



# FINANCIAL SUPPLEMENT

## December 31, 2014

### Issued on February 2, 2015

This supplement is being furnished to you for informational purposes only. It should be read in conjunction with documents filed by XL Group plc with the U.S. Securities and Exchange Commission (the "SEC"), including its reports on Form 10-K and Form 10-Q. Please refer to the Company's website at [www.xlgroup.com](http://www.xlgroup.com) for further information describing XL Group plc.

### Investor Contacts:

David Radulski

Tel: (203) 964 3470

Email: [David.Radulski@xlgroup.com](mailto:David.Radulski@xlgroup.com)

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### Cautionary Note Regarding Forward-Looking Statements

*This financial supplement contains forward-looking statements. Statements that are not historical facts, including statements about XL's beliefs, plans or expectations, are forward-looking statements. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "may," "could," or "would" and similar statements of a future or forward-looking nature identify forward-looking statements. Actual results may differ materially from those included in such forward-looking statements and therefore you should not place undue reliance on them. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes (a) changes in the size of XL's claims relating to natural or man-made catastrophe losses due to the preliminary nature of some reports and estimates of loss and damage to date; (b) trends in rates for property and casualty insurance and reinsurance; (c) the timely and full recoverability of reinsurance placed by XL with third parties, or other amounts due to XL; (d) changes in the projected amount of ceded reinsurance recoverables and the credit ratings and credit worthiness of reinsurers; (e) actual loss experience from insured or reinsured events and the timing of claims payments being faster or the receipt of reinsurance recoverables being slower than anticipated; (f) increased competition on the basis of pricing, capacity, coverage terms or other factors such as the increased inflow of third party capital into reinsurance markets, which could harm XL's ability to maintain or increase its business volumes or profitability; (g) greater frequency or severity of claims and loss activity than XL's underwriting, reserving or investment practices anticipate based on historical experience or industry data; (h) changes in the global financial markets, including the effects of inflation on XL's business, including on pricing and reserving, increased government involvement or intervention in the financial services industry, and changes in interest rates, credit spreads, foreign currency exchange rates and future volatility in the world's credit, financial and capital markets that adversely affect the performance and valuation of XL's investments, financing planning and access to such markets or general financial condition; (i) XL's ability to successfully implement its business strategy, including its proposed acquisition of Catlin Group Limited; (j) XL's ability to successfully attract and raise additional third party capital for existing or new investment vehicles; (k) the potential impact on XL of government-mandated insurance coverage for acts of terrorism; (l) changes in ratings, rating agency policies or practices; (m) the potential for changes to methodologies, estimations and assumptions that underlie the valuation of XL's financial instruments that could result in changes to investment valuations; (n) changes to XL's assessment as to whether it is more likely than not that it will be required to sell, or has the intent to sell, available-for-sale debt securities before their anticipated recovery; (o) the availability of borrowings and letters of credit under credit facilities; (p) the ability of XL's subsidiaries to pay dividends to XL Group plc and XLIT Ltd.; (q) the potential effect of legislative or regulatory developments in the jurisdictions in which XL operates, such as those that could impact the financial markets or increase XL's business costs and required capital levels, including but not limited to changes in regulatory capital balances that must be maintained by our operating subsidiaries and governmental actions for the purpose of stabilizing the financial markets; (r) the effects of business disruption, economic contraction or economic sanctions due to global political and social conditions such as war, terrorism or other hostilities, or pandemics; (s) changes in regulators or laws applicable to us or our subsidiaries, brokers or customers; (t) the actual amount of new and renewal business and acceptance of XL's products and services, including new products and services and the materialization of risks related to such products and services; (u) changes in the availability, cost or quality of reinsurance; (v) changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; loss of key personnel; changes in accounting standards, policies or practices or the application thereof; (w) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (x) the effects of mergers, acquisitions and divestitures, including XL's ability to realize the value or benefits expected as a result of the Life Retrocession Arrangements and its proposed acquisition of Catlin Group Limited; (y) changes in general economic conditions, including new or continued sovereign debt concerns in Euro-Zone countries or downgrades of US securities by credit rating agencies, which could affect XL's financial condition, results of operations, liquidity or cash flows; (z) developments related to bankruptcies or other financial concerns of companies insofar as they affect property and casualty insurance and reinsurance coverage or claims that XL may have as a counterparty; (aa) judicial decisions and rulings, new theories of liability or emerging claims coverage issues, legal tactics and settlement terms and (bb) the other factors set forth in XL's reports on Form 10-K, Form 10-Q, Form 8-K dated October 31, 2014 and other documents on file with the Securities and Exchange Commission. XL undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by the federal securities laws.*

*XL intends to use its website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included on the website in the Investor Relations section. Accordingly, investors should monitor such portions of XL's website, in addition to following its press releases, SEC filings and public conference calls and webcasts.*



# STATEMENTS OF INCOME

# CONSOLIDATED STATEMENTS OF INCOME

(U.S. Dollars in thousands)

(Unaudited)

(Note 1)



	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	Three Months Ended December 31, 2013
<b>Revenues</b>					
Gross premiums written	\$ 1,699,553	\$ 1,684,198	\$ 2,198,239	\$ 2,512,936	\$ 1,545,646
Net premiums written	1,223,161	1,233,985	1,491,844	1,995,881	1,155,820
Net premiums earned - P&C operations	1,413,161	1,453,673	1,438,076	1,412,528	1,510,727
Net premiums earned - run-off Life operations	23,064	19,739	58,518	76,311	81,398
Net investment income - excluding Life Funds Withheld Assets (Note 2)	172,297	169,956	213,608	233,189	240,781
Net investment income - Life Funds Withheld Assets (Note 2)	53,936	56,474	19,165	-	-
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	13,105	9,813	80,844	19,229	12,258
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	2,421	2,022	624	-	-
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	(4,322)	(7,494)	(8,771)	-	-
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(9)	-	-	-	-
Net realized and unrealized gains (losses) on derivative instruments	11,346	5,131	11,599	1,810	4,138
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(269,412)	(201,264)	(17,546)	-	-
Net income (loss) from investment fund affiliates (Note 3)	20,330	24,500	17,683	33,303	54,548
Fee income and other	11,688	10,782	9,706	11,454	8,653
<b>Total revenues</b>	<b>\$ 1,447,605</b>	<b>\$ 1,543,332</b>	<b>\$ 1,823,506</b>	<b>\$ 1,787,824</b>	<b>\$ 1,912,503</b>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 739,420	\$ 859,588	\$ 827,880	\$ 831,505	\$ 944,254
Claims and policy benefits - run-off Life operations	23,976	20,101	85,299	113,587	121,433
Acquisition costs	171,203	182,882	184,619	199,414	218,850
Operating expenses (Note 4)	356,606	341,255	333,030	310,424	314,681
Foreign exchange losses (gains)	(45,802)	(23,348)	21,141	10,441	(3,780)
Loss on sale of life reinsurance subsidiary (Note 2)	-	-	666,423	-	-
Interest expense - debt and other	25,074	31,703	32,284	32,160	28,887
Interest expense - deposit liability accretion	9,155	11,148	(18,199)	10,781	11,745
<b>Total expenses</b>	<b>\$ 1,279,632</b>	<b>\$ 1,423,329</b>	<b>\$ 2,132,477</b>	<b>\$ 1,508,312</b>	<b>\$ 1,636,070</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 167,973	\$ 120,003	\$ (308,971)	\$ 279,512	\$ 276,433
Income (loss) from operating affiliates (Note 5)	13,174	20,021	27,738	46,285	31,391
Provision (benefit) for income taxes	38,173	30,057	(5,654)	34,321	4,257
<b>Net income (loss)</b>	<b>\$ 142,974</b>	<b>\$ 109,967</b>	<b>\$ (275,579)</b>	<b>\$ 291,476</b>	<b>\$ 303,567</b>
Non-controlling interests	(3,474)	(37,583)	(3,682)	(35,759)	(2,787)
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>\$ 139,500</b>	<b>\$ 72,384</b>	<b>\$ (279,261)</b>	<b>\$ 255,717</b>	<b>\$ 300,780</b>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (19,861)	\$ (8,860)	\$ (77,149)	\$ (18,889)	\$ (7,143)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(2,421)	(2,022)	(624)	-	-
OTTI on investments - Life Funds Withheld Assets (Note 2)	4,322	7,494	8,771	-	-
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	9	-	-	-	-
Net realized and unrealized (gains) losses on derivatives, net of tax	(11,347)	(5,131)	(11,596)	(1,810)	(4,138)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	1,743	8	1,222	(3,958)	6,919
Net investment income - Life Funds Withheld Assets (Note 2)	(53,936)	(56,474)	(19,165)	-	-
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	269,412	201,264	17,546	-	-
Loss on sale of life reinsurance subsidiary, net of tax (Note 2)	-	-	621,323	-	-
Foreign exchange (gains) losses, net of tax	(33,493)	(21,575)	18,509	7,589	(9,537)
<b>Operating Net Income (Note 6)</b>	<b>\$ 293,928</b>	<b>\$ 187,088</b>	<b>\$ 279,576</b>	<b>\$ 238,649</b>	<b>\$ 286,881</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.

2. On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.

3. Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.

4. See pages 8 - 10 for split of segment and corporate operating expenses.

5. Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.

6. Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold, net of tax, (3) our Other-than temporary impairments on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, net of tax, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (4) for our insurance company affiliates for the periods presented, (8) our loss on sale of life reinsurance subsidiary, XLLR, net of tax, and, (9) our foreign exchange (gains) losses, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

## RETURN ON ORDINARY SHAREHOLDERS' EQUITY AND BOOK VALUE PER ORDINARY SHARE

(U.S. Dollars in thousands, except share and per share amounts)  
(Unaudited)  
(Note 1)



	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	Three Months Ended December 31, 2013
<b>Return on Ordinary Shareholders' Equity</b>					
Opening shareholders' equity	\$ 11,220,774	\$ 11,408,577	\$ 11,603,974	\$ 11,349,298	\$ 11,252,514
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,379,720)	(1,374,288)	(1,359,012)	(1,351,665)	(1,344,618)
Opening ordinary shareholders' equity	9,841,054	10,034,289	10,244,962	9,997,633	9,907,896
Closing shareholders' equity	11,435,767	11,220,774	11,408,577	11,603,974	11,349,298
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,402,015)	(1,379,720)	(1,374,288)	(1,359,012)	(1,351,665)
Closing ordinary shareholders' equity	10,033,752	9,841,054	10,034,289	10,244,962	9,997,633
Average ordinary shareholders' equity	9,937,403	9,937,672	10,139,626	10,121,298	9,952,765
Average unrealized (gain) loss on investments, net of tax	(1,383,597)	(1,235,024)	(1,081,984)	(840,145)	(733,638)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	8,553,806	8,702,648	9,057,642	9,281,153	9,219,127
Net income (loss) attributable to ordinary shareholders	139,500	72,384	(279,261)	255,717	300,780
Annualized net income (loss) attributable to ordinary shareholders	558,000	289,536	(1,117,044)	1,022,868	1,203,120
Operating Net Income (Note 2)	293,928	187,088	279,576	238,649	286,881
Annualized Operating Net Income (Note 2)	1,175,712	748,352	1,118,304	954,596	1,147,524
Annualized return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	5.6%	2.9%	-11.0%	10.1%	12.1%
Annualized return on average ordinary shareholders' equity - Operating Net Income (Note 2)	11.8%	7.5%	11.0%	9.4%	11.5%
Annualized return on average ordinary shareholders' equity excluding unrealized gains and losses on investments - Operating Net Income (Note 2)	13.7%	8.6%	12.3%	10.3%	12.4%

	At December 31, 2014	At September 30, 2014	At June 30, 2014	At March 31, 2014	At December 31, 2013
<b>Book Value per Ordinary Share</b>					
Closing ordinary shareholders' equity	\$ 10,033,752	\$ 9,841,054	\$ 10,034,289	\$ 10,244,962	\$ 9,997,633
Ordinary shares outstanding (Note 3)	255,222,835	260,289,496	268,351,959	273,598,838	278,297,762
Dilutive impact of stock and options	5,332,159	4,981,507	4,637,744	3,678,176	4,800,369
Diluted shares outstanding	260,554,994	265,271,003	272,989,703	277,277,014	283,098,131
<b>Book value per ordinary share (Note 4)</b>	<b>\$ 39.31</b>	<b>\$ 37.81</b>	<b>\$ 37.39</b>	<b>\$ 37.45</b>	<b>\$ 35.92</b>
<b>Fully diluted book value per ordinary share (Note 4)</b>	<b>\$ 38.51</b>	<b>\$ 37.10</b>	<b>\$ 36.76</b>	<b>\$ 36.95</b>	<b>\$ 35.32</b>
<b>Fully diluted tangible book value per ordinary share (Note 4)</b>	<b>\$ 36.79</b>	<b>\$ 35.40</b>	<b>\$ 35.09</b>	<b>\$ 35.30</b>	<b>\$ 33.86</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold, net of tax, (3) our Other-than temporary impairments on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, net of tax, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (4) for our insurance company affiliates for the periods presented, (8) our loss on sale of life reinsurance subsidiary, XLLR, net of tax, and, (9) our foreign exchange (gains) losses, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.
- Ordinary shares outstanding include all ordinary shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Book value per ordinary share, fully diluted book value per ordinary share and fully diluted tangible book value per ordinary share are non-GAAP financial measures. Fully diluted book value per ordinary share represents book value per ordinary share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, divided by the number of outstanding ordinary shares at any period end) combined with the dilutive impact of potential future share issues at any period end. Fully diluted tangible book value per ordinary share is calculated in the same manner as fully diluted book value per ordinary share except that goodwill and intangible assets are excluded from ordinary shareholders' equity. XL believes that fully diluted tangible book value per ordinary share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.

# CONSOLIDATED STATEMENTS OF INCOME

(U.S. Dollars in thousands)

(Unaudited)

(Note 1)



	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
<b>Revenues</b>		
Gross premiums written	\$ 8,094,926	\$ 7,741,135
Net premiums written	\$ 5,944,841	\$ 6,199,404
Net premiums earned - P&C operations	\$ 5,717,438	\$ 6,014,099
Net premiums earned - run-off Life operations	177,632	295,422
Net investment income - excluding Life Funds Withheld Assets (Note 2)	789,050	957,716
Net investment income - Life Funds Withheld Assets (Note 2)	129,575	-
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	122,991	87,777
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	5,067	-
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	(20,587)	-
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(9)	-
Net realized and unrealized gains (losses) on derivative instruments	29,886	7,798
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(488,222)	-
Net income (loss) from investment fund affiliates (Note 3)	95,816	138,391
Fee income and other	43,630	40,031
<b>Total revenues</b>	<b>\$ 6,602,267</b>	<b>\$ 7,541,234</b>
<b>Expenses</b>		
Net losses and loss expenses incurred - P&C operations	\$ 3,258,393	\$ 3,731,464
Claims and policy benefits - run-off Life operations	242,963	465,702
Acquisition costs	738,118	909,323
Operating expenses (Note 4)	1,341,315	1,213,178
Foreign exchange losses (gains)	(37,568)	(28,243)
Loss on sale of life reinsurance subsidiary (Note 2)	666,423	-
Interest expense - debt and other	121,221	107,486
Interest expense - deposit liability accretion	12,885	47,976
Impairment of goodwill	-	-
<b>Total expenses</b>	<b>\$ 6,343,750</b>	<b>\$ 6,446,886</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 258,517	\$ 1,094,348
Income (loss) from operating affiliates (Note 5)	107,218	119,804
Provision (benefit) for income taxes	96,897	77,505
<b>Net income (loss)</b>	<b>\$ 268,838</b>	<b>\$ 1,136,647</b>
Non-controlling interests	(80,498)	(76,731)
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>\$ 188,340</b>	<b>\$ 1,059,916</b>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (124,759)	\$ (82,605)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(5,067)	-
OTTI on investments - Life Funds Withheld Assets (Note 2)	20,587	-
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	9	-
Net realized and unrealized (gains) losses on derivatives, net of tax	(29,884)	(7,798)
Net realized and unrealized (gains) losses on investments and derivatives related to Company's insurance company affiliates	(985)	6,556
Net investment income - Life Funds Withheld Assets (Note 2)	(129,575)	-
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	488,222	-
Loss on sale of life reinsurance subsidiary (Note 2)	621,323	-
Foreign exchange (gains) losses, net of tax	(28,970)	(33,101)
<b>Operating Net Income (Note 6)</b>	<b>\$ 999,241</b>	<b>\$ 942,968</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.
- See pages 15 - 16 for split of segment and corporate operating expenses.
- Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.
- Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold, net of tax, (3) our Other-than temporary impairments on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, net of tax, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (4) for our insurance company affiliates for the periods presented, (8) our loss on sale of life reinsurance subsidiary, XLLR, net of tax, and, (9) our foreign exchange (gains) losses, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

# RETURN ON ORDINARY SHAREHOLDERS' EQUITY

(U.S. Dollars in thousands, except share and per share amounts)

Unaudited

(Note 1)



	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
Opening shareholders' equity	11,349,298	11,856,403
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,351,665)	(1,346,325)
Opening ordinary shareholders' equity	<u>9,997,633</u>	<u>10,510,078</u>
Closing shareholders' equity	11,435,767	11,349,298
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,402,015)	(1,351,665)
Closing ordinary shareholders' equity	<u>10,033,752</u>	<u>9,997,633</u>
Average ordinary shareholders' equity	<u>10,015,693</u>	<u>10,253,856</u>
Average unrealized (gain) loss on investments, net of tax	(1,123,655)	(1,101,541)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	<u>8,892,038</u>	<u>9,152,315</u>
Net income (loss) attributable to ordinary shareholders	<u>188,340</u>	<u>1,059,916</u>
Operating net income (Note 2)	999,241	942,968
Return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	1.9%	10.3%
Return on ordinary average shareholders' equity - operating net income (Note 2)	10.0%	9.2%
Return on ordinary average shareholders' equity excluding unrealized gains and losses on investments - operating net income (Note 2)	<u>11.2%</u>	<u>10.3%</u>

1. Certain amounts have been reclassified to conform with the current period presentation.

2. Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold, net of tax, (3) our Other-than temporary impairments on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, net of tax, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (4) for our insurance company affiliates for the periods presented, (8) our loss on sale of life reinsurance subsidiary, XLLR, net of tax, and, (9) our foreign exchange (gains) losses, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

(U.S. Dollars in thousands, except ratios)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 1,462,262	\$ 158,358	\$ 1,620,620	\$ 78,933	\$ 1,699,553
Net premiums written	1,053,719	146,378	1,200,097	23,064	1,223,161
Net premiums earned	1,011,867	401,294	1,413,161	23,064	1,436,225
Net losses and loss expenses incurred	(626,032)	(113,388)	(739,420)	(23,976)	(763,396)
Acquisition expenses	(92,464)	(77,775)	(170,239)	(964)	(171,203)
Operating expenses (Note 2)	(230,327)	(54,324)	(284,651)	(2,511)	(287,162)
Underwriting (loss) profit	<u>\$ 63,044</u>	<u>\$ 155,807</u>	<u>\$ 218,851</u>	<u>\$ (4,387)</u>	<u>\$ 214,464</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	144,801	11,996	156,797
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	53,936	53,936
Net investment results structured products (Note 4)	3,604	2,476	6,080	-	6,080
Net fee income and other (Note 5)	(1,446)	862	(584)	103	(481)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			13,777	(672)	13,105
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				(1,910)	(1,910)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(269,412)	(269,412)
Net realized and unrealized gains (losses) on derivative instruments				11,346	11,346
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				33,504	33,504
Foreign exchange (gains) losses				(45,802)	(45,802)
Corporate operating expenses				57,010	57,010
Loss on sale of life reinsurance subsidiary (Note 3)				-	-
Impairment of goodwill				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 382,925</u>	<u>\$ (176,704)</u>	<u>\$ 206,221</u>
Interest expense (Note 7)					(25,074)
Non-controlling interests					(3,474)
Income taxes					(38,173)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 139,500</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	61.9%	28.3%	52.3%		
Underwriting expense ratio	31.9%	32.9%	32.2%		
Combined ratio	93.8%	61.2%	84.5%		
Total net prior year development	(34,654)	(62,006)	(96,660)		
Natural catastrophe losses (Note 8)	17,670	15,842	33,512		
Reinstatement premium	-	1,800	1,800		
Loss and loss expense ratio excluding net prior year development	65.3%	43.7%	59.2%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.5%	39.9%	56.9%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$15.5 million and \$(9.2) million, respectively.
- Net fee income and other includes operating expenses of \$12.2 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include several US wind & thunderstorms, the India floods, Mexico Hurricane Odile and Australia Brisbane Superstorm Cells.





## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

(U.S. Dollars in thousands, except ratios)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 1,324,418	\$ 276,284	\$ 1,600,702	\$ 83,496	\$ 1,684,198
Net premiums written	956,185	258,061	1,214,246	19,739	1,233,985
Net premiums earned	1,018,416	435,257	1,453,673	19,739	1,473,412
Net losses and loss expenses incurred	(650,256)	(209,332)	(859,588)	(20,101)	(879,689)
Acquisition expenses	(95,992)	(84,800)	(180,792)	(2,090)	(182,882)
Operating expenses (Note 2)	(218,281)	(50,637)	(268,918)	(2,785)	(271,703)
Underwriting (loss) profit	<u>\$ 53,887</u>	<u>\$ 90,488</u>	<u>\$ 144,375</u>	<u>\$ (5,237)</u>	<u>\$ 139,138</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	141,575	11,552	153,127
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	56,474	56,474
Net investment results structured products (Note 4)	3,571	1,720	5,291	-	5,291
Net fee income and other (Note 5)	(3,826)	601	(3,225)	167	(3,058)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			9,418	395	9,813
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				(5,472)	(5,472)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				(201,264)	(201,264)
Net realized and unrealized gains (losses) on derivative instruments				5,131	5,131
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				44,521	44,521
Foreign exchange (gains) losses				(23,348)	(23,348)
Corporate operating expenses				55,322	55,322
Loss on sale of life reinsurance subsidiary (Note 3)				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 297,434</u>	<u>\$ (125,707)</u>	<u>\$ 171,727</u>
Interest expense (Note 7)					(31,703)
Non-controlling interests					(37,583)
Income taxes					(30,057)
<b>Net (loss) income attributable to XL Group plc</b>					<u><u>\$ 72,384</u></u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.8%	48.1%	59.1%		
Underwriting expense ratio	30.9%	31.1%	31.0%		
Combined ratio	94.7%	79.2%	90.1%		
Total net prior year development	(19,775)	(15,356)	(35,131)		
Natural catastrophe losses (Note 8)	18,419	12,014	30,433		
Reinstatement premium	-	618	618		
Loss and loss expense ratio excluding net prior year development	65.8%	51.6%	61.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	64.0%	48.9%	59.5%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$16.8 million and \$(11.1) million, respectively.
- Net fee income and other includes operating expenses of \$13.8 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include the European hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile and US wind & thunderstorm.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

(U.S. Dollars in thousands, except ratios)  
(Unaudited)  
(Note 1)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 1,293,020	\$ 164,846	\$ 1,457,866	\$ 87,780	\$ 1,545,646
Net premiums written	922,083	152,339	1,074,422	81,398	1,155,820
Net premiums earned	1,066,031	444,696	1,510,727	81,398	1,592,125
Net losses and loss expenses incurred	(695,377)	(248,877)	(944,254)	(121,433)	(1,065,687)
Acquisition expenses	(124,195)	(85,458)	(209,653)	(9,197)	(218,850)
Operating expenses (Note 3)	(211,230)	(44,140)	(255,370)	(1,466)	(256,836)
Underwriting (loss) profit	<u>\$ 35,229</u>	<u>\$ 66,221</u>	<u>\$ 101,450</u>	<u>\$ (50,698)</u>	<u>\$ 50,752</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	150,548	72,237	222,785
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	-	-
Net investment results structured products (Note 5)	3,741	2,358	6,099	-	6,099
Net fee income and other (Note 6)	(3,836)	571	(3,265)	175	(3,090)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 4)			12,932	(674)	12,258
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				-	-
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				-	-
Net realized and unrealized gains (losses) on derivative instruments				4,138	4,138
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				85,939	85,939
Foreign exchange (gains) losses				(3,780)	(3,780)
Corporate operating expenses				45,950	45,950
Loss on sale of life reinsurance subsidiary (Note 4)				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 267,764</u>	<u>\$ 68,947</u>	<u>\$ 336,711</u>
Interest expense (Note 8)					(28,887)
Non-controlling interests					(2,787)
Income taxes					(4,257)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 300,780</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	65.2%	56.0%	62.5%		
Underwriting expense ratio	31.5%	29.1%	30.8%		
Combined ratio	96.7%	85.1%	93.3%		
Total net prior year development	(39,892)	(20,969)	(60,861)		
Natural catastrophe losses (Note 9)	23,711	75,894	99,605		
Reinstatement premium	-	5,330	5,330		
Loss and loss expense ratio excluding net prior year development	69.0%	60.7%	66.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	66.7%	44.1%	60.2%		

**Notes :**

- Certain amounts have been reclassified to conform with the current period presentation.
- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$18.0 million and \$11.7 million, respectively.
- Net fee income and other includes operating expenses of \$11.7 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include Germany & France hailstorms, Hurricane Ingrid, Typhoon Fitow, Typhoon Haiyan and Mid West tornados.

## PREMIUMS BY LINE OF BUSINESS

(U.S. Dollars in thousands)

(Unaudited)

(Note 1)



	FOR THE THREE MONTHS ENDED DECEMBER 31, 2014				FOR THE THREE MONTHS ENDED DECEMBER 31, 2013			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 455,121	\$ 6,803	\$ -	\$ 461,924	\$ 430,765	\$ 9,555	\$ -	\$ 440,320
Casualty	467,815	60,947	-	528,762	398,517	66,073	-	464,590
Property catastrophe	-	9,057	-	9,057	-	16,858	-	16,858
Property	173,259	63,453	-	236,712	177,584	57,483	-	235,067
Marine, energy, aviation and satellite	-	8,439	-	8,439	-	6,899	-	6,899
Specialty	268,887	-	-	268,887	217,012	-	-	217,012
Other (Note 3)	97,180	9,659	-	106,839	69,142	7,978	-	77,120
<b>Total P&amp;C operations</b>	<b>1,462,262</b>	<b>158,358</b>	<b>-</b>	<b>1,620,620</b>	<b>1,293,020</b>	<b>164,846</b>	<b>-</b>	<b>1,457,866</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	36,483	36,483	-	-	39,461	39,461
Run-Off Life Operations - Other Life	-	-	42,450	42,450	-	-	48,319	48,319
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>78,933</b>	<b>78,933</b>	<b>-</b>	<b>-</b>	<b>87,780</b>	<b>87,780</b>
<b>Total</b>	<b>\$ 1,462,262</b>	<b>\$ 158,358</b>	<b>\$ 78,933</b>	<b>\$ 1,699,553</b>	<b>\$ 1,293,020</b>	<b>\$ 164,846</b>	<b>\$ 87,780</b>	<b>\$ 1,545,646</b>
	<u>NET PREMIUMS WRITTEN</u>				<u>NET PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 306,779	\$ 6,793	\$ -	\$ 313,572	\$ 216,868	\$ 9,549	\$ -	\$ 226,417
Casualty	297,756	60,953	-	358,709	299,405	65,918	-	365,323
Property catastrophe	-	9,350	-	9,350	-	17,006	-	17,006
Property	135,630	51,311	-	186,941	149,913	47,232	-	197,145
Marine, energy, aviation and satellite	-	8,043	-	8,043	-	2,796	-	2,796
Specialty	238,301	-	-	238,301	200,210	-	-	200,210
Other (Note 3)	75,253	9,928	-	85,181	55,687	9,838	-	65,525
<b>Total P&amp;C operations</b>	<b>1,053,719</b>	<b>146,378</b>	<b>-</b>	<b>1,200,097</b>	<b>922,083</b>	<b>152,339</b>	<b>-</b>	<b>1,074,422</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	32,336	32,336
Run-Off Life Operations - Other Life	-	-	23,064	23,064	-	-	49,062	49,062
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>23,064</b>	<b>23,064</b>	<b>-</b>	<b>-</b>	<b>81,398</b>	<b>81,398</b>
<b>Total</b>	<b>\$ 1,053,719</b>	<b>\$ 146,378</b>	<b>\$ 23,064</b>	<b>\$ 1,223,161</b>	<b>\$ 922,083</b>	<b>\$ 152,339</b>	<b>\$ 81,398</b>	<b>\$ 1,155,820</b>
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 263,209	\$ 41,659	\$ -	\$ 304,868	\$ 308,995	\$ 53,174	\$ -	\$ 362,169
Casualty	361,185	73,935	-	435,120	361,110	81,732	-	442,842
Property catastrophe	-	108,790	-	108,790	-	129,147	-	129,147
Property	122,586	122,592	-	245,178	148,731	140,727	-	289,458
Marine, energy, aviation and satellite	-	20,655	-	20,655	-	19,369	-	19,369
Specialty	194,064	-	-	194,064	187,151	-	-	187,151
Other (Note 3)	70,823	33,663	-	104,486	60,044	20,547	-	80,591
<b>Total P&amp;C operations</b>	<b>1,011,867</b>	<b>401,294</b>	<b>-</b>	<b>1,413,161</b>	<b>1,066,031</b>	<b>444,696</b>	<b>-</b>	<b>1,510,727</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	32,336	32,336
Run-Off Life Operations - Other Life	-	-	23,064	23,064	-	-	49,062	49,062
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>23,064</b>	<b>23,064</b>	<b>-</b>	<b>-</b>	<b>81,398</b>	<b>81,398</b>
<b>Total</b>	<b>\$ 1,011,867</b>	<b>\$ 401,294</b>	<b>\$ 23,064</b>	<b>\$ 1,436,225</b>	<b>\$ 1,066,031</b>	<b>\$ 444,696</b>	<b>\$ 81,398</b>	<b>\$ 1,592,125</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Corporate and Other includes the Company's run-off Life operations.
3. Other within the Insurance segment includes: excess and surplus, programs, surety, structured indemnity and certain other discontinued lines. Other within the Reinsurance segment includes: whole account contracts, structured indemnity and other lines.

## INSURANCE SEGMENT

(U.S. Dollars in thousands)  
(Unaudited)



	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	Three Months Ended December 31, 2013	% Change Q4 14 vs. Q3 14	vs. Q4 13
Gross premiums written	\$ 1,462,262	\$ 1,324,418	\$ 1,618,405	\$ 1,570,926	\$ 1,293,020	10.4%	13.1%
Net premiums written	1,053,719	956,185	996,880	1,127,367	922,083	10.2%	14.3%
Net premiums earned	1,011,867	1,018,416	1,003,990	992,440	1,066,031	-0.6%	-5.1%
Net losses incurred	(626,032)	(650,256)	(627,627)	(639,193)	(695,377)	-3.7%	-10.0%
Acquisition expenses	(92,464)	(95,992)	(99,863)	(105,000)	(124,195)	-3.7%	-25.5%
Operating expenses (Note 1)	(230,327)	(218,281)	(213,931)	(203,053)	(211,230)	5.5%	9.0%
<b>Underwriting profit (loss)</b>	<b>\$ 63,044</b>	<b>\$ 53,887</b>	<b>\$ 62,569</b>	<b>\$ 45,194</b>	<b>\$ 35,229</b>	<b>17.0%</b>	<b>79.0%</b>

### RATIOS

Loss and loss expense ratio	61.9%	63.8%	62.5%	64.4%	65.2%
Acquisition expense ratio	9.1%	9.4%	9.9%	10.6%	11.7%
Operating expense ratio	22.8%	21.5%	21.4%	20.4%	19.8%
Combined ratio	93.8%	94.7%	93.8%	95.4%	96.7%

Total net prior year development, strengthening (release)	\$ (34,654)	\$ (19,775)	\$ (36,992)	\$ (8,341)	\$ (39,892)
Natural catastrophe losses	17,670	18,419	14,947	17,215	23,711
Reinstatement premium	-	-	-	-	-

Loss and loss expense ratio excluding net prior year development	65.3%	65.8%	66.2%	65.2%	69.0%
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.5%	64.0%	64.7%	63.5%	66.7%
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	95.4%	94.8%	96.0%	94.6%	98.2%
Combined ratio excluding net prior year development, natural catastrophe losses, reinstatement premium and losses from Costa Concordia	NA	NA	NA	NA	96.3%

### Notes:

1. Operating expenses exclude corporate operating expenses.  
NA = Not applicable



## REINSURANCE SEGMENT

(U.S. Dollars in thousands)  
(Unaudited)  
(Note 1)

	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	Three Months Ended December 31, 2013	% Change Q4 14 vs. Q3 14	vs. Q4 13
Gross premiums written	\$ 158,358	\$ 276,284	\$ 493,124	\$ 857,713	\$ 164,846	-42.7%	-3.9%
Net premiums written	146,378	258,061	436,446	792,173	152,339	-43.3%	-3.9%
Net premiums earned	401,294	435,257	434,086	420,088	444,696	-7.8%	-9.8%
Net losses incurred	(113,388)	(209,332)	(200,253)	(192,312)	(248,877)	-45.8%	-54.4%
Acquisition expenses	(77,775)	(84,800)	(80,874)	(87,235)	(85,458)	-8.3%	-9.0%
Operating expenses (Note 2)	(54,324)	(50,637)	(47,582)	(40,861)	(44,140)	7.3%	23.1%
<b>Underwriting profit (loss)</b>	<b>\$ 155,807</b>	<b>\$ 90,488</b>	<b>\$ 105,377</b>	<b>\$ 99,680</b>	<b>\$ 66,221</b>	72.2%	NM
<b>RATIOS</b>							
Loss and loss expense ratio	28.3%	48.1%	46.1%	45.8%	56.0%		
Acquisition expense ratio	19.4%	19.5%	18.6%	20.8%	19.2%		
Operating expense ratio	13.5%	11.6%	11.0%	9.7%	9.9%		
Combined ratio	61.2%	79.2%	75.7%	76.3%	85.1%		
Total net prior year development, strengthening (release)	\$ (62,006)	\$ (15,356)	\$ (47,456)	\$ (30,496)	\$ (20,969)		
Natural catastrophe losses	15,842	12,014	21,626	0	75,894		
Reinstatement premium	1,800	618	1,966	0	5,330		
Loss and loss expense ratio excluding net prior year development	43.7%	51.6%	57.1%	53.0%	60.7%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	39.9%	48.9%	52.3%	53.0%	44.1%		
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	73.0%	80.1%	82.0%	83.5%	73.6%		
Combined ratio excluding net prior year development, natural catastrophe losses, reinstatement premium and losses from Costa Concordia	NA	NA	NA	NA	70.8%		

**Notes:**

1. A significant portion of XL's business incepts in the first quarter. This should be considered when making certain comparisons of gross and net premiums written.
  2. Operating expenses exclude corporate operating expenses.
- NA = Not applicable  
NM = Not meaningful

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES  
THREE MONTHS ENDED DECEMBER 31, 2014 vs DECEMBER 31, 2013**

(U.S. Dollars in thousands)  
(Unaudited)



	FOR THE THREE MONTHS ENDED DECEMBER 31, 2014					FOR THE THREE MONTHS ENDED DECEMBER 31, 2013				
	(Note 1)					(Note 2)				
	Including Cats & PYD	PYD	Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD	Including Cats & PYD	PYD	Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 1,462,262		\$ 1,462,262	-	\$ 1,462,262	\$ 1,293,020		\$ 1,293,020	-	\$ 1,293,020
Net premiums written	1,053,719	-	1,053,719	-	1,053,719	922,083	-	922,083	-	922,083
Net premiums earned	1,011,867	-	1,011,867	-	1,011,867	1,066,031	-	1,066,031	-	1,066,031
Net losses incurred	626,032	(34,654)	660,686	17,670	643,016	695,377	(39,892)	735,269	23,711	711,558
Acquisition expenses	92,464		92,464	-	92,464	124,195		124,195	-	124,195
Operating expenses	230,327		230,327	-	230,327	211,230		211,230	-	211,230
<b>Underwriting profit / (loss)</b>	<b>\$ 63,044</b>	<b>\$ 34,654</b>	<b>\$ 28,390</b>	<b>\$ (17,670)</b>	<b>\$ 46,060</b>	<b>\$ 35,229</b>	<b>\$ 39,892</b>	<b>\$ (4,663)</b>	<b>\$ (23,711)</b>	<b>\$ 19,048</b>
<b>Loss Ratio</b>	<b>61.9%</b>		<b>65.3%</b>		<b>63.5%</b>	<b>65.2%</b>		<b>69.0%</b>		<b>66.7%</b>
<b>Combined Ratio</b>	<b>93.8%</b>		<b>97.2%</b>		<b>95.4%</b>	<b>96.7%</b>		<b>100.4%</b>		<b>98.2%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 158,358		\$ 158,358	1,801	\$ 156,557	\$ 164,846		\$ 164,846	5,330	\$ 159,516
Net premiums written	146,378	-	146,378	1,800	144,578	152,339	-	152,339	5,330	147,009
Net premiums earned	401,294	-	401,294	1,800	399,494	444,696	-	444,696	5,330	439,366
Net losses incurred	113,388	(62,006)	175,394	15,842	159,552	248,877	(20,969)	269,846	75,894	193,952
Acquisition expenses	77,775		77,775	-	77,775	85,458		85,458	-	85,458
Operating expenses	54,324		54,324	-	54,324	44,140		44,140	-	44,140
<b>Underwriting profit / (loss)</b>	<b>\$ 155,807</b>	<b>\$ 62,006</b>	<b>\$ 93,801</b>	<b>\$ (14,042)</b>	<b>\$ 107,843</b>	<b>\$ 66,221</b>	<b>\$ 20,969</b>	<b>\$ 45,252</b>	<b>\$ (70,564)</b>	<b>\$ 115,816</b>
<b>Loss Ratio</b>	<b>28.3%</b>		<b>43.7%</b>		<b>39.9%</b>	<b>56.0%</b>		<b>60.7%</b>		<b>44.1%</b>
<b>Combined Ratio</b>	<b>61.2%</b>		<b>76.6%</b>		<b>73.0%</b>	<b>85.1%</b>		<b>89.8%</b>		<b>73.6%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 1,620,620		\$ 1,620,620	1,801	\$ 1,618,819	\$ 1,457,866		\$ 1,457,866	5,330	\$ 1,452,536
Net premiums written	1,200,097	-	1,200,097	1,800	1,198,297	1,074,422	-	1,074,422	5,330	1,069,092
Net premiums earned	1,413,161	-	1,413,161	1,800	1,411,361	1,510,727	-	1,510,727	5,330	1,505,397
Net losses incurred	739,420	(96,660)	836,080	33,512	802,568	944,254	(60,861)	1,005,115	99,605	905,510
Acquisition expenses	170,239		170,239	-	170,239	209,653		209,653	-	209,653
Operating expenses	284,651		284,651	-	284,651	255,370		255,370	-	255,370
<b>Underwriting profit / (loss)</b>	<b>\$ 218,851</b>	<b>\$ 96,660</b>	<b>\$ 122,191</b>	<b>\$ (31,712)</b>	<b>\$ 153,903</b>	<b>\$ 101,450</b>	<b>\$ 60,861</b>	<b>\$ 40,589</b>	<b>\$ (94,275)</b>	<b>\$ 134,864</b>
<b>Loss Ratio</b>	<b>52.3%</b>		<b>59.2%</b>		<b>56.9%</b>	<b>62.5%</b>		<b>66.5%</b>		<b>60.2%</b>
<b>Combined Ratio</b>	<b>84.5%</b>		<b>91.4%</b>		<b>89.1%</b>	<b>93.3%</b>		<b>97.3%</b>		<b>91.0%</b>

**Notes:**

- 2014 Natural Catastrophes include several US wind & thunderstorms, the India floods, Mexico Hurricane Odile and Australia Brisbane Superstorm Cells.
- 2013 Natural Catastrophes include Germany & France hailstorms, Hurricane Ingrid, Typhoon Fitow, Typhoon Haiyan and the Midwest tornadoes.



## SEGMENT INFORMATION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014

(U.S. Dollars in thousands)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 5,976,011	\$ 1,785,479	\$ 7,761,490	\$ 333,436	\$ 8,094,926
Net premiums written	\$ 4,134,151	\$ 1,633,058	\$ 5,767,209	\$ 177,632	\$ 5,944,841
Net premiums earned	\$ 4,026,713	\$ 1,690,725	\$ 5,717,438	\$ 177,632	\$ 5,895,070
Net losses and loss expenses incurred	(2,543,108)	(715,285)	(3,258,393)	(242,963)	(3,501,356)
Acquisition expenses	(393,319)	(330,684)	(724,003)	(14,115)	(738,118)
Operating expenses (Note 2)	(865,592)	(193,404)	(1,058,996)	(10,693)	(1,069,689)
Underwriting (loss) profit	<u>\$ 224,694</u>	<u>\$ 451,352</u>	<u>\$ 676,046</u>	<u>\$ (90,139)</u>	<u>\$ 585,907</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	574,458	146,558	721,016
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	129,575	129,575
Net investment results structured products (Note 4)	43,710	10,499	54,209	-	54,209
Net fee income and other (Note 5)	(10,051)	2,800	(7,251)	360	(6,891)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			119,366	3,625	122,991
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	(15,529)	(15,529)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(488,222)	(488,222)
Net realized and unrealized gains (losses) on derivative instruments				29,886	29,886
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				203,034	203,034
Foreign exchange (gains) losses				(37,568)	(37,568)
Corporate operating expenses				220,165	220,165
Loss on sale of life reinsurance subsidiary (Note 2)				666,423	666,423
Impairment of goodwill				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 1,416,828</u>	<u>\$ (929,872)</u>	<u>\$ 486,956</u>
Interest expense (Note 7)					(121,221)
Non-controlling interests					(80,498)
Income tax					(96,897)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 188,340</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.2%	42.3%	57.0%		
Underwriting expense ratio	31.2%	31.0%	31.2%		
Combined ratio	94.4%	73.3%	88.2%		
Total net prior year development	(99,762)	(155,314)	(255,076)		
Natural catastrophe losses (Note 8)	68,251	49,482	117,733		
Reinstatement premium	-	4,384	4,384		
Loss and loss expense ratio excluding net prior year development	65.6%	51.5%	61.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.9%	48.7%	59.4%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$68.0 million and \$(12.9) million, respectively.
- Net fee income and other includes operating expenses of \$50.5 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include the US and Canada storm, Korea snow storm, European hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile, India floods, Australia Brisbane Superstorm Cells and several US wind & thunderstorms.



## SEGMENT INFORMATION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

(U.S. Dollars in thousands)  
(Unaudited)  
(Note 1)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 5,523,181	\$ 1,893,611	\$ 7,416,792	\$ 324,343	\$ 7,741,135
Net premiums written	\$ 4,154,093	\$ 1,749,889	\$ 5,903,982	\$ 295,422	\$ 6,199,404
Net premiums earned	\$ 4,267,677	\$ 1,746,422	\$ 6,014,099	\$ 295,422	\$ 6,309,521
Net losses and loss expenses incurred	(2,829,999)	(901,465)	(3,731,464)	(465,702)	(4,197,166)
Acquisition expenses	(529,270)	(353,388)	(882,658)	(26,665)	(909,323)
Operating expenses (Note 3)	(782,677)	(166,238)	(948,915)	(8,926)	(957,841)
Underwriting (loss) profit	<u>\$ 125,731</u>	<u>\$ 325,331</u>	<u>\$ 451,062</u>	<u>\$ (205,871)</u>	<u>\$ 245,191</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	599,144	286,645	885,789
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	-	-
Net investment results structured products (Note 5)	15,562	8,229	23,791	-	23,791
Net fee income and other (Note 6)	(9,317)	2,320	(6,997)	1,305	(5,692)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 4)			85,792	1,985	87,777
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				-	-
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 4)				-	-
Net realized and unrealized gains (losses) on derivative instruments				7,798	7,798
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				258,195	258,195
Foreign exchange (gains) losses				(28,243)	(28,243)
Corporate operating expenses				209,454	209,454
Loss on sale of life reinsurance subsidiary (Note 3)				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 1,152,792</u>	<u>\$ 168,846</u>	<u>\$ 1,321,638</u>
Interest expense (Note 8)					107,486
Non-controlling interests					76,731
Income taxes					77,505
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 1,059,916</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	66.3%	51.6%	62.0%		
Underwriting expense ratio	30.8%	29.8%	30.5%		
Combined ratio	97.1%	81.4%	92.5%		
Total net prior year development	(102,039)	(187,850)	(289,889)		
Natural catastrophe losses (Note 9)	118,929	215,341	334,270		
Reinstatement premium	(232)	17,139	16,907		
Loss and loss expense ratio excluding net prior year development	68.7%	62.4%	66.9%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	65.9%	50.5%	61.5%		

**Notes :**

- Certain amounts have been reclassified to conform with the current period presentation.
- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$71.9 million and \$48.0 million, respectively.
- Net fee income and other includes operating expenses of \$45.7 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include Germany & France hailstorms, Central European floods, Hurricane Ingrid, US wind & thunderstorms, Toronto floods, Colorado floods, Calgary floods, Oklahoma tornadoes, US tornadoes, European hailstorms, Italy tornadoes, Cyclone Oswald, Granbury floods, Argentina floods, Typhoon Fitow and Typhoon Haiyan.





## PREMIUMS BY LINE OF BUSINESS

(U.S. Dollars in thousands)  
(Unaudited)  
(Note 1)

	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014				FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>
<b>P&amp;C Operations:</b>								
Professional	\$ 1,550,929	\$ 126,876	\$ -	\$ 1,677,805	\$ 1,465,689	\$ 199,159	\$ -	\$ 1,664,848
Casualty	2,150,302	302,903	-	2,453,205	1,975,330	332,153	-	2,307,483
Property catastrophe	-	493,646	-	493,646	-	556,493	-	556,493
Property	874,198	585,782	-	1,459,980	875,773	587,278	-	1,463,051
Marine, energy, aviation and satellite	-	112,039	-	112,039	-	91,997	-	91,997
Specialty	1,013,592	-	-	1,013,592	906,650	-	-	906,650
Other (Note 3)	386,990	164,233	-	551,223	299,739	126,531	-	426,270
<b>Total P&amp;C operations</b>	<b>5,976,011</b>	<b>1,785,479</b>	<b>-</b>	<b>7,761,490</b>	<b>5,523,181</b>	<b>1,893,611</b>	<b>-</b>	<b>7,416,792</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	154,339	154,339	-	-	150,008	150,008
Run-Off Life Operations - Other Life	-	-	179,097	179,097	-	-	174,335	174,335
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>333,436</b>	<b>333,436</b>	<b>-</b>	<b>-</b>	<b>324,343</b>	<b>324,343</b>
<b>Total</b>	<b>\$ 5,976,011</b>	<b>\$ 1,785,479</b>	<b>\$ 333,436</b>	<b>\$ 8,094,926</b>	<b>\$ 5,523,181</b>	<b>\$ 1,893,611</b>	<b>\$ 324,343</b>	<b>\$ 7,741,135</b>
	<u>NET PREMIUMS WRITTEN</u>				<u>NET PREMIUMS WRITTEN</u>			
	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>
<b>P&amp;C Operations:</b>								
Professional	\$ 1,076,209	\$ 126,873	\$ -	\$ 1,203,082	\$ 1,161,045	\$ 199,153	\$ -	\$ 1,360,198
Casualty	1,437,889	301,109	-	1,738,998	1,434,967	330,681	-	1,765,648
Property catastrophe	-	428,723	-	428,723	-	498,997	-	498,997
Property	538,027	531,203	-	1,069,230	568,575	545,846	-	1,114,421
Marine, energy, aviation and satellite	-	104,718	-	104,718	-	76,241	-	76,241
Specialty	791,024	-	-	791,024	746,517	-	-	746,517
Other (Note 3)	291,002	140,432	-	431,434	242,989	98,971	-	341,960
<b>Total P&amp;C operations</b>	<b>4,134,151</b>	<b>1,633,058</b>	<b>-</b>	<b>5,767,209</b>	<b>4,154,093</b>	<b>1,749,889</b>	<b>-</b>	<b>5,903,982</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	53,364	53,364	-	-	122,715	122,715
Run-Off Life Operations - Other Life	-	-	124,268	124,268	-	-	172,707	172,707
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>177,632</b>	<b>177,632</b>	<b>-</b>	<b>-</b>	<b>295,422</b>	<b>295,422</b>
<b>Total</b>	<b>\$ 4,134,151</b>	<b>\$ 1,633,058</b>	<b>\$ 177,632</b>	<b>\$ 5,944,841</b>	<b>\$ 4,154,093</b>	<b>\$ 1,749,889</b>	<b>\$ 295,422</b>	<b>\$ 6,199,404</b>
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>
<b>P&amp;C Operations:</b>								
Professional	\$ 1,075,420	\$ 181,223	\$ -	\$ 1,256,643	\$ 1,370,196	\$ 206,169	\$ -	\$ 1,576,365
Casualty	1,422,684	300,223	-	1,722,907	1,389,851	312,156	-	1,702,007
Property catastrophe	-	433,602	-	433,602	-	492,568	-	492,568
Property	544,856	555,583	-	1,100,439	544,278	561,105	-	1,105,383
Marine, energy, aviation and satellite	-	95,745	-	95,745	-	94,797	-	94,797
Specialty	737,281	-	-	737,281	732,042	-	-	732,042
Other (Note 3)	246,472	124,349	-	370,821	231,310	79,627	-	310,937
<b>Total P&amp;C operations</b>	<b>4,026,713</b>	<b>1,690,725</b>	<b>-</b>	<b>5,717,438</b>	<b>4,267,677</b>	<b>1,746,422</b>	<b>-</b>	<b>6,014,099</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	53,363	53,363	-	-	122,715	122,715
Run-Off Life Operations - Other Life	-	-	124,269	124,269	-	-	172,707	172,707
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>177,632</b>	<b>177,632</b>	<b>-</b>	<b>-</b>	<b>295,422</b>	<b>295,422</b>
<b>Total</b>	<b>\$ 4,026,713</b>	<b>\$ 1,690,725</b>	<b>\$ 177,632</b>	<b>\$ 5,895,070</b>	<b>\$ 4,267,677</b>	<b>\$ 1,746,422</b>	<b>\$ 295,422</b>	<b>\$ 6,309,521</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Corporate and Other includes the Company's run-off Life operations.
3. Other within the Insurance segment includes: excess and surplus, programs, surety, structured indemnity and certain other discontinued lines. Other within the Reinsurance segment includes: whole account contracts, structured indemnity and other lines.

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 vs DECEMBER 31, 2013**

(U.S. Dollars in thousands)  
(Unaudited)



	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014					FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013				
	Including Cats & PYD	PYD	(Note 1) Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD	Including Cats & PYD	PYD	(Note 2) Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 5,976,011		\$ 5,976,011	-	\$ 5,976,011	\$ 5,523,181		\$ 5,523,181	-	\$ 5,523,181
Net premiums written	4,134,151	-	4,134,151	-	4,134,151	4,154,093	-	4,154,093	(232)	4,154,325
Net premiums earned	4,026,713	-	4,026,713	-	4,026,713	4,267,677	-	4,267,677	(232)	4,267,909
Net losses incurred	2,543,108	(99,762)	2,642,870	68,251	2,574,619	2,829,999	(102,039)	2,932,038	118,929	2,813,109
Acquisition expenses	393,319		393,319	-	393,319	529,270		529,270	-	529,270
Operating expenses	865,592		865,592	-	865,592	782,677		782,677	-	782,677
<b>Underwriting profit / (loss)</b>	<b>\$ 224,694</b>	<b>\$ 99,762</b>	<b>\$ 124,932</b>	<b>\$ (68,251)</b>	<b>\$ 193,183</b>	<b>\$ 125,731</b>	<b>\$ 102,039</b>	<b>\$ 23,692</b>	<b>\$ (119,161)</b>	<b>\$ 142,853</b>
<b>Loss Ratio</b>	<b>63.2%</b>		<b>65.6%</b>		<b>63.9%</b>	<b>66.3%</b>		<b>68.7%</b>		<b>65.9%</b>
<b>Combined Ratio</b>	<b>94.4%</b>		<b>96.9%</b>		<b>95.2%</b>	<b>97.1%</b>		<b>99.4%</b>		<b>96.7%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 1,785,479		\$ 1,785,479	4,385	\$ 1,781,094	\$ 1,893,611		\$ 1,893,611	17,139	\$ 1,876,472
Net premiums written	1,633,058	-	1,633,058	4,384	1,628,674	1,749,889	-	1,749,889	17,139	1,732,750
Net premiums earned	1,690,725	-	1,690,725	4,384	1,686,341	1,746,422	-	1,746,422	17,139	1,729,283
Net losses incurred	715,285	(155,314)	870,599	49,482	821,117	901,465	(187,850)	1,089,315	215,341	873,974
Acquisition expenses	330,684		330,684	-	330,684	353,388		353,388	-	353,388
Operating expenses	193,404		193,404	-	193,404	166,238		166,238	-	166,238
<b>Underwriting profit / (loss)</b>	<b>\$ 451,352</b>	<b>\$ 155,314</b>	<b>\$ 296,038</b>	<b>\$ (45,098)</b>	<b>\$ 341,136</b>	<b>\$ 325,331</b>	<b>\$ 187,850</b>	<b>\$ 137,481</b>	<b>\$ (198,202)</b>	<b>\$ 335,683</b>
<b>Loss Ratio</b>	<b>42.3%</b>		<b>51.5%</b>		<b>48.7%</b>	<b>51.6%</b>		<b>62.4%</b>		<b>50.5%</b>
<b>Combined Ratio</b>	<b>73.3%</b>		<b>82.5%</b>		<b>79.8%</b>	<b>81.4%</b>		<b>92.1%</b>		<b>80.6%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 7,761,490		\$ 7,761,490	4,385	\$ 7,757,105	\$ 7,416,792		\$ 7,416,792	17,139	\$ 7,399,653
Net premiums written	5,767,209	-	5,767,209	4,384	5,762,825	5,903,982	-	5,903,982	16,907	5,887,075
Net premiums earned	5,717,438	-	5,717,438	4,384	5,713,054	6,014,099	-	6,014,099	16,907	5,997,192
Net losses incurred	3,258,393	(255,076)	3,513,469	117,733	3,395,736	3,731,464	(289,889)	4,021,353	334,270	3,687,083
Acquisition expenses	724,003		724,003	-	724,003	882,658		882,658	-	882,658
Operating expenses	1,058,996		1,058,996	-	1,058,996	948,915		948,915	-	948,915
<b>Underwriting profit / (loss)</b>	<b>\$ 676,046</b>	<b>\$ 255,076</b>	<b>\$ 420,970</b>	<b>\$ (113,349)</b>	<b>\$ 534,319</b>	<b>\$ 451,062</b>	<b>\$ 289,889</b>	<b>\$ 161,173</b>	<b>\$ (317,363)</b>	<b>\$ 478,536</b>
<b>Loss Ratio</b>	<b>57.0%</b>		<b>61.5%</b>		<b>59.4%</b>	<b>62.0%</b>		<b>66.9%</b>		<b>61.5%</b>
<b>Combined Ratio</b>	<b>88.2%</b>		<b>92.6%</b>		<b>90.6%</b>	<b>92.5%</b>		<b>97.3%</b>		<b>92.0%</b>

**Notes:**

- 2014 Natural Catastrophes include the US and Canada storm, Korea snow storm, European hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile, India floods, Australia Brisbane Superstorm Cells and several US wind & thunderstorms.
- 2013 Natural Catastrophes include the Europe hailstorms, Typhoon Fitow, Hurricane Ingrid and flooding events in the United States (Colorado) and Canada (Calgary & Toronto), flooding in Central Europe, Argentina, a cyclone in Australia, and tornadoes and hailstorms in the United States.



# **BALANCE SHEETS**

**CONSOLIDATED BALANCE SHEETS**  
(U.S. Dollars in thousands, except share and per share amounts)  
(Note 1)



	At December 31, 2014 (Unaudited)	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)	At March 31, 2014 (Unaudited)	At December 31, 2013
<b>Assets</b>					
Fixed maturities, available for sale at fair value (amortized cost: December 31, 2014, \$27,728,771; December 31, 2013, \$27,111,874)	\$ 29,359,034	\$ 29,806,144	\$ 30,442,921	\$ 27,139,824	\$ 27,500,136
Equity securities, at fair value (cost: December 31, 2014, \$763,833; December 31, 2013, \$903,201)	868,292	960,368	988,710	1,055,393	1,040,237
Short-term investments, at fair value (amortized cost: December 31, 2014, \$257,221; December 31, 2013, \$455,470)	256,727	281,887	347,674	382,113	456,288
Total investments available for sale	30,484,053	31,048,399	31,779,305	28,577,330	28,996,661
Fixed maturities, at fair value (amortized cost: December 31, 2014, \$1,180,416; December 31, 2013, \$0)	1,171	-	-	-	-
Equity securities, at fair value (cost: December 31, 2014, \$0; December 31, 2013, \$0)	-	-	-	-	-
Short-term investments, at fair value (amortized cost: December 31, 2014, \$0; December 31, 2013, \$0)	-	-	-	-	-
Total investments trading	1,171	-	-	-	-
Fixed maturities, held-to-maturity at amortized cost (fair value: December 31, 2014, \$0; December 31, 2013, \$3,131,235)	-	-	-	2,854,487	2,858,695
Investments in affiliates	1,637,620	1,599,586	1,500,548	1,401,731	1,370,943
Other investments	1,248,439	1,277,442	1,204,564	1,218,223	1,164,630
Total investments	33,371,283	33,925,427	34,484,417	34,051,771	34,390,929
Cash and cash equivalents	2,521,814	2,353,734	3,071,139	2,476,047	1,800,832
Accrued investment income	315,964	330,149	322,100	322,596	346,809
Deferred acquisition costs	354,533	420,953	459,081	728,830	670,659
Ceded unearned premiums	952,525	1,025,054	1,129,091	900,193	788,871
Premiums receivable	2,473,736	2,801,683	3,409,296	3,209,214	2,612,602
Reinsurance balances receivable	131,519	166,280	149,995	179,615	118,885
Unpaid losses and loss expenses recoverable	3,429,368	3,431,137	3,354,273	3,412,195	3,435,230
Net receivable from investments sold	92,762	26,846	59,469	119,980	144,765
Goodwill and other intangible assets	447,952	450,411	455,057	455,700	411,611
Deferred tax assets	204,491	209,334	216,312	215,286	237,884
Other assets	750,872	768,748	738,685	687,460	693,810
<b>Total assets</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</b>	<b>\$ 46,758,887</b>	<b>\$ 45,652,887</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 19,353,243	\$ 19,936,982	\$ 20,281,934	\$ 20,425,217	\$ 20,481,065
Deposit liabilities	1,245,367	1,242,696	1,288,376	1,497,599	1,509,243
Future policy benefit reserves	4,707,199	4,965,907	5,273,549	4,811,357	4,803,816
Funds withheld liability on Life Retrocession Arrangements, net of future policy benefit reserves recoverable (Note 2)	1,155,016	914,773	842,753	-	-
Unearned premiums	3,973,132	4,301,271	4,704,993	4,473,478	3,846,526
Notes payable and debt	1,662,580	1,662,206	2,262,452	2,262,824	2,263,203
Reinsurance balances payable	493,230	608,188	779,914	573,673	302,399
Net payable for investments purchased	42,291	85,312	169,222	138,457	60,162
Deferred tax liabilities	66,246	65,320	72,527	93,718	86,330
Other liabilities	912,748	906,327	764,618	878,590	950,845
<b>Total liabilities</b>	<b>\$ 33,611,052</b>	<b>\$ 34,688,982</b>	<b>\$ 36,440,338</b>	<b>\$ 35,154,913</b>	<b>\$ 34,303,589</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Ordinary shares, 999,990,000 authorized, par value \$0.01; issued and outstanding (December 31, 2014, 255,182,955; December 31, 2013, 278,253,308)	\$ 2,552	\$ 2,602	\$ 2,683	\$ 2,736	\$ 2,783
Additional paid in capital	7,359,102	7,490,875	7,700,377	7,828,668	7,994,100
Accumulated other comprehensive income (loss)	1,484,458	1,231,929	1,207,034	946,661	736,657
Retained earnings (deficit)	1,187,640	1,115,648	1,124,195	1,466,897	1,264,093
Shareholders' equity attributable to XL Group plc	10,033,752	9,841,054	10,034,289	10,244,962	9,997,633
Non-controlling interest in equity of consolidated subsidiaries	1,402,015	1,379,720	1,374,288	1,359,012	1,351,665
<b>Total shareholders' equity</b>	<b>\$ 11,435,767</b>	<b>\$ 11,220,774</b>	<b>\$ 11,408,577</b>	<b>\$ 11,603,974</b>	<b>\$ 11,349,298</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</b>	<b>\$ 46,758,887</b>	<b>\$ 45,652,887</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.

2. On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.

## SUPPLEMENTARY CAPITAL INFORMATION

(U.S. Dollars in millions)  
(Notes 1 and 2)



	At December 31, 2014 In Use (Unaudited)	September 30, 2014 In Use (Unaudited)	At June 30, 2014 In Use (Unaudited)	At March 31, 2014 In Use (Unaudited)	At December 31, 2013 In Use
<b>Maturity</b>	<b>Commitment</b>				
<b>Debt</b>					
5-year revolving credit facility	2018 \$ 1,000	\$ -	\$ -	\$ -	\$ -
5.25% Senior Notes (Note 3)	2014 -	-	600	600	599
2.30% Senior Notes	2018 300	297	297	297	297
5.75% Senior Notes	2021 400	397	397	397	397
6.375% Senior Notes	2024 350	349	349	349	349
6.25% Senior Notes	2027 325	323	323	323	323
5.25% Senior Notes	2043 300	296	296	296	296
<b>Total debt</b>	<b>\$ 2,675</b>	<b>\$ 1,662</b>	<b>\$ 2,262</b>	<b>\$ 2,262</b>	<b>\$ 2,261</b>
Adjustment to carrying value - impact of fair value hedges and other		1	0	0	2
Total debt per consolidated balance sheet		<u>\$ 1,663</u>	<u>\$ 1,662</u>	<u>\$ 2,262</u>	<u>\$ 2,263</u>
<b>Shareholders' Capital</b>					
Ordinary shares - capital and surplus		7,362	7,493	7,703	7,831
Preference shares and Other - non-controlling interests		1,402	1,380	1,374	1,359
Other		2,672	2,348	2,331	2,414
<b>Total shareholders' capital</b>		<b>\$ 11,436</b>	<b>\$ 11,221</b>	<b>\$ 11,409</b>	<b>\$ 11,604</b>
<b>Total capital (total debt plus total shareholders' capital)</b>		<b>\$ 13,098</b>	<b>\$ 12,883</b>	<b>\$ 13,671</b>	<b>\$ 13,610</b>
<b>Debt to total capital</b>		12.7%	12.9%	16.5%	16.3%
				16.3%	16.6%

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. "In Use" data represents accreted values.
3. On September 15, 2014, the \$600 million principal amount outstanding on the 5.25% Senior Notes issued by XLIT Ltd. was repaid at maturity.

# RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

(U.S. Dollars in thousands)



	At December 31, 2014 (Unaudited)	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)	At March 31, 2014 (Unaudited)	At December 31, 2013
Unpaid losses and loss expenses recoverable	\$ 3,429,368	\$ 3,431,137	\$ 3,354,273	\$ 3,412,195	\$ 3,435,230
Reinsurance balances receivable	131,519	166,280	149,995	179,615	118,885
Total recoverable and reinsurance balances receivable (Note 1)	<u>\$ 3,560,887</u>	<u>\$ 3,597,417</u>	<u>\$ 3,504,268</u>	<u>\$ 3,591,810</u>	<u>\$ 3,554,115</u>

The following is an analysis at September 30, 2014 of reinsurers owing more than 3% of the total recoverable and reinsurance balances receivable:

Name of reinsurer	Standard and Poor's Rating	% of Total
GreyCastle Life Reinsurance (SAC) Ltd. (Note 2)	AA/Stable	49.9%
Munich Reinsurance Co.	AA-/Stable	14.0%
Swiss Reinsurance Co.	AA-/Stable	4.0%
Swiss Re Europe S.A.	AA-/Stable	3.3%
Lloyd's Syndicates	A+/Positive	2.8%

"AAA" : Extremely strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the lower end of the main rating. "AAA" is the highest out of nine main ratings.

"AA" : Very strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the lower end of the main rating. "AA" is the second highest out of nine main ratings.

"A" : Strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the lower end of the main rating. "A" is the third highest out of nine main ratings.

**Notes:**

1. XL had a reserve for potential non-recoveries from reinsurers of \$64.4 million at December 31, 2014, \$74.9 million at September 30, 2014, \$79.1 million at June 30, 2014, \$81.8 million at March 31, 2014 and \$85.5 million at December 31, 2013.

2. On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.



# LOSS ANALYSIS

# ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. Dollars in millions)



## P&C OPERATIONS

	For the three months ended December 31, 2014 (Unaudited)				For the twelve months ended December 31, 2014 (Unaudited)			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,263	\$ (202)	\$ 1,061	143.6%	\$ 4,499	\$ (678)	\$ 3,821	117.3%
Change in unpaid loss reserves	(295)	(27)	(322)		(514)	(49)	(563)	
Included losses	\$ 968	\$ (229)	\$ 739		\$ 3,985	\$ (727)	\$ 3,258	
Prior year development (PYD)			\$ (97)				\$ (255)	
Included losses excluding PYD			836	126.9%			3,513	108.8%

  

	For the three months ended September 30, 2014 (Unaudited)				For the nine months ended September 30, 2014 (Unaudited)			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,089	\$ (144)	\$ 945	110.0%	\$ 3,237	\$ (476)	\$ 2,761	109.6%
Change in unpaid loss reserves	22	(108)	(86)		(220)	(22)	(242)	
Included losses	\$ 1,111	\$ (252)	\$ 859		\$ 3,017	\$ (498)	\$ 2,519	
PYD			\$ (35)				\$ (158)	
Included losses excluding PYD			894	105.7%			2,677	103.1%

  

	For the three months ended December 31, 2013 (Unaudited)				For the twelve months ended December 31, 2013			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,145	\$ (157)	\$ 988	104.6%	\$ 4,497	\$ (668)	\$ 3,829	102.6%
Change in unpaid loss reserves	10	(53)	(43)		(72)	(25)	(97)	
Included losses	\$ 1,155	\$ (210)	\$ 945		\$ 4,425	\$ (693)	\$ 3,732	
PYD			\$ (61)				\$ (290)	
Included losses excluding PYD			1,006	98.2%			4,022	95.2%



# ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. Dollars in millions)



## P&C OPERATIONS

At December 31, 2014  
(Unaudited)

		GROSS		RECOVERIES		NET		GROSS		RECOVERIES		NET
Outstanding loss reserves	\$	7,461	\$	(1,116)	\$	6,345	\$	8,150	\$	(1,262)	\$	6,888
Incurred but not reported reserves		11,892		(2,295)	\$	9,597		12,331		(2,153)		10,178
Unpaid losses and loss expense reserves	\$	19,353	\$	(3,411)	\$	15,942	\$	20,481	\$	(3,415)	\$	17,066
		GROSS		RECOVERIES		NET						
Balance at December 31, 2013	\$	20,481	\$	(3,415)	\$	17,066						
Losses and loss expenses incurred		3,985		(727)		3,258						
Loss and loss expenses paid		(4,500)		678		(3,822)						
Foreign exchange revaluation and other		(613)		53		(560)						
Balance at December 31, 2014	\$	19,353	\$	(3,411)	\$	15,942						



# **INVESTMENT PORTFOLIO INFORMATION**



## SCHEDULE 1 - SUMMARY INVESTMENT PORTFOLIO

### CONSOLIDATED

(U.S. Dollars in millions)  
(Unaudited)

INVESTMENT PORTFOLIO	December 31, 2014		September 30, 2014		June 30, 2014		March 31, 2014		December 31, 2013	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Carrying Value (Note 1)	% of Total	Carrying Value (Note 1)	% of Total
<b>Fixed Income Portfolio</b>										
U.S. Government Related and Supported (Schedule 4)	\$ 4,266	14.2%	\$ 4,177	13.8%	\$ 4,124	13.0%	\$ 4,316	11.9%	\$ 4,482	12.4%
U.S. Treasuries	1,976	6.6%	1,921	6.4%	1,894	6.0%	2,117	5.9%	2,318	6.4%
U.S. Agencies	237	0.8%	241	0.8%	259	0.8%	263	0.7%	287	0.8%
U.S. Municipals	2,046	6.8%	2,007	6.6%	1,963	6.2%	1,928	5.3%	1,869	5.2%
U.S. FDIC Guaranteed	7	0.0%	8	0.0%	8	0.0%	8	0.0%	8	0.0%
Non-U.S. Government Related and Supported (Schedule 4)	4,458	14.9%	4,437	14.6%	4,556	14.6%	6,477	17.9%	6,329	17.6%
Corporate (Schedule 5)	8,892	29.8%	9,553	31.6%	9,916	31.5%	12,732	35.4%	12,762	35.5%
Financials	2,803	9.4%	2,964	9.8%	3,115	9.9%	3,911	11.0%	3,834	10.7%
Non-Financials	6,089	20.4%	6,589	21.8%	6,801	21.6%	8,821	24.4%	8,928	24.8%
Mortgage Backed Securities	5,228	17.5%	4,890	16.3%	4,864	15.4%	4,979	13.7%	5,350	14.9%
Agency RMBS (Schedule 6)	3,740	12.5%	3,346	11.1%	3,314	10.5%	3,233	8.9%	3,558	9.9%
Non-Agency RMBS (Schedule 6)	431	1.4%	440	1.5%	421	1.3%	396	1.1%	394	1.1%
CMBS (Schedule 7)	1,057	3.6%	1,104	3.7%	1,129	3.6%	1,350	3.7%	1,398	3.9%
Asset Backed Securities (Schedule 8 & 9)	1,775	5.9%	1,909	6.3%	2,054	6.6%	2,111	5.8%	2,156	6.0%
CDOs (Schedule 8)	694	2.3%	748	2.5%	739	2.4%	726	2.0%	719	2.0%
Consumer ABS (Schedule 9)	340	1.1%	345	1.1%	426	1.4%	469	1.3%	516	1.4%
Other ABS (Schedule 9)	741	2.5%	816	2.7%	889	2.8%	916	2.5%	921	2.6%
Cash and Equivalents (net of payables/receivables)	1,511	5.1%	1,416	4.7%	2,219	7.1%	1,845	5.1%	1,318	3.7%
<b>Total Fixed Income - Investments (Note 2)</b>	<b>\$ 26,130</b>	<b>87.4%</b>	<b>\$ 26,382</b>	<b>87.3%</b>	<b>\$ 27,733</b>	<b>88.2%</b>	<b>\$ 32,460</b>	<b>89.8%</b>	<b>\$ 32,397</b>	<b>90.1%</b>
<b>Equity Securities</b>										
Public Equities	789	2.6%	875	2.9%	897	2.9%	966	2.7%	953	2.6%
Fixed Income Funds	79	0.3%	85	0.3%	92	0.3%	89	0.2%	87	0.2%
<b>Total Equity Securities</b>	<b>\$ 868</b>	<b>2.9%</b>	<b>\$ 960</b>	<b>3.2%</b>	<b>\$ 989</b>	<b>3.2%</b>	<b>\$ 1,055</b>	<b>2.9%</b>	<b>\$ 1,040</b>	<b>2.8%</b>
<b>Investments in Affiliates</b>										
Alternative Funds	1,023	3.5%	1,003	3.3%	937	3.0%	870	2.4%	868	2.4%
Private Investments	196	0.7%	186	0.6%	176	0.6%	167	0.5%	175	0.5%
Investment Manager Affiliates	101	0.3%	109	0.4%	94	0.3%	89	0.2%	62	0.2%
Strategic Operating Affiliates	317	1.1%	302	1.0%	294	0.9%	276	0.8%	267	0.7%
<b>Total Investments in Affiliates</b>	<b>\$ 1,638</b>	<b>5.6%</b>	<b>\$ 1,600</b>	<b>5.3%</b>	<b>\$ 1,501</b>	<b>4.8%</b>	<b>\$ 1,402</b>	<b>3.9%</b>	<b>\$ 1,372</b>	<b>3.8%</b>
<b>Other Investments</b>										
Alternative Funds	641	2.1%	677	2.2%	710	2.3%	710	2.0%	645	1.8%
Private Investments	129	0.4%	115	0.4%	104	0.3%	96	0.3%	94	0.3%
Fixed Income and Other	478	1.6%	485	1.6%	390	1.2%	412	1.1%	425	1.2%
<b>Total Other Investments</b>	<b>\$ 1,248</b>	<b>4.1%</b>	<b>\$ 1,277</b>	<b>4.2%</b>	<b>\$ 1,204</b>	<b>3.8%</b>	<b>\$ 1,218</b>	<b>3.4%</b>	<b>\$ 1,164</b>	<b>3.3%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 29,884</b>	<b>100.0%</b>	<b>\$ 30,219</b>	<b>100.0%</b>	<b>\$ 31,427</b>	<b>100.0%</b>	<b>\$ 36,135</b>	<b>100.0%</b>	<b>\$ 35,973</b>	<b>100.0%</b>
Operating cash and Short-Term Treasury Deposits (Note 3)	970		854		682		696		651	
<b>TOTAL INVESTMENTS AND OPERATING CASH</b>	<b>\$ 30,854</b>		<b>\$ 31,073</b>		<b>\$ 32,109</b>		<b>\$ 36,831</b>		<b>\$ 36,624</b>	
<b>Life Funds Withheld Assets (Schedule 12)</b>										
Life Funds Withheld Assets	5,405		5,477		5,659		-		-	
<b>Total Investments and Operating Cash including Life Funds Withheld Assets</b>	<b>\$ 36,259</b>		<b>\$ 36,550</b>		<b>\$ 37,768</b>		<b>\$ 36,831</b>		<b>\$ 36,624</b>	
<b>FIXED INCOME PORTFOLIO CREDIT QUALITY (Excluding Life Funds Withheld Assets):</b>										
AAA	\$ 11,509	44.1%	\$ 11,237	42.6%	\$ 12,285	44.3%	\$ 13,006	40.1%	\$ 13,087	40.3%
AA	5,334	20.4%	5,518	20.9%	5,525	19.9%	6,863	21.1%	6,907	21.3%
A	6,158	23.6%	6,381	24.2%	6,727	24.3%	8,052	24.8%	7,866	24.3%
BBB	2,321	8.9%	2,393	9.1%	2,408	8.7%	3,741	11.5%	3,715	11.5%
BB and Below	793	3.0%	819	3.1%	755	2.7%	778	2.4%	800	2.5%
Not Rated	15	0.0%	34	0.1%	33	0.1%	20	0.1%	22	0.1%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 26,130</b>	<b>100.0%</b>	<b>\$ 26,382</b>	<b>100.0%</b>	<b>\$ 27,733</b>	<b>100.0%</b>	<b>\$ 32,460</b>	<b>100.0%</b>	<b>\$ 32,397</b>	<b>100.0%</b>
<b>Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 4)</b>		<b>AA-</b>		<b>AA-</b>		<b>AA</b>		<b>AA-</b>		<b>AA-</b>

**Notes:**

- Carrying value represents fair value for available for sale securities and amortized cost for held to maturity securities.
- "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
- Summary by core currency: U.S. Dollar denominated \$475m, Euro denominated \$262m, Sterling denominated \$87m and Other denominated \$146m.
- The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.



## SCHEDULE 2 - TOTAL FIXED INCOME PORTFOLIO (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

**TOTAL FIXED INCOME SECTOR AND RATING ALLOCATION:**

	Fair Value - December 31, 2014										
	AAA	AA	A	BBB	BB and Below	Not Rated	Total	%			
Corporate	\$ 114	\$ 1,758	\$ 5,305	\$ 1,343	\$ 365	\$ 7	\$ 8,892	34.0%			
Agency Structured Credit	3,740	-	-	-	-	-	3,740	14.3%			
Non-Agency Structured Credit	2,220	411	148	97	383	4	3,263	12.5%			
Government Related and Supported	4,218	2,874	704	881	45	2	8,724	33.4%			
Cash and Equivalents (net of payables/receivables)	1,217	291	1	-	-	2	1,511	5.8%			
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 11,509</b>	<b>\$ 5,334</b>	<b>\$ 6,158</b>	<b>\$ 2,321</b>	<b>\$ 793</b>	<b>\$ 15</b>	<b>\$ 26,130</b>	<b>100.0%</b>			
% by Credit Rating	44.1%	20.4%	23.6%	8.9%	3.0%	0.0%	100.0%				
<b>Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 2)</b>									<b>AA-</b>		

**Notes:**

1. "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
2. The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.



## SCHEDULE 3 - FIXED INCOME PORTFOLIO CHARACTERISTICS

(U.S. Dollars in millions)  
(Unaudited)

	December 31, 2014				September 30, 2014			
	US Dollar Equivalent Fair Value	Weighted Average Market Yield to Maturity	Pre-Tax Book Yield (Gross)	Duration	US Dollar Equivalent Fair Value	Weighted Average Market Yield to Maturity	Pre-Tax Book Yield (Gross)	Duration
<b>Summary by Core Currency Liabilities</b>								
<b>Total Fixed Income Investments (Note 1) (Excluding Life Funds Withheld Assets)</b>								
U.S. Dollar denominated	\$ 19,053	2.1%	2.94%	3.8	\$ 19,212	2.2%	2.95%	3.9
Euro denominated	3,423	0.8%	1.69%	3.8	3,449	0.9%	1.73%	3.9
Sterling denominated	1,825	1.8%	2.70%	4.3	1,881	2.0%	2.70%	3.8
Other denominated	1,829	1.0%	2.32%	2.8	1,840	1.1%	2.45%	2.8
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 26,130</b>	<b>1.8%</b>	<b>2.72%</b>	<b>3.8</b>	<b>\$ 26,382</b>	<b>1.9%</b>	<b>2.74%</b>	<b>3.8</b>
Life Funds Withheld Assets Fixed Income Investments (Schedule 12)	5,405	2.6%	4.50%	9.4	5,477	2.8%	4.60%	9.3
<b>Total Fixed Income Investments including Life Funds Withheld Assets</b>	<b>\$ 31,535</b>	<b>1.9%</b>	<b>3.03%</b>	<b>4.7</b>	<b>\$ 31,859</b>	<b>2.1%</b>	<b>3.06%</b>	<b>4.7</b>
<b>Summary by Maturity (excluding Life Funds Withheld Assets)</b>								
	US Dollar Equivalent Fair Value	%						
Cash and cash equivalents	\$ 1,511	5.8%						
Short term investments	216	0.8%						
0-5 years	10,501	40.2%						
5-10 years	3,831	14.7%						
10+ years	3,068	11.7%						
Asset back and mortgage backed securities	7,003	26.8%						
<b>TOTAL FIXED INCOME INVESTMENTS (Note 1)</b>	<b>\$ 26,130</b>	<b>100.0%</b>						
<b>Summary of estimated total fixed income maturities and paydowns over the next 12 months excluding cash and cash equivalents (Excluding Life Funds Withheld Assets)</b>								
	US Dollar Equivalent Fair Value	Pre-Tax Book Yield (Gross)						
U.S. Government Related and Supported	\$ 327	1.64%						
Non U.S. Government Related and Supported	414	2.41%						
Corporate	1,282	3.53%						
Mortgage Backed Securities (Note 2)	500	3.39%						
Asset Backed Securities (Note 2)	564	2.77%						
<b>TOTAL</b>	<b>\$ 3,087</b>	<b>3.02%</b>						
	US Dollar Equivalent Fair Value	Pre-Tax Book Yield (Gross)						
	\$ 314	1.65%						
	486	2.34%						
	1,166	3.53%						
	511	3.38%						
	549	2.54%						
<b>TOTAL</b>	<b>\$ 3,026</b>	<b>2.94%</b>						

**Notes:**

- "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
- Estimated paydowns on Mortgage and Asset Backed securities are generated by a market leading software provider based on deal specific assumptions and by using the actual prepayment rate over the most recent 3 month period to project future paydowns. Actual paydowns may vary materially from estimates.



## SCHEDULE 4 - GOVERNMENT RELATED AND SUPPORTED (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 4 - Government Related and Supported (Note 1)

#### Fair Value by Current Rating

#### U.S. Treasuries

#### U.S. Agencies

#### U.S. Municipals (Note 2)

#### Revenue

#### State & Local Government Obligation

#### Pre-Refunded

#### Taxable

#### U.S. Agency Government Guarantee

#### Non-U.S. Government and Government-Related (includes Provincials and Local Authorities)

#### United Kingdom

#### France

#### Canada

#### Switzerland

#### Netherlands

#### Germany

#### Brazil

#### Spain

#### Australia

#### Singapore

#### Indonesia

#### Mexico

#### Norway

#### Colombia

#### Slovenia

#### South Africa

#### Russian Federation

#### Kazakhstan

#### Turkey

#### Peru

#### Sweden

#### Panama

#### Belgium

#### Chile

#### Lithuania

#### Austria

#### India

#### Others (Individually under \$20 million) (Note 3)

#### Non-U.S. Government Guaranteed

#### Germany

#### Canada

#### United Kingdom

#### Others (Individually under \$20 million) (Note 3)

#### Supranationals

#### European Financial Stability Facility

#### European Investment Bank

#### European Stability Mechanism

#### Others (Individually under \$20 million) (Note 3)

#### Total Government Related and Supported

#### % of Total

	FIXED INCOME CREDIT QUALITY: December 31, 2014					Total	%
	AAA	AA	A	BBB	BB and Below		
U.S. Treasuries	1,976	-	-	-	-	\$ 1,976	22.7%
U.S. Agencies	237	-	-	-	-	237	2.7%
U.S. Municipals (Note 2)	338	1,261	442	2	3	2,046	23.4%
Revenue	138	774	372	1	-	1,285	14.7%
State & Local Government Obligation	133	411	39	1	-	584	6.7%
Pre-Refunded	60	58	20	-	3	141	1.6%
Taxable	7	18	11	-	-	36	0.4%
U.S. Agency Government Guarantee	7	-	-	-	-	7	0.1%
Non-U.S. Government and Government-Related (includes Provincials and Local Authorities)	1,101	1,273	262	872	44	3,552	40.7%
United Kingdom	-	588	-	-	-	588	6.7%
France	-	316	90	-	-	406	4.7%
Canada	301	81	8	-	-	390	4.5%
Switzerland	284	53	12	-	-	349	4.0%
Netherlands	139	95	-	-	-	234	2.7%
Germany	186	4	9	-	-	199	2.3%
Brazil	-	-	-	195	4	199	2.3%
Spain	-	-	-	102	-	102	1.2%
Australia	68	28	-	-	-	96	1.1%
Singapore	95	-	-	-	-	95	1.1%
Indonesia	-	-	-	78	13	91	1.0%
Mexico	-	-	-	91	-	91	1.0%
Norway	-	55	30	-	-	85	1.0%
Colombia	-	-	-	49	-	49	0.6%
Slovenia	-	-	-	47	-	47	0.5%
South Africa	-	-	-	36	8	44	0.5%
Russian Federation	-	-	-	44	-	44	0.5%
Kazakhstan	-	-	-	44	-	44	0.5%
Turkey	-	-	-	37	-	37	0.4%
Peru	-	-	-	36	-	36	0.4%
Sweden	-	8	24	-	-	32	0.4%
Panama	-	-	-	32	-	32	0.4%
Belgium	-	12	18	-	-	30	0.3%
Chile	-	8	17	5	-	30	0.3%
Lithuania	-	-	24	-	-	24	0.3%
Austria	15	-	7	-	-	22	0.3%
India	-	-	-	22	-	22	0.3%
Others (Individually under \$20 million) (Note 3)	13	25	23	54	19	134	1.4%
Non-U.S. Government Guaranteed	472	85	-	7	-	564	6.5%
Germany	303	-	-	-	-	303	3.5%
Canada	158	-	-	-	-	158	1.8%
United Kingdom	-	61	-	-	-	61	0.7%
Others (Individually under \$20 million) (Note 3)	11	24	-	7	-	42	0.5%
Supranationals	87	255	-	-	-	342	3.9%
European Financial Stability Facility	-	202	-	-	-	202	2.3%
European Investment Bank	53	-	-	-	-	53	0.6%
European Stability Mechanism	-	52	-	-	-	52	0.6%
Others (Individually under \$20 million) (Note 3)	34	1	-	-	-	35	0.4%
<b>Total Government Related and Supported</b>	<b>\$ 4,218</b>	<b>\$ 2,874</b>	<b>\$ 704</b>	<b>\$ 881</b>	<b>\$ 47</b>	<b>\$ 8,724</b>	<b>100.0%</b>
% of Total	48.4%	32.9%	8.1%	10.1%	0.5%	100.0%	



## SCHEDULE 4 (con't) - GOVERNMENT RELATED AND SUPPORTED (U.S. Municipals)

(U.S. Dollars in millions)

(Unaudited)

December 31, 2014

Fair Value Top 10 Municipals by State	Revenue	Local & State G.O.	Pre-Refunded	Taxable	Total
New York	\$ 178	\$ 14	\$ -	\$ 14	\$ 206
Washington	99	68	1	-	168
Texas	63	46	25	-	134
Georgia	92	18	-	4	114
Illinois	33	57	14	-	104
Ohio	49	24	7	11	91
Massachusetts	56	10	15	-	81
Indiana	73	-	-	-	73
Pennsylvania	37	31	-	2	70
California	38	26	5	-	69
<b>Total Top 10 Municipals by State</b>	<b>\$ 718</b>	<b>\$ 294</b>	<b>\$ 67</b>	<b>\$ 31</b>	<b>\$ 1,110</b>

### Notes:

1. The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.

2. Ratings shown are the higher of the rating of the underlying issuer or the insurer in the case of securities enhanced by third-party insurance for the payment of principal and interest in the event of issuer default.

3. The Company is monitoring its exposures to holdings representing risk in certain Eurozone countries. In particular, the Company has Fixed Income Peripheral European government holdings of \$102 million in Spain, (Nil in Portugal, Greece, Ireland and Italy).



## SCHEDULE 5 - CORPORATE (SECTOR, CAPITAL STRUCTURE) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 5(a) - Corporate Sector

#### Fair Value by Sector and Current Rating

FIXED INCOME CREDIT QUALITY: December 31, 2014								
	AAA	AA	A	BBB	BB and Below	Total	%	
<b>Financials</b>	<b>\$ 8</b>	<b>\$ 660</b>	<b>\$ 1,896</b>	<b>\$ 183</b>	<b>\$ 56</b>	<b>\$ 2,803</b>	<b>31.5%</b>	
Banks	8	619	1,670	96	3	2,396	26.9%	
Insurance	-	31	84	7	30	152	1.7%	
Finance	-	10	70	14	19	113	1.3%	
REITS & Brokers	-	-	72	66	4	142	1.6%	
<b>Non-Financials</b>	<b>106</b>	<b>1,098</b>	<b>3,409</b>	<b>1,160</b>	<b>316</b>	<b>6,089</b>	<b>68.5%</b>	
Consumer, Non-Cyclical	75	498	914	251	23	1,761	19.9%	
Utilities	-	38	552	113	16	719	8.1%	
Communications	-	2	280	274	76	632	7.1%	
Industrial	-	161	487	148	41	837	9.4%	
Energy	2	185	311	115	36	649	7.3%	
Consumer, Cyclical	-	81	519	125	43	768	8.6%	
Technology	29	133	164	10	3	339	3.8%	
Basic Materials	-	-	176	85	7	268	3.0%	
Diversified (MTN's) (Note 1)	-	-	6	36	4	46	0.5%	
Other	-	-	-	3	67	70	0.8%	
<b>Total Corporate</b>	<b>\$ 114</b>	<b>\$ 1,758</b>	<b>\$ 5,305</b>	<b>\$ 1,343</b>	<b>\$ 372</b>	<b>\$ 8,892</b>	<b>100.0%</b>	
% of Total	1.3%	19.8%	59.6%	15.1%	4.2%	100.0%		

### Schedule 5(b) - Corporate Capital Structure

#### Fair Value by Capital Structure and Current Rating

FIXED INCOME CREDIT QUALITY: December 31, 2014								
	AAA	AA	A	BBB	BB and Below	Total	%	
<b>Financials</b>	<b>\$ 8</b>	<b>\$ 660</b>	<b>\$ 1,896</b>	<b>\$ 183</b>	<b>\$ 56</b>	<b>\$ 2,803</b>	<b>31.5%</b>	
Senior	8	660	1,789	91	51	2,599	29.2%	
Subordinated + Lower Tier 2	-	-	107	92	5	204	2.3%	
<b>Non-Financials</b>	<b>106</b>	<b>1,098</b>	<b>3,409</b>	<b>1,160</b>	<b>316</b>	<b>6,089</b>	<b>68.5%</b>	
Senior	106	1,098	3,408	1,159	314	6,085	68.5%	
Subordinated	-	-	1	1	2	4	0.0%	
<b>Total Corporate</b>	<b>\$ 114</b>	<b>\$ 1,758</b>	<b>\$ 5,305</b>	<b>\$ 1,343</b>	<b>\$ 372</b>	<b>\$ 8,892</b>	<b>100.0%</b>	

#### Net Unrealized Gains (Losses) by Capital Structure and Current Rating

FIXED INCOME CREDIT QUALITY: December 31, 2014						
	AAA	AA	A	BBB	BB and Below	Total
<b>Financials</b>	<b>\$ -</b>	<b>\$ 19</b>	<b>\$ 50</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 74</b>
Senior	-	19	45	2	(1)	65
Subordinated + Lower Tier 2	-	-	5	3	1	9
<b>Non-Financials</b>	<b>10</b>	<b>50</b>	<b>140</b>	<b>53</b>	<b>(11)</b>	<b>242</b>
Senior	10	50	140	53	(11)	242
Subordinated	-	-	-	-	-	-
<b>Total Net Unrealized Gains (Losses)</b>	<b>\$ 10</b>	<b>\$ 69</b>	<b>\$ 190</b>	<b>\$ 58</b>	<b>\$ (11)</b>	<b>\$ 316</b>

#### Notes:

1. Includes \$36 million of medium term notes supported primarily by pools of European investment grade credit with varying degrees of leverage.





## SCHEDULE 5 (cont'd) - CORPORATE (ISSUER) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 5(c) - Corporate Top 10 Issuers (Note 1)

#### Top 10 Issuers - FINANCIALS

WELLS FARGO & COMPANY  
CITIGROUP INC.  
JPMORGAN CHASE & CO.  
RABOBANK NEDERLAND NV  
BANK OF AMERICA CORPORATION  
THE GOLDMAN SACHS GROUP, INC.  
WESTPAC BANKING CORPORATION  
LLOYDS BANKING GROUP PLC  
UBS GROUP AG  
THE PNC FINANCIAL SERVICES GROUP, INC.

Fair Value - December 31, 2014			
Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 2)	
\$	181	0.7%	A+
	157	0.6%	A-
	154	0.6%	A
	137	0.5%	AA-
	132	0.5%	BBB+
	121	0.5%	A-
	92	0.4%	AA
	89	0.3%	AA+
	87	0.3%	AA
	87	0.3%	A

#### Top 10 Issuers - NON-FINANCIALS

PHILIP MORRIS INTERNATIONAL INC.  
GENERAL ELECTRIC COMPANY  
PFIZER INC.  
ANHEUSER-BUSCH INBEV  
THE PROCTER & GAMBLE COMPANY  
ROYAL DUTCH SHELL PLC  
ORACLE CORPORATION  
WAL-MART STORES, INC.  
PEPSICO, INC.  
BP P.L.C.

Fair Value - December 31, 2014			
Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 2)	
\$	129	0.5%	A
	122	0.5%	AA-
	119	0.5%	AA-
	117	0.4%	A
	101	0.4%	AA-
	94	0.4%	AA
	83	0.3%	A+
	81	0.3%	AA
	80	0.3%	A
	80	0.3%	A

#### Notes:

- Corporate issuers represent only direct exposure to fixed maturities and short-term investments of the parent issuer and its subsidiaries. These exposures include covered bonds and exclude asset and mortgage backed securities that were issued, sponsored or serviced by the parent and government-guaranteed issues.
- The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings.



## SCHEDULE 5 (cont'd) - CORPORATE (COUNTRY) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 5(d) - Corporate Country

#### Fair Value by Country Concentrations and Current Rating (Note 1)

	FIXED INCOME CREDIT QUALITY: December 31, 2014							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated			
United States	\$ 103	\$ 849	\$ 3,767	\$ 792	\$ 265	\$ -	\$ 5,776	65.1%	
United Kingdom	2	36	489	167	18	-	712	8.0%	
Netherlands	-	223	186	45	13	-	467	5.3%	
Canada	-	254	124	33	14	-	425	4.8%	
France	-	61	173	61	10	-	305	3.4%	
Australia	9	140	108	3	-	-	260	2.9%	
Switzerland	-	99	113	22	5	2	241	2.7%	
Germany	-	-	113	70	15	-	198	2.2%	
Belgium	-	-	117	1	-	-	118	1.3%	
Sweden	-	79	-	-	-	-	79	0.9%	
Japan	-	2	43	-	2	-	47	0.5%	
Diversified European (Medium-Term Notes)	-	-	-	36	-	-	36	0.4%	
Ireland	-	-	-	30	-	-	30	0.3%	
Luxembourg	-	10	-	3	15	-	28	0.3%	
Mexico	-	-	21	6	-	-	27	0.3%	
Chile	-	-	-	25	-	-	25	0.3%	
Others (Individually under \$20 million) (Note 2)	-	5	51	49	8	5	118	1.3%	
<b>Total Corporate</b>	<b>\$ 114</b>	<b>\$ 1,758</b>	<b>\$ 5,305</b>	<b>\$ 1,343</b>	<b>\$ 365</b>	<b>\$ 7</b>	<b>\$ 8,892</b>	<b>100.0%</b>	
% of total	1.3%	19.8%	59.6%	15.1%	4.1%	0.1%	100.0%		

#### Notes:

1. Country concentration is defined as the country of the issuer's main operations, i.e., a United Kingdom company's subsidiary operating in the United States and issuing debt in the United States would be classified under United States in the table above. Similarly a United Kingdom company with main operations in the United Kingdom and issuing U.S. denominated debt in the United Kingdom would be classified under the United Kingdom in the above table.

2. Included in Others are Fixed Income exposures to Peripheral European corporate issues of \$6 million in Italy, \$5 million in Spain, and \$2 million in Greece.



## SCHEDULE 5 (cont'd) - CORPORATE (EUROPEAN COUNTRY) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 5(e) - European Corporate Portfolio (Excluding United Kingdom) (Note 1)

FIXED INCOME CREDIT QUALITY: December 31, 2014

Fair Value by Country Concentrations (Note 2)	Bank	Utilities	Diversified	Consumer, Non-Cyclical	Energy	Communications	Other Financial	Other	Total	%
Netherlands	\$ 208	\$ -	\$ -	\$ 52	\$ 94	\$ 20	\$ 3	\$ 90	\$ 467	30.0%
France	117	20	-	33	43	34	-	58	305	19.6%
Switzerland	90	13	-	91	-	3	6	38	241	15.5%
Germany	5	39	-	13	-	21	10	110	198	12.7%
Belgium	-	-	-	117	-	-	-	1	118	7.6%
Sweden	79	-	-	-	-	-	-	-	79	5.1%
Diversified European (Medium-Term Notes)	-	-	36	-	-	-	-	-	36	2.3%
Ireland	-	-	-	-	-	-	-	30	30	1.9%
Luxembourg	-	-	-	-	10	-	9	9	28	1.8%
Denmark	-	-	-	-	-	-	-	17	17	1.1%
Jersey	-	-	-	-	-	-	-	13	13	0.8%
Norway	11	-	-	-	-	-	-	1	12	0.8%
Italy	-	3	-	1	-	2	-	-	6	0.4%
Spain	-	1	-	-	-	4	-	-	5	0.3%
Greece	-	-	-	2	-	-	-	-	2	0.1%
<b>Total Corporate</b>	<b>\$ 510</b>	<b>\$ 76</b>	<b>\$ 36</b>	<b>\$ 309</b>	<b>\$ 147</b>	<b>\$ 84</b>	<b>\$ 28</b>	<b>\$ 367</b>	<b>\$ 1,557</b>	<b>100.0%</b>
% of total	32.8%	4.9%	2.3%	19.8%	9.4%	5.4%	1.8%	23.6%	100.0%	

**Notes:**

- The Company also holds \$224 million of covered bonds in continental Europe (excluding the United Kingdom) which are excluded from the above table, including Nil in covered bonds in Peripheral European countries. These are classified as Other ABS under Asset Backed Securities.
- Country concentration is defined as the country of the issuer's main operations, i.e., a French company's subsidiary operating in Germany and issuing debt in Germany would be classified under Germany in the table above.

**Fair Value - December 31, 2014**

### Top 10 Issuers - EUROPEAN BANKS (Excluding United Kingdom) (Note 1)

	Fair Value	Average Credit Quality
RABOBANK NEDERLAND NV	\$ 137	AA-
UBS GROUP AG	87	AA
BNP PARIBAS	75	A+
ING GROEP N.V.	61	AA
GOVERNMENT OF NETHERLANDS (ABN AMRO)	60	AAA
CREDIT SUISSE GROUP AG	51	A
SVENSKA HANDELSBANKEN AB (PUBL)	46	AA-
BPCE	45	AA-
STICHTING ING AANDELEN	38	AAA
REGERING VAN DE STAAT DER NEDERLANDEN	34	A

**Notes:**

- Includes covered bonds.



## SCHEDULE 6 - RMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 6(a) - Agency RMBS

#### Fair Value by Government Agency and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014					Total	%
	AAA	AA	A	BBB	BB and Below		
FNMA	\$ 2,269	\$ -	\$ -	\$ -	\$ -	\$ 2,269	60.7%
FHLMC	911	-	-	-	-	911	24.4%
GNMA	548	-	-	-	-	548	14.6%
OTHER (Note 1)	12	-	-	-	-	12	0.3%
<b>Total Agency RMBS</b>	<b>\$ 3,740</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,740</b>	<b>100.0%</b>
% of total	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Total Weighted Average Life						5.5	

### Schedule 6(b) - Non-Agency RMBS

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014					Total	%
	AAA	AA	A	BBB	BB and Below		
2008-2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2007	-	27	-	-	58	85	19.8%
2006	-	4	-	4	90	98	22.7%
2005	-	1	20	28	139	188	43.6%
2004 and prior	1	2	10	6	41	60	13.9%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 34</b>	<b>\$ 30</b>	<b>\$ 38</b>	<b>\$ 328</b>	<b>\$ 431</b>	<b>100.0%</b>
% of total	0.2%	7.9%	7.0%	8.8%	76.1%	100.0%	

#### Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014					Total	%
	AAA	AA	A	BBB	BB and Below		
U.S. Prime (Note 2)	\$ -	\$ -	\$ 4	\$ 5	\$ 23	\$ 32	7.4%
Non-U.S. Prime (Note 2)	-	32	4	-	-	36	8.4%
Sub Prime First Lien (Note 3)	1	2	15	26	188	232	53.8%
Alt A (Note 4)	-	-	4	6	101	111	25.8%
Second Lien	-	-	3	1	16	20	4.6%
ABS CDOs	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 34</b>	<b>\$ 30</b>	<b>\$ 38</b>	<b>\$ 328</b>	<b>\$ 431</b>	<b>100.0%</b>
% of total	0.2%	7.9%	7.0%	8.8%	76.1%	100.0%	

#### Par Value

Par Value	\$ 1	\$ 34	\$ 31	\$ 40	\$ 452	\$ 558
Average Price as a % of Par	100%	100%	97%	95%	73%	77%
Net Unrealized Gains (Losses)	\$ -	\$ (1)	\$ (1)	\$ (1)	\$ 26	\$ 23
Total Weighted Average Life						6.3

#### Fair Value by Collateral and Original Rating

	FIXED INCOME CREDIT QUALITY: Original on issue					Total	%
	AAA	AA	A	BBB	BB and Below		
U.S. Prime	\$ 31	\$ 1	\$ -	\$ -	\$ -	\$ 32	7.4%
Non-U.S. Prime	11	13	12	-	-	36	8.4%
Sub Prime First Lien	112	99	16	3	2	232	53.8%
Alt A	92	3	5	2	9	111	25.8%
Second Lien	10	2	4	4	-	20	4.6%
ABS CDOs	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 256</b>	<b>\$ 118</b>	<b>\$ 37</b>	<b>\$ 9</b>	<b>\$ 11</b>	<b>\$ 431</b>	<b>100.0%</b>
% of total	59.3%	27.4%	8.6%	2.1%	2.6%	100.0%	

#### Notes:

- Included in Agency RMBS Other are exposures in the National Credit Union Administration and Canadian Agency Mortgages.
- Prime securities have an average credit support of 14% for U.S. Prime and 30% for Non-U.S. Prime. Average delinquencies > 60 days are 11% and 5%, respectively.
- Sub Prime securities have an average credit support of 34% and average delinquencies > 60 days are 27%.
- Alt-A securities have an average credit support of 18% and average delinquencies > 60 days are 25%.



## SCHEDULE 7 - CMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 7 - CMBS (Note 1)

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014						Total	%
	AAA	AA	A	BBB	BB and Below			
2014	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ -	41	3.9%
2013	160	-	-	-	-	-	160	15.1%
2012	104	-	5	-	-	-	109	10.3%
2011	27	-	-	-	-	-	27	2.6%
2010	6	8	-	1	-	-	15	1.4%
2009	4	-	-	-	-	-	4	0.4%
2008	-	-	-	-	-	-	-	0.0%
2007	5	3	13	-	-	-	21	2.0%
2006	320	37	1	1	4	-	363	34.4%
2005	278	22	3	-	4	-	307	29.0%
2004 and prior	2	2	1	-	5	-	10	0.9%
<b>Total CMBS</b>	<b>\$ 947</b>	<b>\$ 72</b>	<b>\$ 23</b>	<b>\$ 2</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>1,057</b>	<b>100.0%</b>
% of total	89.6%	6.8%	2.2%	0.2%	1.2%		100.0%	
Par Value	\$ 912	\$ 69	\$ 22	\$ 2	\$ 15	\$ -	1,020	
Average Price as a % of Par	104%	104%	105%	100%	87%		104%	
Net Unrealized Gains (Losses)	\$ 14	\$ 3	\$ 1	\$ -	\$ 1	\$ -	19	
Total Weighted Average Life							2.8	

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: Original on issue						Total	%
	AAA	AA	A	BBB	BB and Below			
2014	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ -	41	3.9%
2013	160	-	-	-	-	-	160	15.1%
2012	104	-	5	-	-	-	109	10.3%
2011	27	-	-	-	-	-	27	2.6%
2010	6	8	-	1	-	-	15	1.4%
2009	4	-	-	-	-	-	4	0.4%
2008	-	-	-	-	-	-	-	0.0%
2007	20	1	-	-	-	-	21	2.0%
2006	359	4	-	-	-	-	363	34.4%
2005	307	-	-	-	-	-	307	29.0%
2004 and prior	1	-	1	1	7	-	10	0.9%
<b>Total CMBS</b>	<b>\$ 1,029</b>	<b>\$ 13</b>	<b>\$ 6</b>	<b>\$ 2</b>	<b>\$ 7</b>	<b>\$ -</b>	<b>1,057</b>	<b>100.0%</b>
% of total	97.3%	1.2%	0.6%	0.2%	0.7%		100.0%	

#### Notes:

1. CMBS have an average credit support of 33% and a debt service ratio of 1.7. Average delinquencies > 60 days are 3.5%.



## SCHEDULE 8 - ABS (CDOs) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 8 - CDOs (Notes 1 & 2)

#### Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014						Total	%
	AAA	AA	A	BBB	BB and Below			
High Yield Loans	\$ 301	\$ 239	\$ 43	\$ 47	\$ 21	\$ 651	93.8%	
Commercial Real Estate	-	-	-	8	4	12	1.7%	
Emerging Markets	6	-	5	-	-	11	1.6%	
Other	9	-	-	-	11	20	2.9%	
<b>Total CDOs</b>	<b>\$ 316</b>	<b>\$ 239</b>	<b>\$ 48</b>	<b>\$ 55</b>	<b>\$ 36</b>	<b>\$ 694</b>	<b>100.0%</b>	
% of total	45.6%	34.4%	6.9%	7.9%	5.2%	100.0%		

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2014						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2014	\$ 171	\$ 96	\$ 21	\$ -	\$ -	\$ 288	41.5%	
2007	41	80	11	25	17	174	25.1%	
2006	84	56	13	16	10	179	25.8%	
2005	20	7	3	13	9	52	7.5%	
2004 and prior	-	-	-	1	-	1	0.1%	
<b>Total CDOs</b>	<b>\$ 316</b>	<b>\$ 239</b>	<b>\$ 48</b>	<b>\$ 55</b>	<b>\$ 36</b>	<b>\$ 694</b>	<b>100.0%</b>	
% of total	45.6%	34.4%	6.9%	7.9%	5.2%	100.0%		

Par Value	\$ 319	\$ 247	\$ 49	\$ 58	\$ 51	\$ 724
Average Price as a % of Par	99%	97%	98%	95%	71%	96%
Net Unrealized Gains (Losses)	(3)	(7)	(1)	(2)	(12)	(25)
Total Weighted Average Life						3.9

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: Original on issue						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2014	\$ 171	\$ 96	\$ 21	\$ -	\$ -	\$ 288	41.5%	
2007	13	93	22	46	-	174	25.1%	
2006	20	114	7	38	-	179	25.8%	
2005	11	26	3	12	-	52	7.5%	
2004 and prior	-	-	-	1	-	1	0.1%	
<b>Total CDOs</b>	<b>\$ 215</b>	<b>\$ 329</b>	<b>\$ 53</b>	<b>\$ 97</b>	<b>\$ -</b>	<b>\$ 694</b>	<b>100.0%</b>	
% of total	31.0%	47.4%	7.6%	14.0%	0.0%	100.0%		

#### Notes:

1. Cash CLOs account for 91% of the holdings, the majority of which were originally rated AAA/AA.
2. The figures above exclude \$21 million of Synthetic CDOs that are classified as other investments.



## SCHEDULE 9 - ABS (CONSUMER ABS, OTHER ABS) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. Dollars in millions)  
(Unaudited)

### Schedule 9(a) - Consumer ABS

#### Fair Value by Collateral Type and Current Rating

##### Autos (Note 1)

U.S.  
Non-U.S.

##### Credit Card (Note 2)

U.S.  
Non-U.S.

##### Student Loans

U.S.  
Non-U.S.

##### Total Consumer ABS

% of total

Net Unrealized Gains (Losses)

Total Weighted Average Life

#### FIXED INCOME CREDIT QUALITY: December 31, 2014

	AAA	AA	A	BBB	BB and Below	Total	%
<b>\$</b>	<b>216</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>216</b>	<b>63.6%</b>
U.S.	215	-	-	-	-	215	63.3%
Non-U.S.	1	-	-	-	-	1	0.3%
<b>\$</b>	<b>77</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>77</b>	<b>22.6%</b>
U.S.	61	-	-	-	-	61	17.9%
Non-U.S.	16	-	-	-	-	16	4.7%
<b>\$</b>	<b>30</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>47</b>	<b>13.8%</b>
U.S.	25	1	-	-	-	26	7.6%
Non-U.S.	5	16	-	-	-	21	6.2%
<b>\$</b>	<b>323</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>340</b>	<b>100.0%</b>
% of total	95.0%	5.0%	0.0%	0.0%	0.0%	100.0%	
Net Unrealized Gains (Losses)	2	(1)	0	0	0	1	
Total Weighted Average Life						2.0	

### Schedule 9(b) - Other ABS

#### Fair Value by Collateral Type and Current Rating

##### Other Real Estate

Telecoms & Utilities

Pfandbriefe & Covered Bonds

Other ABS

Whole Business

Health Care

##### Sub Total Other ABS

% of total

Net Unrealized Gains (Losses)

Total Weighted Average Life

#### FIXED INCOME CREDIT QUALITY: December 31, 2014

	AAA	AA	A	BBB	BB and Below	Total	%
<b>\$</b>	<b>2</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>12</b>	<b>1.6%</b>
Telecoms & Utilities	10	-	-	-	-	10	1.3%
Pfandbriefe & Covered Bonds	607	36	-	-	-	643	86.9%
Other ABS	13	4	46	2	1	66	8.9%
Whole Business	1	-	-	-	9	10	1.3%
Health Care	-	-	-	-	-	-	0.0%
<b>\$</b>	<b>633</b>	<b>\$ 49</b>	<b>\$ 47</b>	<b>\$ 2</b>	<b>\$ 10</b>	<b>741</b>	<b>100.0%</b>
% of total	85.5%	6.6%	6.3%	0.3%	1.3%	100.0%	
Net Unrealized Gains (Losses)	25	1	10	0	(1)	35	
Total Weighted Average Life						3.7	

#### Notes:

1. Average credit support is 26% for Autos.
2. The average excess spread (net of charge offs) is 14% for credit cards.



## SCHEDULE 10 - UNREALIZED GAINS (LOSSES)

(U.S. Dollars in millions)

(Unaudited)

Fixed Income, Equity, and Other Investments Portfolio	December 31, 2014					September 30, 2014				
	Fair Value	Fair Value (less accrued interest)	Amortized Cost	Net Unrealized Gains (Losses)	Gross Unrealized Losses	Fair Value	Fair Value (less accrued interest)	Amortized Cost	Net Unrealized Gains (Losses)	Gross Unrealized Losses
<b>U.S. Government Related and Supported (Schedule 4)</b>	\$ 4,266	\$ 4,232	\$ 4,038	\$ 194	\$ (13)	\$ 4,177	\$ 4,133	\$ 3,989	\$ 144	\$ (15)
U.S. Treasuries	1,976	1,969	1,935	34	(12)	1,921	1,910	1,900	10	(11)
U.S. Agencies	237	235	203	32	-	241	238	213	25	(1)
U.S. Municipals	2,046	2,021	1,893	128	(1)	2,007	1,977	1,868	109	(3)
U.S. FDIC Guaranteed	7	7	7	-	-	8	8	8	-	-
<b>Non-U.S. Government Related and Supported (Schedule 4)</b>	<b>4,458</b>	<b>4,407</b>	<b>4,323</b>	<b>84</b>	<b>(57)</b>	<b>4,437</b>	<b>4,392</b>	<b>4,297</b>	<b>95</b>	<b>(43)</b>
<b>Corporate (Schedule 5)</b>	<b>8,892</b>	<b>8,789</b>	<b>8,473</b>	<b>316</b>	<b>(50)</b>	<b>9,553</b>	<b>9,446</b>	<b>9,137</b>	<b>309</b>	<b>(47)</b>
Financials	2,803	2,772	2,698	74	(13)	2,964	2,931	2,860	71	(16)
Non-Financials	6,089	6,017	5,775	242	(37)	6,589	6,515	6,277	238	(31)
<b>Mortgage Backed Securities</b>	<b>5,228</b>	<b>5,213</b>	<b>5,067</b>	<b>146</b>	<b>(34)</b>	<b>4,890</b>	<b>4,874</b>	<b>4,762</b>	<b>112</b>	<b>(48)</b>
Agency RMBS (Schedule 6)	3,740	3,729	3,625	104	(11)	3,346	3,335	3,264	71	(22)
Non-Agency RMBS (Schedule 6)	431	431	408	23	(18)	440	440	417	23	(19)
CMBS (Schedule 7)	1,057	1,053	1,034	19	(5)	1,104	1,099	1,081	18	(7)
<b>Asset Backed Securities (Schedule 8 &amp; 9)</b>	<b>1,775</b>	<b>1,761</b>	<b>1,751</b>	<b>10</b>	<b>(33)</b>	<b>1,909</b>	<b>1,900</b>	<b>1,882</b>	<b>18</b>	<b>(30)</b>
CDOs (Schedule 8)	694	692	718	(26)	(27)	748	747	770	(23)	(26)
Consumer ABS (Schedule 9)	340	339	338	1	(2)	345	345	343	2	(2)
Other ABS (Schedule 9)	741	730	695	35	(4)	816	808	769	39	(2)
<b>Cash and Equivalents (net of payables/receivables)</b>	<b>1,511</b>	<b>1,511</b>	<b>1,511</b>	<b>-</b>	<b>-</b>	<b>1,416</b>	<b>1,416</b>	<b>1,416</b>	<b>-</b>	<b>-</b>
<b>Total Fixed Income - Investments</b>	<b>\$ 26,130</b>	<b>\$ 25,913</b>	<b>\$ 25,163</b>	<b>\$ 750</b>	<b>\$ (187)</b>	<b>\$ 26,382</b>	<b>\$ 26,161</b>	<b>\$ 25,483</b>	<b>\$ 678</b>	<b>\$ (183)</b>
Equity Securities	868	868	764	104	(26)	960	960	848	112	(15)
Other Investments	1,248	1,248	1,003	245	(3)	1,277	1,277	1,037	240	(1)
<b>Total Fixed Income, Equity Securities and Other Investments (Excluding Life Funds Withheld Assets)</b>	<b>\$ 28,246</b>	<b>\$ 28,029</b>	<b>\$ 26,930</b>	<b>\$ 1,099</b>	<b>\$ (216)</b>	<b>\$ 28,619</b>	<b>\$ 28,398</b>	<b>\$ 27,368</b>	<b>\$ 1,030</b>	<b>\$ (199)</b>
Life Funds Withheld Assets (Schedule 12)	5,405	5,316	4,435	881	-	5,477	5,368	4,662	706	-
<b>Total Fixed Income, Equity Securities and Other Investments (Including Life Funds Withheld Assets)</b>	<b>\$ 33,651</b>	<b>\$ 33,345</b>	<b>\$ 31,365</b>	<b>\$ 1,980</b>	<b>\$ (216)</b>	<b>\$ 34,096</b>	<b>\$ 33,766</b>	<b>\$ 32,030</b>	<b>\$ 1,736</b>	<b>\$ (199)</b>

**Notes:**

1. Carrying value represents fair value for available for sale securities and amortized cost for held to maturity securities.





**SCHEDULE 11 - INCOME STATEMENT ANALYSIS**  
(U.S. Dollars in thousands)  
(Unaudited)

	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014	Three months ended March 31, 2014	Three months ended December 31, 2013
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 174,433	\$ 170,954	\$ 213,833	\$ 231,268	\$ 239,218
Investment expenses (Note 1)	(17,636)	(17,827)	(17,160)	(16,849)	(16,433)
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>	<b>\$ 156,797</b>	<b>\$ 153,127</b>	<b>\$ 196,673</b>	<b>\$ 214,419</b>	<b>\$ 222,785</b>
<b>Book Yield (Net of Expenses)</b>	<b>2.37%</b>	<b>2.34%</b>	<b>2.58%</b>	<b>2.71%</b>	<b>2.82%</b>
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 17,243	\$ 18,798	\$ 18,784	\$ 20,754	\$ 19,796
Investment expenses (Note 1)	(1,743)	(1,969)	(1,849)	(1,984)	(1,800)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 15,500</b>	<b>\$ 16,829</b>	<b>\$ 16,935</b>	<b>\$ 18,770</b>	<b>\$ 17,996</b>
<b>Book Yield (Net of Expenses)</b>	<b>4.77%</b>	<b>5.06%</b>	<b>4.72%</b>	<b>4.94%</b>	<b>4.60%</b>
Interest Expense - Deposit Liability Accretion	(9,155)	(11,148)	18,199	(10,781)	(11,745)
Operating and Investment Expenses - P&C Structured	(265)	(390)	(249)	(36)	(152)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 6,080</b>	<b>\$ 5,291</b>	<b>\$ 34,885</b>	<b>\$ 7,953</b>	<b>\$ 6,099</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 172,297</b>	<b>\$ 169,956</b>	<b>\$ 213,608</b>	<b>\$ 233,189</b>	<b>\$ 240,781</b>
<b>Book Yield (Net of Expenses)</b>	<b>2.51%</b>	<b>2.47%</b>	<b>2.68%</b>	<b>2.81%</b>	<b>2.91%</b>
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 53,936</b>	<b>\$ 56,474</b>	<b>\$ 19,165</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Alternative Funds	\$ 9,710	\$ 15,133	\$ 16,061	\$ 26,133	\$ 48,571
Private Investment Fund Affiliates	10,620	9,367	1,622	7,170	5,977
	<b>\$ 20,330</b>	<b>\$ 24,500</b>	<b>\$ 17,683</b>	<b>\$ 33,303</b>	<b>\$ 54,548</b>
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>					
Investment Manager Affiliates	\$ 1,056	\$ 15,900	\$ 13,147	\$ 26,983	\$ 23,134
Strategic Operating Affiliates	12,118	4,121	14,591	19,302	8,257
	<b>\$ 13,174</b>	<b>\$ 20,021</b>	<b>\$ 27,738</b>	<b>\$ 46,285</b>	<b>\$ 31,391</b>

**Notes:**

1. Includes management fees, custody fees, and direct and allocated general and administrative expenses.
2. The Company records the income related to the alternative funds and to the private investment fund affiliates on a one month and three month lag, respectively.
3. The Company records the income related to the investment manager affiliates and strategic operating affiliates generally on a three month lag.



**SCHEDULE 12 - SUMMARY INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS**

**CONSOLIDATED**

(U.S. Dollars in millions)  
(Unaudited)

INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS	December 31, 2014		September 30, 2014		June 30, 2014	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Fixed Income Portfolio</b>						
U.S. Government Related and Supported	\$ 19	0.4%	\$ 19	0.3%	\$ 18	0.3%
Non-U.S. Government Related and Supported	1,817	33.6%	1,809	33.0%	1,831	32.4%
Corporate	2,873	53.2%	2,970	54.2%	3,077	54.4%
Mortgage Backed Securities	199	3.7%	206	3.8%	223	3.9%
Asset Backed Securities	364	6.7%	368	6.7%	387	6.8%
Cash and Equivalents (net of payables/receivables)	133	2.5%	105	1.9%	123	2.2%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 5,405</b>	<b>100.0%</b>	<b>\$ 5,477</b>	<b>100.0%</b>	<b>\$ 5,659</b>	<b>100.0%</b>
<b>Other Investments</b>						
Alternative Funds	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Equity Securities	-	0.0%	-	0.0%	-	0.0%
Other Investments	-	0.0%	-	0.0%	-	0.0%
<b>Total Other Investments</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,405</b>	<b>100.0%</b>	<b>\$ 5,477</b>	<b>100.0%</b>	<b>\$ 5,659</b>	<b>100.0%</b>
<b>FIXED INCOME PORTFOLIO CREDIT QUALITY :</b>						
AAA	\$ 912	16.9%	\$ 888	16.2%	\$ 935	16.5%
AA	1,528	28.3%	1,526	27.9%	1,569	27.7%
A	1,623	30.0%	1,690	30.9%	1,794	31.7%
BBB	1,323	24.5%	1,354	24.7%	1,341	23.7%
BB and Below	19	0.4%	19	0.3%	20	0.4%
Not Rated	-	0.0%	-	0.0%	-	0.0%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 5,405</b>	<b>100.0%</b>	<b>\$ 5,477</b>	<b>100.0%</b>	<b>\$ 5,659</b>	<b>100.0%</b>
Average credit quality (Note 2)		A+		A+		A+
<b>Summary by Core Currency Liabilities</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>
Sterling denominated	\$ 3,683	9.1	\$ 3,777	9.0	\$ 3,868	8.8
Euro denominated	1,696	9.9	1,675	9.9	1,766	9.7
U.S. Dollar denominated	26	5.4	25	5.5	25	5.6
<b>Total Duration</b>	<b>\$ 5,405</b>	<b>9.4</b>	<b>\$ 5,477</b>	<b>9.2</b>	<b>\$ 5,659</b>	<b>9.1</b>
<b>Net Investment Income - Life Funds Withheld Assets (in thousands)</b>	<b>\$ 53,936</b>		<b>\$ 56,474</b>		<b>\$ 19,165</b>	

**Notes:**

- "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
- The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.



## COMMENT ON REGULATION G

XL presents its operations in the way it believes will be most meaningful and useful to investors, analysts, rating agencies and others who use XL's financial information in evaluating XL's performance. This document contains the presentation of (i) operating net income (loss) ("Operating Net Income"), which is defined as net income (loss) attributable to ordinary shareholders excluding: (1) net investment income - Life Funds Withheld Assets, net of tax, (2) net realized (gains) losses on investments sold, net of tax, (3) OTTI on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) net realized and unrealized (gains) losses on derivatives, net of tax, (6) net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax, (7) XL's share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (8) loss on sale of life reinsurance subsidiary, XLLR, net of tax, and (9) foreign exchange (gains) losses, net of tax; (ii) annualized return on average ordinary shareholders' equity ("ROE") based on operating net income (loss) ("Operating ROE"); (iii) Operating ROE excluding unrealized gains and losses on investments; (iv) net income (loss) attributable to ordinary shareholders excluding the impact of the Life Retrocession Arrangements and (v) book value per ordinary share (ordinary shareholders' equity divided by the number of shares outstanding at the period end date), fully diluted book value per ordinary share (book value per share combined with the dilutive impact of potential future share issues at any period end), and fully diluted tangible book value per ordinary share (calculated in the same manner as fully diluted book value per ordinary share except that goodwill and intangible assets are excluded from ordinary shareholders' equity). These items are "non-GAAP financial measures" as defined in Regulation G.

Although the investment of premiums to generate income (or loss) and realized capital gains (or losses) is an integral part of XL's operations, the determination to realize capital gains (or losses) is independent of the underwriting process. In addition, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value and from goodwill impairment charges without actual realization. In this regard, certain users of XL's financial information, including certain rating agencies, evaluate earnings before tax and capital gains to understand the profitability of the operational sources of income without the effects of these two variables. Furthermore, these users believe that, for many companies, the timing of the realization of capital gains and the recognition of goodwill impairment charges are largely a function of economic and interest rate conditions.

Net realized and unrealized (gains) losses on derivatives, net of tax, include all derivatives entered into by XL other than certain credit derivatives and life retrocession embedded derivative. With respect to credit derivatives, because XL and its insurance company operating affiliates generally hold financial guaranty contracts written in credit default derivative form to maturity, the net effects of the changes in fair value of these credit derivatives are excluded (similar with other companies' treatment of such contracts) as the changes in fair value each quarter are not indicative of underlying business performance.

Net investment income - Life Funds Withheld Assets, net of tax, and net realized (gains) losses on the life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax, have been excluded because, as a result of the Life Retrocession Arrangement, XL no longer shares in the risks and rewards of the underlying performance of the Life Funds Withheld Assets that support these retrocession arrangements. The returns on the Life Funds Withheld Assets are passed directly to the reinsurer pursuant to a contractual arrangement that is accounted for as a derivative. Therefore, net investment income from the Life Funds Withheld Assets and changes in the fair value of the embedded derivative associated with these life retrocession arrangements are not relevant to XL's underlying business performance. In addition, the loss on the sale of life reinsurance subsidiary, net of tax, has been excluded due to the one-time, non-operating nature of this loss.

Foreign exchange (gains) losses in the income statement are only one element of the overall impact of foreign exchange fluctuations on XL's financial position and are not representative of any economic gain or loss made by XL. Accordingly, it is not a relevant indicator of financial performance and it is excluded.

In summary, XL evaluates the performance of and manages its business to produce an underwriting profit. In addition to presenting net income (loss), XL believes that showing operating net income (loss) enables investors and other users of XL's financial information to analyze XL's performance in a manner similar to how management of XL analyzes performance. In this regard, XL believes that providing only a GAAP presentation of net income (loss) would make it much more difficult for users of XL's financial information to evaluate XL's underlying business. Also, as stated above, XL believes that the equity analysts and certain rating agencies that follow XL (and the insurance industry as a whole) exclude these items from their analyses for the same reasons and they request that XL provide this non-GAAP financial information on a regular basis.

Operating ROE is a widely used measure of any company's profitability that is calculated by dividing annualized operating net income for any period other than a fiscal year when actual operating income is used by the average of the opening and closing ordinary shareholders' equity. XL establishes target Operating ROEs for its total operations, segments and lines of business. If XL's Operating ROE targets are not met with respect to any line of business over time, XL seeks to re-evaluate these lines. Operating ROE excluding average unrealized gains and losses on investments is an additional measure of a company's profitability that eliminates the impacts of mark to market fluctuations on a company's investment portfolio that have not been realized through sales, which XL believes provides a more consistent measure of company performance.