



## Reinsurance Group Of America Reports Fourth-Quarter Results

January 24, 2002

ST. LOUIS--(BUSINESS WIRE)--Jan. 24, 2002--Reinsurance Group of America, Incorporated (NYSE:[RGA - news](#)) reported fourth-quarter operating earnings from continuing operations of \$2.2 million or \$0.04 per share, compared with \$35.8 million or \$0.72 per share the year before. Including capital gains and losses and discontinued operations, the company reported a net loss for the quarter of \$28.1 million, or \$0.57 per share, compared to net income of \$9.2 million, or \$0.19 per share, in the prior year. The net loss for the fourth quarter of 2001 includes \$23.4 million, after tax, in net capital losses and a \$6.9 million after-tax loss associated with an arbitration settlement in the company's discontinued accident and health segment. Fourth-quarter premiums increased 17 percent, to \$482.0 million from \$413.0 million in 2000.

President and Chief Executive Officer A. Greig Woodring commented, "As we announced on January 17th, our lower earnings are a result of several factors. Consolidated operating earnings were primarily affected by reserve strengthening on our Argentine pension business and high claims levels in our U.S. segment. Additionally, a decline in yield on our investment portfolio has put modest downward pressure on our results. On a positive note, premium growth was strong, and the activity level in the market is very good."

Woodring continued, "For the quarter, net premiums in the U.S. increased to \$356.7 million, or 15 percent, and the full-year premiums were up 18 percent from 2000 levels. We did experience adverse claims development during the quarter in our U.S. segment totaling approximately \$16 million. This was not attributable to a single treaty or type of business, although the adverse claims were weighted more toward our automatic business. As we previously reported, we saw an unusually high level of claims in the quarter, including an acceleration of claims reported to us in late December. We have performed various analyses, including a review of the baseline mortality used to project earnings on the entire portfolio. After considering the fourth-quarter claims development, that review suggests that while we are meeting pricing returns, the extent to which we have added high volumes of new business over the last several years influences the timing of the earnings emergence, given that life reinsurance margins typically expand as the business matures. We have reset the U.S. segment's earnings expectations for 2002 to reflect the relative age of the overall portfolio of business.

"For the fourth quarter, Canada reported pre-tax operating income of \$9.9 million compared with \$13.8 million in the prior year, in which favorable mortality experience produced a very strong result. For the year, pre-tax operating income increased to \$42.4 million from \$41.1 million in 2000. The results for 2001 were negatively affected by a relatively weak Canadian dollar. Pre-tax operating income in Canada has nearly doubled from 1998 and we are pleased with our success in that market. For the year, mortality was within our range of expectations.

"Our operations in Asia Pacific, Europe and South Africa continue to make progress. For the quarter, these operations reported net premiums of \$69.2 million, an increase of 79 percent from the prior-year quarter. On a full-year basis, net premiums increased 73 percent. Pre-tax operating income for the quarter was slightly positive due to profits in the Asia Pacific operations, which are further along in their development than Europe and South Africa."

Commenting on Latin America, Woodring said, "As previously announced, we increased reserves by \$35 million for our Argentine pension business. We first discussed the need for these reserves as part of our third-quarter conference call. While much has happened with the Argentina economy since that time, we believe these reserves are sufficient to support the run-off of our pension business. We do not expect the economic turmoil in Argentina, including the devaluation of the Argentine peso, to have a negative economic impact on our reserve liability. We incurred capital losses during the third and fourth quarter when we liquidated Argentine investment securities. Proceeds from those sales have been invested in U.S. dollar-denominated securities. We continue to monitor the situation very closely."

Turning to other corporate matters, Woodring said, "We successfully raised \$225 million of new capital in December in the form of trust preferred convertible securities. Additionally, we issued \$200 million of 10-year senior notes, the proceeds of which were used to pay down the outstanding balance of our U.S. credit facility and repay a note with MetLife. Going into 2002, we are well positioned in terms of capital and financial flexibility."

Woodring concluded, "The results for the year did not meet our expectations. Ours is a long-term business that can be difficult to predict quarter-to-quarter. We have reset our earnings expectations for 2002 as a result of the analysis we completed relative to the U.S. segment mortality baseline. On a total company basis, we expect to earn within a range of \$2.65 to \$2.85 per share. We feel that range more accurately portrays the appropriate baseline and relative age of the business included in our current portfolio of life reinsurance risks and reflects the current interest rate environment and market conditions."

For the year, operating earnings from continuing operations totaled \$87.1 million, or \$1.75 per share, compared with \$127.4 million, or \$2.55 per share in the prior year. Net income for the year, including discontinued operations and capital gains and losses, totaled \$33.0 million, or \$0.66 per share, compared with \$77.7 million, or \$1.56 per share, reported for the prior year. Net income for the year includes \$47.2 million in after-tax net capital losses and a loss of \$6.9 million, after tax, for discontinued operations. Consolidated premiums totaled \$1,661.8 million, up 18 percent over the prior-year total of \$1,404.1 million.

The company announced that its board of directors authorized the company to purchase up to \$50 million of its shares of stock, which includes a previously authorized \$25 million stock repurchase plan. The company has not purchased any shares under that plan. The board's action allows management, in its discretion, to purchase shares on the open market. No time frame or prices have been specified for the repurchase program, which is effective immediately. Repurchases may be made in the open market, through block trades or otherwise. Depending on market conditions and other factors, the repurchases may be commenced or suspended at any time and from time to time without prior notice.

The company also announced that its board of directors declared a regular quarterly dividend of \$0.06 per share, payable February 26 to shareholders of record as of February 5.

A conference call to discuss the company's fourth quarter results will begin at 9:00 a.m. Eastern Standard Time on Friday January 25. Interested parties may access the call by dialing 800-967-7134 (domestic) or 719-457-2625 (international). The access code is 522486. A live audio webcast of the conference call will be available on the company's website at [www.rgare.com](http://www.rgare.com). A replay of the conference call will be available on the company's

website for 10 days following the conference call.

Reinsurance Group of America, Incorporated, through its subsidiaries, RGA Reinsurance Company and RGA Life Reinsurance Company of Canada, is among the largest providers of life reinsurance in North America. In addition to its North American operations, Reinsurance Group of America, Incorporated has subsidiary companies or branch offices in Argentina, Australia, Barbados, Bermuda, Spain, Mexico, Hong Kong, Japan, Taiwan, South Africa and the United Kingdom. Worldwide, the Company has approximately \$616 billion of life reinsurance in force, and assets of \$6.9 billion. MetLife is the beneficial owner of approximately 58 percent of RGA's outstanding shares.

#### Forward-Looking Statements

Statements in this press release regarding our business which are not historical facts, including, without limitation, statements and information relating to our future financial performance, growth rates and potential, increases in premiums, the effect of mortality rates and experience, claims levels, our views on the life reinsurance industry and other statements related to our business are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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 factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) material changes in mortality and claims experience, (2) market conditions and the timing of sales of investment securities, (3) competitive factors and competitors' responses to our initiatives, (4) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (5) changes in the financial strength and credit ratings of RGA and its subsidiaries and of Metropolitan Life Insurance Company ("MetLife"), General American Life Insurance Company ("General American"), and their respective affiliates, and the effect of such changes on our future results of operations and financial condition, (6) fluctuations in U.S. and foreign currency exchange rates, interest rates, and securities and real estate markets, (7) the stability of governments and economies in the markets in which we operate, (8) the success of our clients, (9) successful execution of our entry into new markets, (10) successful development and introduction of new products, (11) regulatory action that may be taken by state Departments of Insurance with respect to MetLife, General American, or RGA and its subsidiaries, (12) changes in laws, regulations, and accounting standards applicable to us and our subsidiaries, and (13) other risks and uncertainties described in our Annual Report and in our other filings with the Securities and Exchange Commission.

You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

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 Securities and Exchange Commission. For a discussion of these risks and uncertainties, which could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the sections named "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" contained in our prospectus dated December 3, 2001, filed with our prospectus supplements, each dated December 12, 2001, and filed with the Securities and Exchange Commission, which discussions are incorporated by reference into this document.

#### REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES Condensed Consolidated Statements of Income (Dollars in thousands, except per share data)

(Unaudited)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
<b>Revenues:</b>				
Net premiums	\$482,016	\$413,007	\$1,661,762	\$1,404,066
Investment income, net of related expenses	89,501	88,085	340,559	326,505
Realized investment gains/(losses), net	(33,075)	(10,306)	(68,431)	(28,651)
Other revenue	12,544	11,178	34,394	23,815
Total revenues	550,986	501,964	1,968,284	1,725,735
<b>Benefits and expenses:</b>				
Claims and other policy benefits	422,150	327,222	1,376,802	1,103,548
Interest credited	32,122	30,220	111,712	104,782
Policy acquisition costs and other insurance expenses	100,270	72,285	304,217	243,542
Other operating expenses	24,426	21,427	91,306	81,209
Interest expense	4,378	5,179	18,097	17,596
Total benefits and expenses	583,346	456,333	1,902,134	1,550,677

Income (loss) from continuing operations before taxes	(32,360)	45,631	66,150	175,058
Provision (benefit) for income taxes	(11,120)	16,528	26,249	69,271
Net income (loss) from continuing operations	(21,240)	29,103	39,901	105,787
Discontinued operations:				
Loss from discontinued operations, net of income taxes	(6,855)	(19,869)	(6,855)	(28,118)
Net income (loss)	\$(28,095)	\$ 9,234	\$ 33,046	\$ 77,669

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Condensed Consolidated Statements of Income  
(Dollars in thousands, except per share data)

(Unaudited)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
Earnings (loss) per share from continuing operations:				
Basic earnings per share	\$ (0.43)	\$ 0.59	\$ .81	\$ 2.14
Diluted earnings per share	\$ (0.43)	\$ 0.58	\$ .80	\$ 2.12
Diluted earnings before realized investment gains/ (losses)	\$ 0.04	\$ 0.72	\$ 1.75	\$ 2.55
Earnings (loss) per share from net income:				
Basic earnings per share	\$ (0.57)	\$ 0.19	\$ .67	\$ 1.57
Diluted earnings per share	\$ (0.57)	\$ 0.19	\$ .66	\$ 1.56
Weighted average number of common and common equivalent shares outstanding (in thousands)	49,926	49,802	49,905	49,920

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Condensed Consolidated Business Summary

(Unaudited)	At or For the	
	Twelve Months Ended	
	December 31,	
	2001	2000
Gross life reinsurance in force (in billions)		
North American business	\$ 523.9	\$ 467.0
International business	92.1	78.9
Gross life reinsurance written (in billions)		
North American business	108.1	129.5
International business	63.0	31.6
Consolidated cash and invested assets (in millions)	5,315.1	4,631.0

Invested Asset book yield - trailing three months	6.78%	7.30%
Investment portfolio mix		
Cash and short-term investments	6.91%	3.01%
Fixed maturity securities	52.08%	58.15%
Mortgage loans	3.08%	2.77%
Policy loans	14.58%	15.26%
Funds withheld at interest	21.50%	20.26%
Other invested assets	1.85%	0.55%
Book value per share outstanding	\$ 20.30	\$ 17.51
Book value per share outstanding, before impact of FAS 115	20.31	18.36
Treasury stock	1,526,730	1,759,715

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
U.S. OPERATIONS  
(Dollars in thousands)

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

Twelve Months Ended December 31, 2000				
		Non-traditional		
		Asset-	Financial	Total
	Traditional	Intensive	Reinsurance	U.S.
Revenues:				
Net premiums	\$1,036,656	\$ 2,216	\$ --	\$1,038,872
Investment income, net of related expenses	139,688	89,001	(37)	228,652
Realized investment gains/(losses), net	(12,206)	(1,066)	--	(13,272)
Other revenue	321	686	16,370	17,377
Total revenues	1,164,459	90,837	16,333	1,271,629
Benefits and expenses:				
Claims and other policy benefits	793,494	(95)	--	793,399

Interest credited	47,445	55,006	--	102,451
Policy acquisition costs and other insurance expenses	150,347	23,446	5,457	179,250
Other operating expenses	25,244	802	3,274	29,320
Total benefits and expenses	1,016,530	79,159	8,731	1,104,420
Income before income taxes	\$147,929	\$ 11,678	\$ 7,602	\$ 167,209

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
CANADIAN OPERATIONS  
(Dollars in thousands)

	Twelve Months Ended December 31,	
	2001	2000
Revenues:		
Net premiums	\$173,269	\$176,326
Investment income, net of related expenses	65,006	61,950
Realized investment gains/(losses), net	9,148	(1,291)
Other revenue	201	318
Total revenues	247,624	237,303
Benefits and expenses:		
Claims and other policy benefits	172,799	171,417
Interest credited	299	763
Policy acquisition costs and other insurance expenses	14,101	16,563
Other operating expenses	8,909	8,702
Total benefits and expenses	196,108	197,445
Income before income taxes	\$ 51,516	\$ 39,858

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
OTHER INTERNATIONAL  
(Dollars in thousands)

	Twelve Months Ended December 31, 2001			
	Latin America	Asia Pacific	Other Markets	Total Inter-national
Revenues:				
Net premiums	\$ 51,069	\$119,702	\$94,800	\$265,571
Investment income, net of related expenses	14,684	3,935	1,536	20,155
Realized investment gains/(losses), net	(32,619)	113	(137)	(32,643)
Other revenue	547	2,903	256	3,706
Total revenues	33,681	126,653	96,455	256,789
Benefits and expenses:				
Claims and other policy benefits	87,581	75,595	59,429	222,605
Interest credited	1,730	--	--	1,730
Policy acquisition costs and other insurance expenses	14,395	36,103	26,753	77,251
Other operating expenses	9,072	11,081	10,555	30,708
Interest expense	--	867	681	1,548
Total benefits and				

expenses	112,778	123,646	97,418	333,842
Income (loss) before income taxes	\$(79,097)	\$ 3,007	\$ (963)	\$(77,053)
	Twelve Months Ended December 31, 2000			
	Latin America	Asia Pacific	Other Markets	Total Inter- national
Revenues:				
Net premiums	\$ 64,897	\$ 94,282	\$29,690	\$188,869
Investment income, net of related expenses	19,782	4,628	2,056	26,466
Realized investment gains/ (losses), net	(9,099)	(191)	365	(8,925)
Other revenue	364	2,266	3,177	5,807
Total revenues	75,944	100,985	35,288	212,217
Benefits and expenses:				
Claims and other policy benefits	62,205	56,377	20,151	138,733
Interest credited	1,568	--	--	1,568
Policy acquisition costs and other insurance expenses	7,772	32,484	7,473	47,729
Other operating expenses	10,647	9,939	9,542	30,128
Interest expense	--	980	502	1,482
Total benefits and expenses	82,192	99,780	37,668	219,640
Income (loss) before income taxes	\$ (6,248)	\$ 1,205	\$(2,380)	\$ (7,423)

SOURCE: Reinsurance Group of America, Incorporated

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