected to be utilized in the normal course of business during the period allowed for carryforwards and in any event, will not be lost due to the application of tax planning strategies that management would utilize.

The Company's tax returns have been audited by the relevant taxing authorities for all years through 2000. The Company believes established tax reserves are adequate in relation to the potential for additional assessments. Once established, reserves are adjusted as information becomes available or when an event requiring a change to the reserve occurs. The resolution of tax matters could have an impact on the Company's effective tax rate.

NOTE 10 Employee Benefit Plans

Most of the Company's U.S. employees participate in a non-contributory qualified defined benefit pension plan sponsored by RGA Reinsurance. The benefits under the pension plan are based on years of service and compensation levels. Certain management individuals participate in several nonqualified defined benefit and defined contribution plans sponsored by RGA Reinsurance. Those plans are unfunded and are deductible for federal income tax purposes when the benefits are paid. The projected obligation was approximately $22.8 million and $18.7 million as of December 31, 2004 and 2003, respectively.

The Company's full time U.S. employees may participate in a defined contribution profit sharing plan. The plan also has a cash or deferred option under Internal Revenue Code section 401(k). The Company's contributions, which are partially tied to RGA's financial results and employee 401(k) contributions, were approximately $2.2 million, $1.9 million and $1.2 million in 2004, 2003 and 2002, respectively.

The Company also provides certain health care and life insurance benefits for retired employees. The health care benefits are provided through a self-insured welfare benefit plan. Employees become eligible for these benefits if they meet minimum age and service requirements. The retiree's cost for health care benefits varies depending upon the credited years of service. The Company recorded benefits expense of approximately $0.7 million for 2004 and 2003, and $0.6 million for 2002, related to these postretirement plans. The projected obligation was approximately $8.6 million and $5.3 million as of December 31, 2004 and 2003, respectively.

(in thousands)

	December 31,			
	Pension Benefits		Other Benefits	
	2004	2003	**2004**	2003
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	**$18,652**	$16,137	**$5,331**	$4,508
Service cost	**1,827**	1,473	**342**	314
Interest cost	**1,274**	1,052	**331**	303
Participant contributions	**–**	–	**15**	11
Actuarial losses	**1,395**	280	**2,664**	265
Benefits paid	**(303)**	(290)	**(100)**	(70)
Projected benefit obligation at end of year	**$22,845**	$18,652	**$8,583**	$5,331

(in thousands)

	December 31,			
	Pension Benefits		Other Benefits	
	2004	2003	**2004**	2003
Change in plan assets:				
Contract value of plan assets at beginning of year	**$ 9,839**	$ 7,725	**$ –**	$ –
Actual return on plan assets	**1,319**	1,857	**–**	–
Employer and participant contributions	**3,028**	564	**100**	70
Benefits paid	**(311)**	(307)	**(100)**	(70)
Contract value of plan assets at end of year	**$13,875**	$ 9,839	**$ –**	$ –
Under funded	**$ (8,970)**	$(8,813)	**$(8,583)**	$(5,331)
Unrecognized net actuarial losses	**2,711**	1,760	**4,234**	1,629
Unrecognized prior service cost	**247**	276	**–**	–
Accrued benefit cost	**$ (6,012)**	$(6,777)	**$(4,349)**	$(3,702)
Qualified plan accrued pension cost	**$ (1,121)**	$(2,445)	**–**	–
Non-qualified plan accrued pension cost	**(5,116)**	(4,482)	**–**	–
Intangible assets	**108**	117	**–**	–
Accumulated other comprehensive income	**117**	33	**–**	–
Accrued benefit cost	**$ (6,012)**	$(6,777)	**–**	–

The aggregate projected benefit obligation and aggregate contract value of plan assets for the pension plans were as follows (in thousands):

	2004		2003	
	Qualified Plan	**Non-Qualified Plan**	Qualified Plan	Non-Qualified Plan
Aggregate projected benefit obligation	**$(17,881)**	**$(4,964)**	$(14,182)	$(4,470)
Aggregate contract value of plan assets	**13,875**	**–**	9,839	–
Underfunded	**$ (4,006)**	**$(4,964)**	$ (4,343)	$(4,470)
Accumulated benefit obligation	**$ 14,344**	**$ 4,070**	$ 11,290	$ 3,349

Weighted average assumptions used to determine the accumulated benefit obligation and net benefit cost or income for the year ended December 31:

	Pension Benefits		Other Benefits	
	2004	2003	**2004**	2003
Discount rate	**6.00%**	6.50%	**6.00%**	6.50%
Expected rate of return on plan assets	**8.50%**	8.75%	**–**	–
Rate of compensation increase	**4.25%**	4.95%	**–**	–

The assumed health care cost trend rates used in measuring the accumulated non-pension post-retirement benefit obligation were as follows:

	December 31, 2004	2003
Pre-Medicare eligible claims	**12% down to 5% in 2012**	10% down to 5% in 2008
Medicare eligible claims	**12% down to 5% in 2012**	10% down to 5% in 2008

Assumed health care cost trend rates may have a significant effect on the amounts reported for health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects (in thousands):

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 180	$ (135)
Effect on accumulated postretirement benefit obligation	$1,782	$(1,477)

The components of net periodic benefit cost were as follows (in thousands):

	Pension Benefits			Other Benefits		
	2004	2003	2002	**2004**	2003	2002
Service cost	**$ 1,827**	$1,473	$1,218	**$342**	$314	$264
Interest cost	**1,274**	1,052	972	**331**	303	261
Expected return on plan assets	**(1,000)**	(643)	(751)	**–**	–	–
Amortization of prior actuarial losses	**133**	141	7	**58**	60	41
Amortization of prior service cost	**30**	30	30	**–**	–	–
Net periodic benefit cost	**$ 2,264**	$2,053	$1,476	**$731**	$677	$566

The Company expects to contribute $1.8 million in pension benefits and $0.1 million in other benefits during 2005.

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid (in thousands):

	Pension Benefits	Other Benefits
2005	$ 1,503	$ 115
2006	2,385	128
2007	1,989	151
2008	2,459	183
2009	2,291	216
2010-2014	13,393	1,608

Results for the Pension and Other Benefits Plans are measured at December 31 for each year presented.

Allocation of the Pension Plan's total plan fair value by asset type:

	2004	2003
Asset Category:		
Equity securities	**76%**	73%
Debt securities	**24%**	27%
Total	**100%**	100%

2005 target range of allocation by asset type of the Pension Plan's total plan fair value on a weighted average basis:

Asset Category:	
Equity securities	65% – 80%
Debt securities	25% – 50%

Target allocations of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

NOTE 11 Related Party Transactions

General American and MetLife have historically provided certain administrative services to RGA and RGA Reinsurance. Such services have included legal, treasury, risk management and corporate travel. The cost for the years ended December 31, 2004, 2003 and 2002 was approximately $1.0 million, $1.0 million and $1.2 million, respectively.

Management does not believe that the various amounts charged for these services would be materially different if they had been incurred from an unrelated third party.

RGA Reinsurance also has a product license and service agreement with MetLife. Under this agreement, RGA has licensed the use of its electronic underwriting product to MetLife and provides Internet hosting services, installation and modification services for the product. The Company recorded revenue under the agreement for the years ended December 31, 2004, 2003 and 2002 of approximately $3.5 million, $3.2 million and $0.4 million, respectively.

The Company also has arms-length direct policies and reinsurance agreements with MetLife and certain of its subsidiaries. As of December 31, 2004, the Company had reinsurance related assets and liabilities from these agreements totaling $143.2 million and $173.3 million, respectively. Prior-year comparable assets and liabilities were $175.0 million and $169.6 million, respectively. Additionally, the Company reflected net premiums of approximately $164.4 million, $157.9 million and $172.8 million in 2004, 2003 and 2002, respectively. The premiums reflect the net of business assumed from and ceded to MetLife and its subsidiaries. The pre-tax gain on this business was approximately $36.5 million, $19.4 million and $23.3 million in 2004, 2003 and 2002, respectively.

NOTE 12 Lease Commitments

The Company leases office space and furniture and equipment under non-cancelable operating lease agreements, which expire at various dates. Future minimum office space annual rentals under non-cancelable operating leases at December 31, 2004 are as follows:

2005	$6.2 million
2006	6.3 million
2007	5.0 million
2008	4.5 million
2009	3.5 million
Thereafter	3.6 million

The amounts above are net of expected sublease income of approximately $0.4 million annually through 2010. Rent expenses amounted to approximately $8.0 million, $6.8 million and $6.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE 13 Financial Condition and Net Income on a Statutory Basis—Significant Subsidiaries

The following table presents selected statutory financial information for the Company's primary life reinsurance legal entities, as of or for the years ended December 31, 2004 , 2003 and 2002 (in thousands):

	Statutory Capital & Surplus		Statutory Net Income (Loss)		
	2004	2003	**2004**	2003	2002
RCM	**$887,694**	$839,731	**$ 6,768**	$ 3,883	$ 1,922
RGA Reinsurance	**869,443**	828,922	**117,378**	(73,285)	13,640
RGA Canada	**276,863**	245,911	**10,637**	18,231	177
RGA Barbados	**138,864**	121,413	**16,203**	19,380	17,481
RGA Americas	**200,683**	155,421	**40,012**	43,796	14,611
Other reinsurance subsidiaries	**136,956**	98,661	**5,057**	(21,326)	557

The total capital and surplus positions of RCM, RGA Reinsurance and RGA Canada exceed the risk-based capital requirements of the applicable regulatory bodies. RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. The applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2005, RCM and RGA Reinsurance could pay maximum dividends, without prior approval, equal to their unassigned surplus, approximately $43.7 million and $88.6 million, respectively. Dividend payments from other subsidiaries are subject to regulations in the country of domicile.

NOTE 14 Commitments and Contingent Liabilities

The Company is currently a party to an arbitration that involves its discontinued accident and health business, including personal accident business (including London market excess of loss business). In addition, the Company is currently a party to litigation that involves the claim of a broker to commissions on a medical reinsurance arrangement. As of January 31, 2005, the companies involved in these litigation actions raised claims, or established reserves that may result in claims, in the amount of $4.4 million, which is $3.7 million in excess of the amounts held in reserve by the Company. The Company generally has little information regarding any reserves established by ceding companies, and must rely on management estimates to establish policy claim liabilities. It is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies that have indicated that they anticipate asserting claims in the future against the Company in the amount of $24.9 million, which is $24.5 million in excess of the amounts held in reserve by the Company as of December 31, 2004. These claims appear to relate to personal accident business (including London market excess of loss business) and workers' compensation carve-out business. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. See Note 20, "Discontinued Operations," for more information. During the third quarter of 2004, the Company's discontinued accident and health operations recorded a $24.0 million pre-tax charge related to the negotiated settlement of all disputed claims associated with its largest identified accident and health exposure. Additionally, from time to time, the Company is subject to litigation and arbitration related to its life reinsurance business and to employment-related matters in the normal course of its business. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

The Company has reinsured privately owned pension funds that were formed as a result of reform and privatization of Argentina's social security system. The Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina during 2001 because of adverse experience on this business, as several aspects of the pension fund claims flow did not develop as was contemplated when the reinsurance programs were initially priced. It is the Company's position that actions of the Argentine government, which may affect future results from this business for the Company, constitute violations of the Treaty on Encouragement and Reciprocal Protection of Investments, between the Argentine Republic and the United States of America, dated November 14, 1991 (the "Treaty"). The Company has filed a request for arbitration of its dispute relating to these violations pursuant to the Washington Convention of 1965 on the Settlement of Investment Disputes under the auspices of the International Centre for Settlement of Investment Disputes of the World Bank (the "ICSID Arbitration"). The request for arbitration was officially registered in November of 2004.

In addition, because of the regulatory action that has accelerated payment of the deferred disability claims, during the third quarter of 2004, the Company formally notified the AFJP ceding companies that it will no longer make claim payments it believes to be artificially inflated, as it has been doing for some time under a reservation of rights, but rather will pay claims only on the basis of the market value of the AFJP fund units. This formal notification could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the contemplated ICSID Arbitration, or litigation or arbitrations that may occur in Argentine in the future, or provide reasonable ranges of potential losses if the Argentine government continues with its present course of action, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's financial statements, would not have a material adverse effect on its consolidated financial position. However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

In the fourth quarter of 2004, the Company increased the amount of liabilities associated with the AFJP business by $10.0 million, so that the overall amount of the liabilities reflects the Company's current estimate of the value of its obligations, and reflects the uncertainty regarding the amount and timing of claims payments and the outcome of any negotiated settlements.

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2004 and 2003, there were approximately $32.6 million and $38.7 million, respectively, of outstanding letters of credit in favor of third-party entities. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas and RGA Barbados. As of December 31, 2004 and 2003, $370.5 million and $396.3 million, respectively, in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed for periods in excess of one year and are based on the Company's ratings and the general availability of these instruments in the marketplace.

RGA has issued guarantees to third parties on behalf of its subsidiaries' performance for the payment of amounts due under certain credit facilities, reinsurance treaties and an office lease obligation, whereby if a subsidiary fails to meet an obligation, RGA or one of its other subsidiaries will make a payment to fulfill the obligation. In limited circumstances, treaty guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new, unrated, or not of a significant size, relative to the ceding company. Liabilities supported by the treaty guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $285.4 million and $188.3 million as of December 31, 2004 and 2003, respectively, and are reflected on the Company's consolidated balance sheet in future policy benefits. Potential guaranteed amounts of future payments will vary depending on production levels and underwriting results. Guarantees related to credit facilities provide additional security to third party banks should a subsidiary fail to make principal and/or interest payments when due. As of December 31, 2004, RGA's exposure related to credit facility guarantees was $56.1 million, the maximum potential guarantee, and is reflected on the consolidated balance sheet in short-term debt. RGA has issued a guarantee on behalf of a subsidiary in the event the subsidiary fails to make payment under its office lease obligation, the exposure of which was insignificant as of December 31, 2004.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Since this indemnity generally is not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount due under this indemnity in the future.

NOTE 15 Long-Term Debt and Preferred Securities

The Company's long-term debt consists of the following (in millions):

	2004	2003
$200 million 6.75% Senior Notes due 2011	**$199.9**	$199.9
$100 million 7.25% Senior Notes due 2006	**99.8**	99.6
Revolving credit facilities	**106.1**	98.6
Total Debt	**$405.8**	$398.1
Less portion due in less than one year	**(56.1)**	–
Long-term debt	**$349.7**	$398.1
$225.0 million 5.75% Preferred Securities due 2051	**$158.4**	$158.3

The Company has revolving credit facilities in the United States, the United Kingdom, and Australia, under which it may borrow up to approximately $231.1 million. As of December 31, 2004, the Company had drawn approximately $106.1 million under these facilities at interest rates ranging from 1.63% to 6.38% during the year. The Company may draw up to $175.0 million on its U.S. revolving credit facility that expires in May 2006. As of December 31, 2004, the Company had $50.0 million outstanding under this facility. Terminations of revolving credit facilities and maturities of senior notes over the next five years total $56.1 million in 2005 and $150.0 million in 2006.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of consolidated net worth ranging from $600 million to $700 million, change of control provisions, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10 million or $25 million depending on the agreement, bankruptcy proceedings, and any other event which results in the acceleration of the maturity of indebtedness. As of December 31, 2004, the Company had $405.8 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. The ability of the Company to make debt principal and interest payments depends on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds.

RGA guarantees the payment of amounts outstanding under the credit facilities maintained by its subsidiary operations in the United Kingdom and Australia. The total amount of debt outstanding, subject to the guarantees, as of December 31, 2004 was $56.1 million and is reflected on the Company's consolidated balance sheet under short-term debt.

In December 2001, RGA, through its wholly-owned trust, RGA Capital Trust I, issued $225.0 million face amount in Preferred Securities due 2051 at a discounted value of $158.1 million. RGA fully and unconditionally guarantees, on a subordinated basis, the obligations of the Trust under the Preferred Securities.

NOTE 16 Segment Information

The Company has five main operational segments, each of which is a distinct reportable segment: U.S., Canada, Europe & South Africa, Asia Pacific and Corporate and Other. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance and annuities. The Canada operations provide insurers with reinsurance of traditional life products as well as reinsurance of critical illness products. Asia Pacific operations provide primarily traditional life reinsurance, critical illness and, to a lesser extent, financial reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance Company ("RGA Reinsurance"). Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe and South Africa, in addition to other markets being developed by the Company. The Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on income or loss before income taxes.

Effective January 1, 2003, as a result of the Company's declining presence in Argentina and changes in management responsibilities for part of the Latin America region, Latin America results relating to the Argentine privatized pension business as well as direct insurance operations in Argentina are reported in the Corporate and Other segment. The results for all other Latin America business, primarily traditional reinsurance business in Mexico, are reported as part of U.S. operations in the Traditional sub-segment.

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

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

FOR THE YEARS ENDED DECEMBER 31,	2004	2003	2002
Revenues:			
U.S.	**$2,718,722**	$2,221,875	$1,709,952
Canada	**365,533**	315,161	251,715
Europe & South Africa	**490,326**	373,138	230,813
Asia Pacific	**421,026**	270,132	169,351
Corporate and Other	**43,312**	24,692	20,132
Total from continuing operations	**$4,038,919**	$3,204,998	$2,381,963
Income (loss) from continuing operations before income taxes:			
U.S.	**$ 289,924**	$ 216,088	$ 175,801
Canada	**73,485**	59,564	38,631
Europe & South Africa	**31,682**	20,272	3,409
Asia Pacific	**12,605**	19,262	6,316
Corporate and Other	**(38,503)**	(43,576)	(30,179)
Total from continuing operations	**$ 369,193**	$ 271,610	$ 193,978

FOR THE YEARS ENDED DECEMBER 31,	2004	2003	2002
Interest expense:			
Europe & South Africa	**$ 1,336**	$ 1,043	$ 680
Asia Pacific	**1,614**	1,096	842
Corporate and Other	**35,487**	34,650	33,994
Total from continuing operations	**$ 38,437**	$ 36,789	$ 35,516

FOR THE YEARS ENDED DECEMBER 31,	2004	2003	2002
Depreciation and amortization:			
U.S.	**$ 374,470**	$ 310,548	$ 267,341
Canada	**24,824**	9,315	22,537
Europe & South Africa	**114,112**	85,657	33,251
Asia Pacific	**54,653**	39,723	25,542
Corporate and Other	**3,381**	1,981	12,186
Total from continuing operations	**$ 571,440**	$ 447,224	$ 360,857

The table above includes amortization of deferred acquisition costs and the DAC offset to the change in value of embedded derivatives related to Issue B36.

AS OF DECEMBER 31,	2004	2003
Assets:		
U.S.	**$ 9,535,297**	$ 8,474,954
Canada	**2,459,845**	1,935,604
Europe & South Africa	**706,643**	483,876
Asia Pacific	**696,613**	413,628
Corporate and Other and discontinued operations	**649,731**	805,312
Total assets	**$14,048,129**	$12,113,374

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

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

During 2004, two clients accounted for $130.3 million or 45.8% of gross premiums for the Canada operations. Three clients of the Company's United Kingdom operations generated approximately $349.5 million, or 69.1% of the total gross premiums for the Europe & South Africa operations. Two clients, both in Australia, generated approximately $65.9 million, or 15.2% of the total gross premiums for the Asia Pacific operations.

NOTE 17 Equity Based Compensation

The Company adopted the RGA Flexible Stock Plan (the "Plan") in February 1993 and the Flexible Stock Plan for Directors (the "Directors Plan") in January 1997 (collectively, the "Stock Plans"). The Stock Plans provide for the award of benefits (collectively "Benefits") of various types, including stock options, stock appreciation rights ("SARs"), restricted stock, performance shares, cash awards, and other stock-based awards, to key employees, officers, directors and others performing significant services for the benefit of the Company or its subsidiaries. As of December 31, 2004, shares authorized for the granting of Benefits under the Plan and the Directors Plan totaled 6,260,077 and 212,500, respectively.

In general, options granted under the Plan become exercisable over vesting periods ranging from one to eight years while options granted under the Directors Plan become exercisable after one year. Options are generally granted with an exercise price equal to the stock's fair value at the date of grant and expire 10 years after the date of grant. Information with respect to option grants under the Stock Plans follows.

	2004		2003		2002	
	Options	**Weighted-Average Exercise Price**	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance at beginning of year	**2,694,653**	**$28.34**	2,700,333	$26.36	2,326,808	$24.42
Granted	**309,398**	**$39.61**	735,654	$27.29	554,233	$31.90
Exercised	**(274,179)**	**$25.32**	(627,822)	$18.51	(147,927)	$15.59
Forfeited	**(68,195)**	**$31.18**	(113,512)	$29.10	(32,781)	$29.63
Balance at end of year	**2,661,677**	**$29.89**	2,694,653	$28.34	2,700,333	$26.36

	Options Outstanding			**Options Exercisable**	
Range of Exercise Prices	**Outstanding as of 12/31/2004**	**Weighted-Average Remaining Contractual Life**	**Weighted-Average Exercise Price**	**Exercisable as of 12/31/2004**	**Weighted-Average Exercise Price**
$15.00 – $19.99	**12,144**	**1.0**	**$15.61**	**12,144**	**$15.61**
$20.00 – $24.99	**412,015**	**4.2**	**$22.47**	**341,661**	**$22.33**
$25.00 – $29.99	**1,196,237**	**6.8**	**$28.09**	**499,740**	**$28.34**
$30.00 – $34.99	**493,907**	**6.9**	**$31.90**	**208,746**	**$31.88**
$35.00 – $39.99	**547,374**	**6.7**	**$37.90**	**246,393**	**$35.82**
Totals	**2,661,677**	**6.4**	**$29.89**	**1,308,684**	**$28.63**

The per share weighted-average fair value of stock options granted during 2004, 2003 and 2002 was $12.81, $9.51 and $11.71 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 2004-expected dividend yield of 0.61%, risk-free interest rate of 3.30%, expected life of 6.0 years, and an expected rate of volatility of the stock of 28.7% over the expected life of the options; 2003-expected dividend yield of 0.95%, risk-free interest rate of 2.79%, expected life of 6.0 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; and 2002-expected dividend yield of 0.8%, risk-free interest rate of 5.00%, expected life of 5.0 years, and an expected rate of volatility of the stock of 35% over the expected life of the options.

In general, restrictions lapse on restricted stock awards at the end of a three- or ten-year vesting period. Restricted stock awarded under the plan generally has no strike price and is included in the Company's shares outstanding. During 2004, the Company awarded 5,500 shares of restricted stock that vests over a three-year holding period.

During 2004, the Company issued a combination of stock options and performance contingent units ("PCUs") to key employees. The stock option portion is included in the preceding table. The Company also issued 128,693 PCUs. Each PCU represents the right to receive from zero to two shares of Company common stock depending on the results of certain performance measures over a three-year period.

Prior to January 1, 2003, the Company applied APB Opinion No. 25 in accounting for its Stock Plans and, accordingly, no compensation cost was recognized for its stock options in the financial statements. For grants during 2003 and 2004, the Company determined compensation cost based on the fair value at the grant date for its stock options using the "prospective" approach under FASB Statement No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123." Beginning July 1, 2005, the Company is required to use the "modified prospective" method for recording compensation expense. The modified prospective approach will require compensation cost on all unvested options to be recorded in the income statement over its remaining vesting period, regardless of when the options were granted. Had the Company realized compensation expense based on the fair value at the grant date for all stock grants, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying SFAS No. 148 may not be representative of the effects on reported net income for future years.

(in thousands, except per share amounts)

	2004	2003	2002
Net income as reported	**$221,891**	$173,141	$122,806
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	**2,534**	1,087	–
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**4,454**	3,040	2,982
Pro forma net income	**$219,971**	$171,188	$119,824

(in whole dollars)

	2004	2003	2002
Net income per share:			
Basic – as reported	**$3.56**	$ 3.37	$ 2.49
Basic – pro forma	**$3.53**	$ 3.34	$ 2.43
Diluted – as reported	**$3.52**	$ 3.36	$ 2.47
Diluted – pro forma	**$3.49**	$ 3.32	$ 2.41

In January 2005, the Board approved an incentive compensation package including 289,310 incentive stock options at $47.47 per share, 124,753 PCUs, and 4,800 shares of restricted stock under the Company's Stock Plans.

NOTE 18 Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share from continuing operations (in thousands, except per share information):

	2004	2003	2002
Earnings:			
Income from continuing operations (numerator for basic and diluted calculations)	**$245,300**	$178,319	$128,463
Shares:			
Weighted average outstanding shares (denominator for basic calculation)	**62,309**	51,318	49,381
Equivalent shares from outstanding stock options and warrants	**655**	280	267
Diluted shares (denominator for diluted calculation)	**62,964**	51,598	49,648
Earnings per share from continuing operations:			
Basic	**$3.94**	$ 3.47	$ 2.60
Diluted	**$3.90**	$ 3.46	$ 2.59

The calculation of equivalent shares from outstanding stock options does not include the impact of options having a strike price that exceeds the average stock price for the earnings period, as the result would be antidilutive. All outstanding options were included in the calculation during 2004, while approximately 0.3 million and 1.4 million outstanding stock options were not included in the calculation of common equivalent shares during 2003 and 2002, respectively. Diluted earnings per share also exclude the antidilutive effect in 2003 and 2002 of 5.6 million shares that would be issued upon exercise of the outstanding warrants associated with the PIERS units, as the Company could repurchase more shares than it issues with the exercise proceeds.

NOTE 19 Comprehensive Income

The following table presents the components of the Company's accumulated other comprehensive income for the years ended December 31, 2004, 2003 and 2002 (in thousands):

FOR THE YEAR ENDED DECEMBER 31, 2004	Before-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Foreign currency translation adjustments:			
Change arising during year	**$ 24,635**	**$ 15,455**	**$ 40,090**
Unrealized gains on securities:			
Unrealized net holding gains arising during the year	**143,280**	**(47,219)**	**96,061**
Less: Reclassification adjustment for net gains realized in net income	**29,473**	**(7,429)**	**22,044**
Net unrealized gains	**113,807**	**(39,790)**	**74,017**
Other comprehensive income	**$138,442**	**$ (24,335)**	**$114,107**

FOR THE YEAR ENDED DECEMBER 31, 2003	Before-Tax Amount	Tax Expense	After-Tax Amount
Foreign currency translation adjustments:			
Change arising during year	$ 81,363	$ (28,477)	$ 52,886
Unrealized gains on securities:			
Unrealized net holding gains arising during the year	109,887	(38,176)	71,711
Less: Reclassification adjustment for net losses realized in net income	5,360	(1,539)	3,821
Net unrealized gains	104,527	(36,637)	67,890
Other comprehensive income	$185,890	$ (65,114)	$120,776

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

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

YEARS ENDED DECEMBER 31,	**2004**	2003	2002
Change in net unrealized appreciation on:			
Fixed maturity securities available for sale	**$112,419**	$105,562	$168,732
Other investments	**31**	5,715	(541)
Effect of unrealized appreciation on:			
Deferred policy acquisition costs	**1,373**	(6,750)	(13,739)
Other	**(16)**	–	(6)
Net unrealized appreciation	**$113,807**	$104,527	$154,446

NOTE 20 Discontinued Operations

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

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

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to an arbitration that involves some of these LMX reinsurance programs. Additionally, while RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires, which could result in exposure to workers' compensation carve-out risks. The Company and other involved reinsurers and retrocessionaires have raised substantial defenses upon which to contest claims arising from these coverages, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals, inappropriate or unauthorized underwriting procedures and other defenses. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affects the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

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

The Company is currently a party to an arbitration that involves personal accident business. In addition, the Company is currently a party to litigation that involves the claim of a broker to commissions on a medical reinsurance arrangement. As of January 31, 2005, the companies involved in these litigation actions have raised claims, or established reserves that may result in claims, that are $3.7 million in excess of the amounts held in reserve by the Company. The Company generally has little information regarding any reserves established by ceding companies, and must rely on management estimates to establish policy claim liabilities. It is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $24.5 million in excess of the amounts held in reserve by the Company. These claims appear to relate to personal accident business (including LMX business) and workers' compensation carve-out business. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

However, it is possible that an adverse outcome could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

The loss from discontinued accident and health operations, net of income taxes, increased to $23.0 million in 2004 from $5.7 million in 2003 and 2002. The increase in 2004 is due primarily to a negotiated settlement of all disputed claims associated with the Company's largest identified accident and health exposure. As a result of this settlement, the Company's discontinued accident and health operation recorded a $24.0 million pre-tax charge during the third quarter of 2004.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The net reserve balance as of December 31, 2004 and 2003 was $57.4 million and $54.5 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $1.4 million, $4.8 million and $3.3 million for 2004, 2003 and 2002, respectively.

NOTE 21 Subsequent Event

On January 31, 2005, MetLife announced an agreement to purchase Travelers Life & Annuity and substantially all of Citigroup's international insurance business. To help finance that transaction, MetLife indicated that it would consider select asset sales, including its holdings of RGA's common stock.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Reinsurance Group of America, Incorporated
St. Louis, Missouri

We have audited the accompanying consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company changed its method of accounting for certain non-traditional long duration contracts and separate accounts, and for embedded derivatives in certain insurance products as required by new accounting guidance which became effective on January 1, 2004 and October 1, 2003, respectively, and recorded the impact as cumulative effects of changes in accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Deloitte + Touche LLP

St. Louis, Missouri
March 2, 2005

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Reinsurance Group of America, Incorporated and subsidiaries (collectively, the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

Financial management has documented and evaluated the effectiveness of the internal control of the Company as of December 31, 2004 pertaining to financial reporting in accordance with the criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In the opinion of management, the Company maintained effective internal control over financial reporting as of December 31, 2004.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in the Annual Report for the year ended December 31, 2004. The Report of the Independent Registered Public Accounting Firm on their audit of the consolidated financial statements is included elsewhere in this annual report. The Report of the Independent Registered Public Accounting Firm on their audit of management's assessment of the Company's internal control over financial reporting and their audit on the effectiveness of the Company's internal control over financial reporting is included below.

A. Greig Woodring
President and Chief Executive Officer

Jack B. Lay
Executive Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Reinsurance Group of America, Incorporated
St. Louis, Missouri

We have audited management's assessment, included in management's annual report on internal control over financial reporting, that Reinsurance Group of America, Incorporated and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2004 of the Company and our report dated March 2, 2005 expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding the Company's change of its accounting method for certain non-traditional long duration contracts and separate accounts as required by new accounting guidance which became effective on January 1, 2004.

Deloitte + Touche LLP

St. Louis, Missouri
March 2, 2005

(in thousands, except per share data)

YEARS ENDED DECEMBER 31,	First	Second	Third	Fourth
2004				
Revenues from continuing operations (1)	$979,222	$976,415	$959,464	$1,123,818
Revenues from discontinued operations	$ 1,310	$ 341	$ (690)	$ 481
Income from continuing operations before income taxes	$ 94,815	$105,393	$ 89,106	$ 79,879
Income from continuing operations	$ 62,994	$ 68,390	$ 57,999	$ 55,917
Loss from discontinued accident and health operations, net of income taxes	(894)	(3,053)	(18,604)	(497)
Cumulative effect of change in accounting principle, net of income taxes	(361)	–	–	–
Net income	$ 61,739	$ 65,337	$ 39,395	$ 55,420
Total outstanding common shares – end of period	62,246	62,314	62,361	62,445
Basic Earnings Per Share				
Continuing operations	$ 1.01	$ 1.10	$ 0.93	$ 0.90
Discontinued operations	(0.01)	(0.05)	(0.30)	(0.01)
Cumulative effect of change in accounting principle	(0.01)	–	–	–
Net income	$ 0.99	$ 1.05	$ 0.63	$ 0.89
Diluted Earnings Per Share				
Continuing operations	$ 1.00	$ 1.09	$ 0.92	$ 0.88
Discontinued operations	(0.01)	(0.05)	(0.29)	(0.01)
Cumulative effect of change in accounting principle	(0.01)	–	–	–
Net income	$ 0.98	$ 1.04	$ 0.63	$ 0.87
Dividends declared per share	$ 0.06	$ 0.06	$ 0.06	$ 0.09
Market price of common stock				
Quarter end	$ 40.97	$ 40.65	$ 41.20	$ 48.45
Common stock price, high	41.30	42.27	41.68	48.65
Common stock price, low	37.65	36.40	39.28	40.17

(1) Revenues for the first and second quarters of 2004 differ from amounts included in the Company's respective Quarterly Reports on Form 10-Q due to a change in presentation related to Issue B36. Approximately $4,200 and $13,293 of DAC offsets were netted against "Change in value of embedded derivatives" within revenues in the first and second quarters, respectively, but were reclassed to "Change in deferred acquisition costs associated with change in value of embedded derivatives" within expenses beginning in the third quarter.

(in thousands, except per share data)

YEARS ENDED DECEMBER 31,	First	Second	Third	Fourth
2003				
Revenues from continuing operations (2)	$653,549	$714,376	$712,500	$1,124,573
Revenues from discontinued operations	$ 1,592	$ 814	$ 1,002	$ 1,395
Income from continuing operations before income taxes (2)	$ 49,853	$ 67,009	$ 63,007	$ 91,741
Income from continuing operations	$ 33,160	$ 43,586	$ 42,224	$ 59,349
Loss from discontinued accident and health operations, net of income taxes	(418)	(1,027)	(473)	(3,805)
Cumulative effect of change in accounting principle, net of income taxes	–	–	–	545
Net income	$ 32,742	$ 42,559	$ 41,751	$ 56,089
Total outstanding common shares – end of period	49,638	49,781	49,912	62,160
Basic Earnings Per Share				
Continuing operations	$ 0.67	$ 0.88	$ 0.85	$ 1.06
Discontinued operations	(0.01)	(0.02)	(0.01)	(0.07)
Cumulative effect of change in accounting principle	–	–	–	0.01
Net income	$ 0.66	$ 0.86	$ 0.84	$ 1.00
Diluted Earnings Per Share				
Continuing operations	$ 0.67	$ 0.87	$ 0.84	$ 1.05
Discontinued operations	(0.01)	(0.02)	(0.01)	(0.07)
Cumulative effect of change in accounting principle	–	–	–	0.01
Net income	$ 0.66	$ 0.85	$ 0.83	$ 0.99
Dividends per share on common stock	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Market price of common stock				
Quarter end	$ 26.28	$ 32.10	$ 40.75	$ 38.65
Common stock price, high	29.64	33.00	42.00	42.55
Common stock price, low	24.75	25.52	31.65	35.83

(2) The fourth quarter of 2003 contains six-months of results due to the coinsurance agreement with Allianz Life. See Note 4, "Significant Transactions" of Notes to Consolidated Financial Statements.

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA". There were 86 stockholders of record of RGA's common stock on January 31, 2005.

Transfer Agent:
Mellon Human Resources and Investor Solutions, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
t. 888.213.0965
http://www.chasemellon.com

Independent Auditors:
Deloitte and Touche LLP

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

The Company has submitted to the New York Stock Exchange the certification of the Company's chief executive officer required by Section 303A.12(a) of the New York Stock Exchange listing standards. Additionally, the certifications of the Company's chief executive officer and chief financial officer required by Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, have been filed with the Securities and Exchange Commission as Exhibits 31.1 and 31.2, respectively, to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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

Jack B. Lay
Chief Financial Officer
1370 Timberlake Manor Parkway
Chesterfield, Missouri 63017-6039
U.S.A.

Shareholders may contact us through our Internet site at http://www.rgare.com or may email us at investrelations@rgare.com

United States

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RGA Financial Markets
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Australia

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f. 61-2-8264-5999

RGA Asia Pacific Pty Ltd.
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Barbados

RGA Americas Reinsurance Company Ltd.
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RGA Reinsurance Company (Barbados) Ltd.
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St. Michael, Barbados
West Indies
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Canada

RGA Life Reinsurance Company of Canada
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RGA Life Reinsurance Company of Canada
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Hong Kong

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India

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Japan

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Malaysia

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Mexico

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South Africa

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South Korea

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Taiwan

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f. 44-20-7448-8299

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 premium.

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.

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
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.

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.

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

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

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

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

GAAP
(Generally Accepted Accounting Principles)
A set of financial accounting principles that 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.

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

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

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

Mortality risk reinsurance
Removing some of the major 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.

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 premium.

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

Treaty
(Also known as a contract)
A reinsurance agreement between a reinsurer and a ceding company. The three most common 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.

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