SCOR

2008 European Embedded Value - Supplementary information
30 April 2009

SCOR Global Life

European Embedded Value 2008

Contents **Page**

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de 1 450 523 984,67 Euros

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1. Introduction

This document contains details of the European Embedded Value (EEV) 2008 of SCOR Global Life, an analysis of movement of the EEV from 2007 to 2008, details of the methodology and assumptions, an analysis of sensitivities to certain key parameters and a reconciliation of the EEV to the consolidated IFRS equity of SCOR. The EEV of the Life & Health segment of Prévoyance Ré is included in the results as per 31 December 2008.

The EEV has been calculated in accordance with the European Embedded Value Principles published in May 2004 and October 2005 by the CFO Forum. The bottom-up market consistent valuation method which has been applied, on the basis of unadjusted swap rates as proxies for risk-free rates and implied volatilities as of the respective valuation date, is compliant with the guidance of the European Insurance CFO Forum Market Consistent Embedded Value Principles[1] on economic assumptions. A presentation of the EEV in line with the MCEV Principles is shown in Section 6.

Tillinghast, the insurance consulting business of Towers Perrin, has been engaged to review the EEV. The scope and conclusions of this review are stated at the end of this document.

This EEV disclosure should not be viewed as a substitute for SCOR SE's primary financial statements.

2. Covered Business

The EEV covers 100% of the Life and Health reinsurance business of SCOR Group, written by the following operating entities (including all their branches), which in the following are collectively referred to as SCOR Global Life:

- SCOR Global Life SE, Paris[2]
- Sweden Reinsurance Co. Ltd., Member of the SCOR Global Life Group, Stockholm
- SCOR Global Life Rückversicherung Schweiz AG, Zug
- SCOR Global Life Reinsurance Ireland Ltd., Dublin
- SCOR Financial Services Ltd., Dublin
- SCOR Global Life U.S. Re Insurance Company Inc., Dallas
- SCOR Global Life Re Insurance Company of Texas Inc., Dallas
- SCOR Global Life Reinsurance International (Barbados) Ltd., Bridgetown
- SCOR Reinsurance Asia-Pacific, branch for South Korea
- SCOR Rückversicherung (Deutschland) AG, Cologne
- SCOR Switzerland AG, Zurich

In addition, the EEV 2008 covers the Life and Health business of Prévoyance Ré, which has been acquired by SCOR during 2008.

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[2] Including the former SCOR Global Life Reinsurance UK Ltd., London, which has been converted into a branch of SCOR Global Life SE during 2008

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3. European Embedded Value Results

The following table contains the main components of the EEV 2007 and 2008 of SCOR Global Life.

	2007	2008
Adjusted Net Asset Value (ANAV)	733.3	873.7
Required capital	609.5	499.4
Free surplus	123.8	374.3
Present Value of In-Force (PVIF)	1,063.3	957.7
Cost of Capital (CoC)	-140.5	-113.9
Time Value of Financial Options and Guarantees (FOGs)	-18.6	-15.7
European Embedded Value (EEV)	**1,637.6**	**1,701.8**

(After tax, in €m)

Table 1: EEV 2007 and 2008 of SCOR Global Life

The increase in free surplus compared to 2007 was caused mainly by profits generated in 2008 on the business in force as at 31 December 2007 and by the introduction of the EU Reinsurance Directive for SCOR Global Life SE, which lowered the statutory capital requirement. These factors were offset in part by investment in new business written in 2008. The Time Value of Financial Options and Guarantees (FOGs) has decreased compared to 2007 because in 2008 the guarantees for the run-off GMDB business have moved into the money.

The 2007 and 2008 EEVs are reconciled in the following table.

	ANAV	PVIF*)	EEV
EEV 31 December 2007	**733.3**	**904.3**	**1,637.6**
EEV earnings	122.0	-59.4	62.7
EEV operating profit	201.7	-19.4	182.3
Economic variances	-79.7	-39.9	-119.6
Exchange rate movements	-18.3	-26.6	-44.9
Capital movements	-3.2	0.0	-3.2
Value of acquired business	39.9	9.7	49.6
EEV 31 December 2008	**873.7**	**828.1**	**1,701.8**

(After tax, in €m; *) net of CoC and TVFOG)

Table 2: Analysis of change in EEV

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2008 European Embedded Value - Supplementary information
30 April 2009

The EEV earnings correspond to a return on the opening EEV of 3.8%.

Economic variances include the increase of the market-consistent value of run-off GMDB liabilities by € 60m caused by the combination of stock price falls, the lowering of the yield curve and the increase in volatilities, the impact of the widening of spreads in the US corporate bond portfolio backing annuity and term business of approx. -€ 53 million, and the difference between the published EEV 2007, which had been computed using government bond rates as a proxy for risk-free rates, and the EEV 2007 using swap rates instead, amounting to + € 7.1m.

The reduction in EEV due to exchange rate movements resulted primarily from the decline of the Pound Sterling against the Euro during 2008.

The value of acquired business represents the EEV of Prévoyance Ré.

The EEV earnings are further broken down in the following table.

	ANAV	PVIF*)	EEV
EEV operating profit	**201.7**	**-19.4**	**182.3**
Value added by new business	-57.4	105.3	47.9
Expected return	227.0	-114.2	112.8
Experience variances	47.1	-22.6	24.5
Changes to operating assumptions and models	-15.1	12.1	-3.0
Economic variances	**-79.7**	**-39.9**	**-119.6**
Investment variances	-80.4	25.9	-54.4
Economic assumption changes	0.7	-65.9	-65.2
EEV earnings	**122.0**	**-59.4**	**62.7**

(After tax, in €m; *) net of CoC and TVFOG.)

Table 3: EEV earnings

The EEV operating profit corresponds to a rate of 11.1% on the opening EEV.

The value added by new business (VNB) 2008 decreased by 19.8% compared to the VNB 2007(€ 59.7m). This decrease has been influenced by more selective underwriting in the US, negative exchange rate movements and the non-recurrence of a favourable one-off tax effect from 2007.

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The new business margin, i.e. the ratio of the VNB and the present value of the new business premiums including the new business premiums in 2008 (PVNBP), decreased from 4.3% to 3.4%.

	2007	2008
VNB (€m)	59.7	47.9
PVNBP (€m)	1,377.7	1,400.6
New business margin	4.3%	3.4%

Table 4: VNB and new business margins

There have been no material tax assumption changes in 2008.

4. Methodology

a) Adjusted Net Asset Value

The Adjusted Net Asset Value (ANAV) of each SCOR Global Life entity is derived from the local statutory (regulatory) equity by making a number of adjustments. The most important adjustments are:

- adding the share of unrealised capital gains on invested assets attributable to shareholders
- removing intangible assets (to the extent they cannot be used to cover long-term liabilities); if intangible assets are included in the ANAV, then the amortisation is included in the present value of in-force
- adjusting the book value of outstanding debt to its market value
- replacing the statutory pension liabilities by their IFRS value, in cases where the latter are higher.

In addition, the ANAV 2008 contains capital allocated by SCOR SE to SCOR Global Life in the form of an internal loan amounting to € 505.4m, and capital allocated to L&H business booked in composite entities to cover statutory and internal solvency requirements amounting to € 63.5m.

All adjustments allow for the consequential impact on deferred tax.

It should be noted that the ANAV does not fully coincide with the definition of admissible assets under local solvency regulations.

b) Required Capital

The projected level of required capital is based on the higher of statutory requirements on a going-concern basis (i.e. taking into account the necessity to hold a certain multiple of the local minimum solvency margin due to competitive pressures or guidance from the regulator) and internal requirements on a group level. The resulting aggregate required capital exceeds the capital required to meet SCOR's target rating.

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c) Present Value of In-Force

The Present Value of In-Force (PVIF) has been calculated as the present value at the valuation date of projected statutory profits expected to emerge to shareholders from the business in-force, discounted at the risk discount rate, net of projected maintenance expenses and tax attributable to in-force business. Allowance has been made for the projected impact of tax losses carried forward.

The PVIF excludes any new treaties (expected to be) underwritten after the valuation date, and any new policies underwritten after the valuation date and reinsured under in-force treaties.

The value of expected renewals of treaties which are renewed on an annual basis without significant commercial effort has been included in the PVIF. Future renewals which require significant commercial effort have been excluded from the PVIF.

The future outgoing premium payments for some annually renewable external retrocession treaties that cover the portfolio of SCOR Global Life against catastrophic events have been projected over the full lifetime of the covered blocks of business. As a prudent assumption, no future claims recoveries to the benefit of SCOR Global Life under these treaties have been projected.

d) Cost of Capital

Assets backing required capital can be regarded as being locked-in and are projected to earn the risk-free rate of return, net of tax and of investment expenses, which is considerably lower than the risk discount rates used in the calculation of the PVIF.

The annual charge for the cost to shareholders of maintaining the required capital is the difference between the after-tax amount earned on assets net of investment expenses supporting required capital and the amount expected in accordance with the risk discount rate. The Cost of Capital (CoC) is the present value at the risk discount rate of these annual charges over the outstanding life of in-force policies.

e) Time Value of Financial Options and Guarantees

The Time Values of Financial Options and Guarantees (TVFOGs) embedded in re-insurance contracts have been valued on a market-consistent basis.

Various types of reinsured U.S. accumulation contracts contain Financial Options and Guarantees (FOGs) in the form of guaranteed interest rates, or guarantees linked to equity indices, guaranteed minimum death benefits, buy-back options and options to convert to annuities. The impact of these FOGs was projected for a large number of stochastically generated risk-neutral economic scenarios for the swap yield curve and the S&P 500 equity index. The TVFOGs were calculated as the difference between:

- the average present value of projected statutory profits, discounted at the respective risk-free rate, from all the stochastic economic scenarios, and
- the "certainty equivalent PVIF" calculated on the basis of the financial parameters at the valuation dates.

The TVFOGs for certain U.S. Universal Life products and Italian savings policies with interest rate guarantees were derived on the basis of internal benchmarks or benchmarks based on EEV results published by other insurers in the corresponding markets. For other businesses, the TVFOGs are not material.

The same methodologies have also been applied in valuing the TVFOGs for the value of new business.

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f) Consolidation

Embedded Values of legal entities have been consolidated by

- replacing book values of subsidiaries by their respective EEVs
- eliminating any differences between intra-group receivables and payables (net of applicable tax).

g) Change in Embedded Value

The capital movements are composed of changes to capital allocated by SCOR to SCOR Global Life, interest paid thereon in 2008 and profits transferred by SCOR Global Life to SCOR.

The allocated capital as per 31 December 2008 corresponds to a loan from SCOR SE to SCOR Global Life and capital allocated to L&H business booked in composite entities to cover statutory and internal solvency requirements.

The value added by new business is the sum of the actual 2008 after tax statutory profit or loss arising from the new business written in 2008 (allowing for internal and external acquisition expenses) and the PVIF of this business at the end of 2008, net of CoC and the TVFOGs.

It has been calculated using 2008 closing assumptions. It includes the value of new treaties underwritten during 2008, the value of 2008 new business on treaties in force at 31 December 2007, and the actual renewals in 2008 of annually renewable treaties in those cases where the renewal required significant commercial effort.

The expected return corresponds to the unwinding of the risk discount rate for business in-force as at 31 December 2007 (including the release of required capital) and expected after tax investment income on the ANAV, in accordance with assumptions used as at 31 December 2007.

Experience variances include the differences between actual experience and projected results during the year 2008 with respect to mortality, morbidity, lapses, expenses etc. on business in force as at 31 December 2007.

Changes to operating assumptions and models reflect the impact of changes made in 2008 to projection models and non-economic parameters affecting the business in-force as at 31 December 2007.

Investment variances reflect differences between actual and expected returns on invested assets, including changes to unrealised capital gains and losses.

Economic assumption changes reflect the aggregate impact of changes to the economic environment during the reporting year, including changes to projected investment returns, letter of credit costs and the risk discount rates.

Exchange rate movements reflect movements of foreign exchange rates against the Euro from 2007 to 2008. EEV earnings and capital movements have been converted into Euros using 2007 exchange rates, with the exception of the value added by new business, which has been converted using 2008 exchange rates.

The value of acquired business corresponds to the EEV 2008 of Prévoyance Ré.

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5. Assumptions

a) Operating Assumptions

Actuarial assumptions on mortality, morbidity, persistency etc. have been actively reviewed and are based on best estimate assumptions as at the projection dates, which are derived from a mixture of historic experience and industry data. Appropriate allowance has been made for trends.

Reinsurance companies generally have less policy and experience data available than primary insurers. This means that embedded value calculations require more assumptions and simplifications than is the case for primary insurance companies.

Future maintenance expenses expected to be incurred in relation to the administration of the in-force business have been projected and deducted from the present value of statutory profits.

The expense assumptions have been based on current expense levels and the expected run-off pattern of the in-force portfolio. Costs incurred in holding or service companies have been fully taken into account on a look-through basis.

b) Economic Assumptions

All assumptions relating to investment returns are market consistent, i.e. for all business without significant FOGs, the valuation is performed by a single deterministic calculation with projected pre-tax returns based on the appropriate risk-free interest rate curve at the valuation date (certainty equivalent approach).

Risk-free rates for the EEV 2007 had been derived from government bond yields. The zero coupon rates used for the main currencies were as follows:

Government bond zero coupon rates	**31 December 2007**			
Term	EUR	USD	GBP	CAD
5 Years	4.22%	3.50%	4.51%	3.93%
10 Years	4.50%	4.34%	4.59%	4.09%
15 Years	4.78%	4.78%	4.59%	4.20%
20 Years	4.91%	4.75%	4.49%	4.22%
25 Years	4.90%	4.65%	4.37%	4.18%
30 Years	4.81%	4.58%	4.25%	4.10%

Table 5: Government bond rates for main currencies by duration

For the EEV 2008, risk-free rates have been derived from swap rates at the valuation date. The zero coupon rates used for the main currencies are as follows:

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Swap zero coupon rates	31 December 2007			
Term	EUR	USD	GBP	CAD
5 Years	4.56%	4.25%	5.15%	4.50%
10 Years	4.75%	4.81%	5.06%	4.69%
15 Years	4.92%	5.07%	4.92%	4.86%
20 Years	4.98%	5.18%	4.79%	4.90%
25 Years	4.97%	5.21%	4.68%	4.86%
30 Years	4.91%	5.21%	4.54%	4.77%
	31 December 2008			
5 Years	3.27%	2.16%	3.21%	1.62%
10 Years	3.81%	2.66%	3.52%	2.58%
15 Years	4.01%	2.92%	3.79%	3.42%
20 Years	3.93%	2.91%	3.65%	3.64%
25 Years	3.64%	2.83%	3.43%	3.56%
30 Years	3.45%	2.80%	3.24%	3.51%

Table 6: Swap rates for main currencies by duration

For business containing FOGs, the valuation has been based on stochastic projections using market-consistent, risk neutral economic scenarios, except where other approximations for a market–consistent valuation have been employed.

Volatility assumptions are based on observed market implied volatilities at the respective valuation date:

Equity implied volatilities	
Equity Index	S&P 500
31 December 2007	23.7%
31 December 2008	35.2%

Table 7: At the money equity implied volatilities

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Swaption implied volatilities	31 December 2007	31 December 2008
Term	USD	USD
1 Year	21.9%	49.9%
2 Years	20.8%	41.7%
3 Years	20.1%	37.2%
4 Years	19.3%	33.6%
5 Years	18.7%	30.9%
7 Years	17.4%	27.4%
10 Years	15.8%	24.6%

Table 8: Swaption implied volatilities for at-the-money swaptions with a 10-year tenor

The EEVs have been converted into Euros using the exchanges rates at the respective valuation dates. EEV earnings and capital movements have been converted using 2007 exchange rates, with the exception of the value added by new business, which has been converted using 2008 exchange rates. Changes in the EEV due to changes in foreign exchange rates are disclosed as exchange rate movements.

For the major foreign currencies, the following exchange rates have been used:

1 Euro = …foreign currency	31 December 2007	31 December 2008
USD	1.4721	1.4059
GBP	0.7334	0.9186
SEK	9.4415	10.8650
CAD	1.4449	1.7004
CHF	1.6547	1.5789

Table 9: Exchange rates for main currencies

Inflation assumptions of between 2% and 4% p.a., depending on the country and currency, have been used to project future maintenance expenses.

c) Risk Discount Rates

Expected future shareholder profits or losses generated by the in-force business, including the expected release of required capital, have been discounted at a risk discount rate (RDR). The RDR has been calculated for each expected shareholder cash flow using a bottom-up approach.

For each cash flow, the RDR is equal to the sum of

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- the risk-free rate for the respective currency and duration (i.e. the swap zero rate), and
- a risk margin to cover non-hedgeable risks, including insurance risks, operational risks, counterparty default risk and uncertainty.

For most reinsurance treaties, the risk margin is 3.2%. A risk margin of 1.2% has been assumed for US accumulation products and a limited number of reinsurance financing contracts, which have a low level of insurance risk. The average risk margin for the entire portfolio in 2008 is 3.0%.

d) Tax Assumptions

Expected future tax payments have been projected using the applicable tax basis (allowing for valuation differences between the statutory and the tax accounts) after allowing for tax losses carried forward. No allowance has been made for potential tax on remittances/dividends from subsidiaries.

Different tax treatments of treaties booked in branches (which file local tax statements) have also been reflected in the projections.

The following tax rates have been applied to projected future profits expected to emerge in the main tax jurisdictions:

Tax rate	EEV 2007	EEV 2008
France	34.4%	34.4%
Germany	31.6%	31.6%
USA	34.0%	34.0%
UK	28.0%	28.0%
Ireland	12.5%	12.5%

Table 10: Tax rates for main tax environments

6. Alternative Presentation

Below, we provide an alternative presentation of the EEV in line with the terminology used in the MCEV Principles. The components of value are:

- Adjusted Net Asset Value (ANAV)
- Certainty equivalent PVIF, i.e. the present value of future profits discounted at risk-free rates without a risk margin[3]
- Cost of double taxation and investment expenses[4] incurred on projected investment income on required capital, calculated using risk-free rates without a risk margin
- Cost of non-hedgeable risks
- Time value of Financial Options and Guarantees (TVFOGs)

[3] The term used in the MCEV Principles for this item is “Present value of future profits”.

[4] The term used in the MCEV Principles for this item is “Frictional cost of required capital”.

The overall cost of non-hedgeable risks in the CoC and the PVIF can be analysed by dividing

- the CoC into the cost of double taxation and investment expenses and the cost of capital for non-hedgeable risks (i.e. the effect of the risk margin on cost of capital), and
- the PVIF into the certainty equivalent PVIF and the effect of the risk margin on the PVIF.

The cost of non-hedgeable risks is the sum of the cost of capital for non-hedgeable risks and the effect of the risk margin on the PVIF.

	2007	2008
Adjusted Net Asset Value (ANAV)	**733.3**	**873.7**
Certainty equivalent PVIF	1,311.1	1,252.7
Cost of double taxation and investment expenses	-50.7	-35.5
Cost of non-hedgeable risks	-337.5	-373.4
Time value of Financial Options and Guarantees (TVFOGs)	-18.6	-15.7
European Embedded Value (EEV)	**1,637.6**	**1,701.8**

(After tax, in €m)

Table 11: Alternative break-down of the EEV 2007 and 2008 of SCOR Global Life

7. Sensitivity Analysis

a) Sensitivities of the EEV 2008

	EV (in €m)	**Difference** (in €m)	**Change**
Base case	1,701.8		
Mortality/Morbidity -5% (life insurance)	1,939.1	+237.3	+13.9%
No mortality improvements (life insurance)	1,488.0	-213.8	-12.6%
Mortality/Morbidity -5% (annuities)	1,706.3	+4.6	+0.3%
Lapse rates -10%	1,750.7	+48.9	+2.9%
Maintenance expenses -10%	1,719.1	+17.3	+1.0%
Discount rate -100 bps	1,804.5	+102.8	+6.0%
Interest rates -100 bps	1,685.4	-16.4	-1.0%
Equity and property capital values -10%	1,689.1	-12.7	-0.7%

Table 12: Sensitivities of the EEV 2008

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The sensitivity "Discount rate -100 bps" reflects the effect of a change in the risk margin for insurance specific risks.

The sensitivity "Interest rates -100 bps" corresponds to a change in the entire interest environment (including a corresponding change in the risk discount rate and a revaluation of fixed interest assets) resulting from a parallel shift in the yield curve.

b) Sensitivities of the VNB 2008

	VNB (in €m)	Difference (in €m)	Change
Base case	47.9		
Mortality/Morbidity -5% (life insurance)	68.3	+20.4	+42.5%
No mortality improvements (life insurance)	35.1	-12.8	-26.7%
Mortality/Morbidity -5% (annuities)	48.2	+0.2	+0.5%
Lapse rates -10%	49.8	+1.9	+4.0%
Maintenance expenses -10%	49.8	+1.9	+4.0%
Discount rate -100 bps	57.4	+9.5	+19.7%
Interest rates -100 bps	49.4	+1.5	+3.0%
Equity and property capital values -10%	47.9	0.0	0.0%

Table 13: Sensitivities of the VNB 2008

8. Reconciliation of the EEV to IFRS Equity

	31 December 2007	31 December 2008
IFRS net assets of SCOR Global Life	799.7	877.9
Allocated capital	574.3	568.9
Adjusted IFRS equity	**1,374.0**	**1,446.8**
EEV	1,637.6	1,701.8
Value not recognised in IFRS equity	**263.5**	**255.0**

(in €m)

Table 14: Reconciliation of the EEV 2007 and 2008 to IFRS equity

The EEV as at 31 December 2008 exceeds the corresponding IFRS equity by € 255.0m. The difference results mainly from different technical valuation principles for reinsurance contracts. The value not recognised in IFRS equity has decreased by € 8.6m compared to 2007.

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9. Glossary

Adjusted Net Asset Value (ANAV)	Capital not needed to back liabilities, also known as shareholders' equity, adjusted to allow for the share of unrealised capital gains on invested assets attributable to shareholders and differences between statutory and IFRS pension liabilities, and excluding intangible assets which cannot be used to cover statutory liabilities
Certainty equivalent PVIF	PVIF discounted using the risk-free yield curve without a risk margin
Cost of Capital (CoC)	Costs of holding required capital at risk-free investment returns
Economic assumptions	Assumptions on the future development of parameters which do not depend on the composition of the portfolio, e.g. regarding future interest or tax rates
(Time Value of) Financial Options and Guarantees (FOGs, TVFOGs)	(The cost of) options and guarantees in reinsurance treaties which can create asymmetric shareholder returns resulting from movements in financial variables
Going-concern basis	Assumption that the respective company will continue writing new business
New business	New treaties written during the reporting period, including renewals of treaties which require significant commercial effort, and new policies reinsured under existing treaties
New business margin	The ratio of the VNB and the PVNBP
Non-economic assumptions	Assumptions on the future development of parameters which are based on the current composition of the portfolio of treaties and policies insured, mainly biometrical assumptions like lapse, mortality and morbidity
Present Value of In-Force (PVIF)	Present value of projected statutory profits, calculated at the valuation date, expected to emerge to shareholders from the business in-force, discounted at the risk discount rate, net of tax and maintenance expenses
Present value of new business premiums (PVNBP)	Present value of future premiums for new business including the premium in the year the business has been written, discounted at the risk discount rate
Required Capital	Capital which is needed to back internal and statutory solvency requirements
Risk discount rate (RDR)	Sum of the risk-free rate for the respective currency and duration (i.e. the zero bond rate which is consistent with the risk-free yield), and a risk margin to cover non-hedgeable risks
Value added by new business (VNB)	Sum of the actual 2008 after tax statutory profit or loss arising from the new business written in 2008 (allowing for internal acquisition expenses) and the PVIF of this business at the end of 2008, net of CoC and the value of FOGs
Value of acquired business	EEV of L&H business of companies acquired during the reporting period

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10. Disclaimer

Forward looking statements

SCOR does not communicate "profit forecasts" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-looking statements contained in this communication should not be held as corresponding to such profit forecasts. Information in this communication may include "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties and other factors, which may cause actual results, on the one hand, to differ from any results expressed or implied by the present communication, on the other hand.

Please refer to SCOR's document de référence filed with the AMF on 5 March 2009 under number D.09-0099 (the “Document de Référence"), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.

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11. External Opinion

Tillinghast, the insurance consulting business of Towers Perrin, has reviewed the methodology and assumptions used to determine the 2008 embedded value results of SCOR and also reviewed the results of the calculations. The review covered the embedded value as at 31 December 2008, the value of 2008 new business, the analysis of movement in embedded value over 2008 and the sensitivities on the embedded value and new business value, determined by SCOR according to the European Embedded Value ("EEV") Principles as published by the CFO Forum on 5 May 2004 and 31 October 2005.

Towers Perrin has concluded that the methodology and assumptions used by SCOR comply with the requirements of the EEV Principles and Guidance, and in particular that:

- the methodology makes allowance for the aggregate risks in the covered business through the inclusion of risk margins in the risk discount rates, the deduction of the cost of required capital, and a market-consistent allowance for the time value of financial options and guarantees, as set out in sections 4 and 5 of this disclosure document;
- the operating assumptions have been set with appropriate regard to past, current and expected future experience; and
- the economic assumptions used are internally consistent and consistent with observable market data at 31 December 2008.

Towers Perrin has also performed limited high-level checks on the results of the calculations and has confirmed that any issues discovered do not have a material impact on the disclosed embedded values, new business values, analysis of movement and sensitivities. Towers Perrin has not, however, performed detailed checks on the models and processes involved.

In arriving at these conclusions, Towers Perrin has relied on data and information provided by SCOR SE and its subsidiaries. This opinion is made solely to SCOR SE in accordance with the terms of Towers Perrin's engagement letter. To the fullest extent permitted by applicable law, Towers Perrin does not accept or assume any responsibility, duty of care or liability to anyone other than SCOR SE for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

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