

Results Reporting for the Three Months to March 31, 2005

Key Quotes by James J. Schiro

Chief Executive Officer

May 19, 2005

Our business environment is challenging. Insurance markets have become increasingly contested, and financial markets continue to be fragile. But we are confident about our ability to generate sustainable shareholder returns.

The underlying quality of our result is strong. In General Insurance, the performance is building on cost vigilance and the disciplined approach to our businesses, and we continue to benefit from our diversified portfolio across all lines and geographies.

Our Life Insurance units made further progress on their strategic repositioning. In the UK, we are currently investing in the future of distribution. I am very pleased to announce that we now have FSA approval to launch Openwork, our new multi-tied distribution unit with 2,200 sellers, next month.

Insurance markets are becoming increasingly competitive, particularly in the US and the UK, but pricing remains attractive. We are maintaining financial and operational discipline. This is crucial to consider when evaluating our Group's prospects and profitability.

In the context of this disciplined environment, we continue to write good business. Our go-to market strategy announced last year has been implemented, and it is working well. This is borne out by our Global Corporate business, which had the fastest premium growth among our General Insurance segments.

Clearly, growth cannot be the only performance factor. Growth must be profitable. That is why we have implemented a rigorous approach to underwriting with a strong emphasis on common tools and methodologies to ensure that our market portfolios continue to stay profitable.

There can be no doubt that the industry-wide investigations in the US are challenging our business model, particularly the model governing the relationship between insurers, brokers and customers, and that some market participants may find this rather disruptive. But we should keep the priorities straight. Our goal must be to serve our customers first, and our actions in the market must be guided by our compliance with law and regulations. There can be no trade-off between acting lawfully and business success.