



# FINANCIAL SUPPLEMENT

March 31, 2015

**Issued on April 29, 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.

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<i>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) the impact of changes in the global financial markets, such as 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, future financing activities 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 ("Catlin"); (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 and 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; (w) the loss of key personnel and changes in accounting standards, policies or practices or the application thereof; (x) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (y) the effects of mergers, acquisitions and divestitures, including XL's ability to modify its internal controls over financial reporting, changes to its risk appetite and its ability realize the value or benefits expected, in each case, as a result of such transactions, including the Life Retrocession Arrangements and XL's proposed acquisition of Catlin; (z) 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; (aa) 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; (bb) judicial decisions and rulings, new theories of liability or emerging claims coverage issues, legal tactics and settlement terms and (cc) the other factors set forth in XL's reports on Form 10-K, Form 10-Q 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.</i>	
<i>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.</i>	



# STATEMENTS OF INCOME

# CONSOLIDATED STATEMENTS OF INCOME

(U.S. dollars in thousands)

(Unaudited)

(Note 1)



	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
<b>Revenues</b>					
Gross premiums written	\$ 2,555,360	\$ 1,699,553	\$ 1,684,198	\$ 2,198,239	\$ 2,512,936
Net premiums written	1,851,249	1,223,161	1,233,985	1,491,844	1,995,851
Net premiums earned - P&C operations	1,319,494	1,413,161	1,453,673	1,438,076	1,412,528
Net premiums earned - run-off Life operations	14,506	23,064	19,739	58,518	76,311
Net investment income - excluding Life Funds Withheld Assets (Note 2)	158,094	172,297	169,956	213,608	233,189
Net investment income - Life Funds Withheld Assets (Note 2)	50,419	53,936	56,474	19,165	-
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	4,602	13,105	9,813	80,844	19,229
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	52,738	2,421	2,022	2,022	524
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	(5,209)	(4,322)	(7,494)	(8,771)	-
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	760	(9)	-	-	-
Net realized and unrealized gains (losses) on derivative instruments	16,521	11,346	5,131	11,599	1,810
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(229,367)	(269,412)	(201,264)	(17,546)	-
Net income (loss) from investment fund affiliates (Note 3)	35,329	20,330	24,500	17,683	33,303
Fee income and other	4,728	11,688	10,782	9,706	11,454
<b>Total revenues</b>	<u>\$ 1,422,615</u>	<u>\$ 1,447,605</u>	<u>\$ 1,543,332</u>	<u>\$ 1,823,506</u>	<u>\$ 1,787,824</u>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 769,827	\$ 739,420	\$ 859,588	\$ 827,880	\$ 831,505
Claims and policy benefits - run-off Life operations	19,387	23,976	20,101	85,299	113,587
Acquisition costs	153,696	171,203	182,882	184,619	199,414
Operating expenses (Note 4)	325,656	356,607	341,255	333,029	310,424
Foreign exchange losses (gains)	27,390	(45,802)	(23,348)	21,141	10,441
Loss on sale of life reinsurance subsidiary (Note 2)	-	-	-	666,423	-
Interest expense - debt and other (5)	41,481	25,074	31,703	32,284	32,160
Interest expense - deposit liability accretion	9,957	9,155	11,148	(18,199)	10,781
<b>Total expenses</b>	<u>\$ 1,347,394</u>	<u>\$ 1,279,633</u>	<u>\$ 1,423,329</u>	<u>\$ 2,132,476</u>	<u>\$ 1,508,312</u>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 75,221	\$ 167,972	\$ 120,003	\$ (308,970)	\$ 279,512
Income (loss) from operating affiliates (Note 6)	22,668	13,174	20,021	27,738	46,285
Provision (benefit) for income taxes	24,218	38,173	30,057	(5,654)	34,321
<b>Net income (loss)</b>	<u>\$ 73,671</u>	<u>\$ 142,973</u>	<u>\$ 109,967</u>	<u>\$ (275,578)</u>	<u>\$ 291,476</u>
Non-controlling interests	(37,390)	(3,474)	(37,583)	(3,682)	(35,759)
<b>Net income (loss) attributable to ordinary shareholders</b>	<u>\$ 36,281</u>	<u>\$ 139,499</u>	<u>\$ 72,384</u>	<u>\$ (279,260)</u>	<u>\$ 255,717</u>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (4,518)	\$ (19,861)	\$ (8,860)	\$ (77,149)	\$ (18,889)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(52,738)	(2,421)	(2,022)	(824)	-
OTTI on investments - Life Funds Withheld Assets (Note 2)	5,209	4,322	7,494	8,771	-
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	(760)	9	-	-	-
Net realized and unrealized (gains) losses on derivatives, net of tax	(16,521)	(11,347)	(5,131)	(11,596)	(1,810)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	658	1,743	8	1,222	(3,958)
Net investment income - Life Funds Withheld Assets, net of tax (Note 2)	(50,419)	(53,936)	(56,474)	(19,165.00)	-
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	229,367	269,412	201,264	17,546.00	-
Loss on sale of life reinsurance subsidiary, net of tax (Note 2)	-	-	-	621,323	-
Foreign exchange (gains) losses, net of tax	22,353	(33,493)	(21,575)	18,509	7,589
Expenses related to Catlin acquisition	25,464	-	-	-	-
<b>Operating Net Income (Note 7)</b>	<u>\$ 194,376</u>	<u>\$ 293,927</u>	<u>\$ 187,088</u>	<u>\$ 279,577</u>	<u>\$ 238,649</u>

**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 investments and are therefore unavailable at the time of quarter close.
- Operating expenses includes approximately \$10.5 million related to the Catlin transaction. See pages 6 - 8 for split of segment and corporate operating expenses.
- Interest expense includes approximately \$15.0 million in bridge financing costs related to the Catlin transaction.
- 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, net of tax, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, net of tax, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, net of tax, (8) our expenses related to the Catlin acquisition, net of tax, and (9) our loss on sale of life reinsurance subsidiary, XLLR, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G.



## RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Unaudited)  
(Note 1)

Return on Ordinary Shareholders' Equity	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Opening shareholders' equity	\$ 11,435,766	\$ 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)
Opening ordinary shareholders' equity	10,033,751	9,841,054	10,034,289	10,244,962	9,997,633
Closing shareholders' equity	11,646,423	11,435,766	11,220,774	11,408,577	11,603,974
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,402,366)	(1,402,015)	(1,379,720)	(1,374,288)	(1,359,012)
Closing ordinary shareholders' equity	10,244,057	10,033,751	9,841,054	10,034,289	10,244,962
Average ordinary shareholders' equity	10,138,904	9,937,403	9,937,672	10,139,626	10,121,298
Average unrealized (gain) loss on investments, net of tax (Note 2)	(1,605,837)	(1,383,597)	(1,235,024)	(1,081,984)	(840,145)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	8,533,067	8,553,806	8,702,648	9,057,642	9,281,153
Net income (loss) attributable to ordinary shareholders	36,281	139,499	72,384	(279,260)	255,717
Annualized net income (loss) attributable to ordinary shareholders	145,124	557,996	289,536	(1,117,040)	1,022,868
Operating Net Income (Note 3)	194,376	293,927	187,088	279,577	238,649
Annualized Operating Net Income (Note 3)	777,504	1,175,708	748,352	1,118,308	954,596
Annualized return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	1.4%	5.6%	2.9%	-11.0%	10.1%
Annualized return on average ordinary shareholders' equity - Operating Net Income (Note 2)	7.7%	11.8%	7.5%	11.0%	9.4%
Annualized return on average ordinary shareholders' equity excluding average unrealized gains and losses on investments - Operating Net Income (Note 2)	9.1%	13.7%	8.6%	12.3%	10.3%

Book Value per Ordinary Share	At March 31, 2015	At December 31, 2014	At September 30, 2014	At June 30, 2014	At March 31, 2014
Closing ordinary shareholders' equity	\$ 10,244,057	\$ 10,033,751	\$ 9,841,054	\$ 10,034,289	\$ 10,244,962
Ordinary shares outstanding (Note 4)	256,723,675	255,222,835	260,289,496	268,351,959	273,598,838
Dilutive impact of stock and options	3,962,693	5,332,159	4,981,507	4,637,744	3,678,176
Diluted shares outstanding	260,686,368	260,554,994	265,271,003	272,989,703	277,277,014
<b>Book value per ordinary share (Note 5)</b>	<b>\$ 39.90</b>	<b>\$ 39.31</b>	<b>\$ 37.81</b>	<b>\$ 37.39</b>	<b>\$ 37.45</b>
<b>Fully diluted book value per ordinary share (Note 5)</b>	<b>\$ 39.30</b>	<b>\$ 38.51</b>	<b>\$ 37.10</b>	<b>\$ 36.76</b>	<b>\$ 36.95</b>
<b>Fully diluted tangible book value per ordinary share (Note 5)</b>	<b>\$ 37.60</b>	<b>\$ 36.79</b>	<b>\$ 35.40</b>	<b>\$ 35.09</b>	<b>\$ 35.30</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- Unrealized (gain) loss on investments, net of tax is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.
- Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, net of tax, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, net of tax, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, net of tax, (8) our expenses related to the Catlin acquisition, net of tax, and (9) our loss on sale of life reinsurance subsidiary, XLLR, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see page 37 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.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2015

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 1,654,747	\$ 825,662	\$ 2,480,409	\$ 74,951	\$ 2,555,360
Net premiums written	1,089,108	747,635	1,836,743	14,506	1,851,249
Net premiums earned	962,306	357,188	1,319,494	14,506	1,334,000
Net losses and loss expenses incurred	(616,947)	(152,880)	(769,827)	(19,387)	(789,214)
Acquisition expenses	(80,387)	(71,492)	(151,879)	(1,817)	(153,696)
Operating expenses (Note 2)	(208,457)	(42,495)	(250,952)	(931)	(251,883)
Underwriting (loss) profit	<u>\$ 56,515</u>	<u>\$ 90,321</u>	<u>\$ 146,836</u>	<u>\$ (7,629)</u>	<u>\$ 139,207</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	132,808	10,210	143,018
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	50,419	50,419
Net investment results structured products (Note 4)	2,905	2,120	5,025	-	5,025
Net fee income and other (Note 5)	(7,465)	825	(6,640)	132	(6,508)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			5,807	(1,205)	4,602
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				48,289	48,289
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(229,367)	(229,367)
Net realized and unrealized gains (losses) on derivative instruments				16,521	16,521
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				57,997	57,997
Foreign exchange (gains) losses				27,390	27,390
Corporate operating expenses (7)				62,443	62,443
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 283,836</u>	<u>\$ (144,466)</u>	<u>\$ 139,370</u>
Interest expense (Note 8)					(41,481)
Non-controlling interests					(37,390)
Income taxes					(24,218)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 36,281</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	64.1%	42.8%	58.3%		
Underwriting expense ratio	30.0%	31.9%	30.6%		
Combined ratio	94.1%	74.7%	88.9%		
Total net prior year development	(5,997)	(42,491)	(48,488)		
Natural catastrophe losses (Note 9)	14,650	-	14,650		
Reinstatement premium	-	-	-		
Loss and loss expense ratio excluding net prior year development	64.7%	54.7%	62.0%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.2%	54.7%	60.9%		

**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, XLIB, entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, 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 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 \$15.1 million and \$(10.0) million, respectively.
- Net fee income and other includes operating expenses of \$11.2 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.
- Corporate operating expenses include approximately \$10.5 million related to the Catlin transaction.
- Interest expense includes approximately \$15.0 million in bridge financing costs related to the Catlin transaction and excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural catastrophes include US winterstorms and Tropical Cyclone Marcia.



## 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)	(230,328)	(54,324)	(284,652)	(2,511)	(287,163)
Underwriting (loss) profit	<u>\$ 63,043</u>	<u>\$ 155,807</u>	<u>\$ 218,850</u>	<u>\$ (4,387)</u>	<u>\$ 214,463</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, net of tax (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
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 382,924</u>	<u>\$ (176,704)</u>	<u>\$ 206,220</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>\$ 139,499</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	(34,655)	(62,006)	(96,661)		
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, XLIB, entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, 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 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 MARCH 31, 2014

(U.S. dollars in thousands, except ratios)

(Unaudited)  
(Note 1)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 1,570,926	\$ 857,713	\$ 2,428,639	\$ 84,297	\$ 2,512,936
Net premiums written	1,127,367	792,173	1,919,540	76,311	1,995,851
Net premiums earned	992,440	420,088	1,412,528	76,311	1,488,839
Net losses and loss expenses incurred	(639,193)	(192,312)	(831,505)	(113,587)	(945,092)
Acquisition expenses	(105,000)	(87,235)	(192,235)	(7,179)	(199,414)
Operating expenses (Note 3)	(203,053)	(40,861)	(243,914)	(3,188)	(247,102)
Underwriting (loss) profit	<u>\$ 45,194</u>	<u>\$ 99,680</u>	<u>\$ 144,874</u>	<u>\$ (47,643)</u>	<u>\$ 97,231</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	143,527	70,892	214,419
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	-	-
Net investment results structured products (Note 5)	4,890	3,063	7,953	-	7,953
Net fee income and other (Note 6)	(1,212)	673	(539)	45	(494)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 4)			17,666	1,563	19,229
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				1,810	1,810
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				79,588	79,588
Foreign exchange (gains) losses				10,441	10,441
Corporate operating expenses				51,338	51,338
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 313,481</u>	<u>\$ 44,476</u>	<u>\$ 357,957</u>
Interest expense (Note 8)					(32,160)
Non-controlling interests					(35,759)
Income taxes					(34,321)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 255,717</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	64.4%	45.8%	58.9%		
Underwriting expense ratio	31.0%	30.5%	30.8%		
Combined ratio	95.4%	76.3%	89.7%		
Total net prior year development	(8,334)	(30,496)	(38,830)		
Natural catastrophe losses (Note 9)	17,215	-	17,215		
Reinstatement premium	-	-	-		
Loss and loss expense ratio excluding net prior year development	65.2%	53.0%	61.6%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.5%	53.0%	60.4%		

**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, XLIB, entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, 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 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 \$18.8 million and \$10.8 million, respectively.
- Net fee income and other includes operating expenses of \$11.9 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 a US and Canada storm and a Korea snow storm.



## PREMIUMS BY LINE OF BUSINESS

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



	FOR THE THREE MONTHS ENDED MARCH 31, 2015				FOR THE THREE MONTHS ENDED MARCH 31, 2014			
	<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	\$ 341,713	\$ 51,631	\$ -	\$ 393,344	\$ 333,154	\$ 38,505	\$ -	\$ 371,659
Casualty	665,455	121,931	-	787,386	606,806	140,491	-	747,297
Property catastrophe	-	227,052	-	227,052	-	270,865	-	270,865
Property	258,695	256,033	-	514,728	288,804	225,260	-	514,064
Marine, energy, aviation and satellite	-	46,335	-	46,335	-	49,498	-	49,498
Specialty	285,237	-	-	285,237	258,784	-	-	258,784
Other (Note 3)	103,647	122,680	-	226,327	83,378	133,094	-	216,472
<b>Total P&amp;C operations</b>	<b>1,654,747</b>	<b>825,662</b>	<b>-</b>	<b>2,480,409</b>	<b>1,570,926</b>	<b>857,713</b>	<b>-</b>	<b>2,428,639</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	34,808	34,808	-	-	39,007	39,007
Run-Off Life Operations - Other Life	-	-	40,143	40,143	-	-	45,290	45,290
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>74,951</b>	<b>74,951</b>	<b>-</b>	<b>-</b>	<b>84,297</b>	<b>84,297</b>
<b>Total</b>	<b>\$ 1,654,747</b>	<b>\$ 825,662</b>	<b>\$ 74,951</b>	<b>\$ 2,555,360</b>	<b>\$ 1,570,926</b>	<b>\$ 857,713</b>	<b>\$ 84,297</b>	<b>\$ 2,512,936</b>
	<b><u>NET PREMIUMS WRITTEN</u></b>				<b><u>NET PREMIUMS WRITTEN</u></b>			
	<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	\$ 252,279	\$ 51,631	\$ -	\$ 303,910	\$ 251,463	\$ 38,512	\$ -	\$ 289,975
Casualty	416,657	119,821	-	536,478	472,572	140,485	-	613,057
Property catastrophe	-	214,118	-	214,118	-	254,752	-	254,752
Property	157,957	219,076	-	377,033	176,502	203,296	-	379,798
Marine, energy, aviation and satellite	-	42,396	-	42,396	-	47,569	-	47,569
Specialty	188,579	-	-	188,579	161,877	-	-	161,877
Other (Note 3)	73,636	100,593	-	174,229	64,953	107,559	-	172,512
<b>Total P&amp;C operations</b>	<b>1,089,108</b>	<b>747,635</b>	<b>-</b>	<b>1,836,743</b>	<b>1,127,367</b>	<b>792,173</b>	<b>-</b>	<b>1,919,540</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	(1)	(1)	-	-	31,797	31,797
Run-Off Life Operations - Other Life	-	-	14,507	14,507	-	-	44,514	44,514
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>14,506</b>	<b>14,506</b>	<b>-</b>	<b>-</b>	<b>76,311</b>	<b>76,311</b>
<b>Total</b>	<b>\$ 1,089,108</b>	<b>\$ 747,635</b>	<b>\$ 14,506</b>	<b>\$ 1,851,249</b>	<b>\$ 1,127,367</b>	<b>\$ 792,173</b>	<b>\$ 76,311</b>	<b>\$ 1,995,851</b>
	<b><u>NET PREMIUMS EARNED</u></b>				<b><u>NET PREMIUMS EARNED</u></b>			
	<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	\$ 266,411	\$ 35,008	\$ -	\$ 301,419	\$ 275,427	\$ 50,104	\$ -	\$ 325,531
Casualty	309,335	58,208	-	367,543	344,004	76,721	-	420,725
Property catastrophe	-	94,073	-	94,073	-	108,437	-	108,437
Property	128,241	131,224	-	259,465	139,733	135,239	-	274,972
Marine, energy, aviation and satellite	-	18,075	-	18,075	-	23,514	-	23,514
Specialty	184,724	-	-	184,724	176,909	-	-	176,909
Other (Note 3)	73,595	20,600	-	94,195	56,367	26,073	-	82,440
<b>Total P&amp;C operations</b>	<b>962,306</b>	<b>357,188</b>	<b>-</b>	<b>1,319,494</b>	<b>992,440</b>	<b>420,088</b>	<b>-</b>	<b>1,412,528</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	(1)	(1)	-	-	31,797	31,797
Run-Off Life Operations - Other Life	-	-	14,507	14,507	-	-	44,514	44,514
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>14,506</b>	<b>14,506</b>	<b>-</b>	<b>-</b>	<b>76,311</b>	<b>76,311</b>
<b>Total</b>	<b>\$ 962,306</b>	<b>\$ 357,188</b>	<b>\$ 14,506</b>	<b>\$ 1,334,000</b>	<b>\$ 992,440</b>	<b>\$ 420,088</b>	<b>\$ 76,311</b>	<b>\$ 1,488,839</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 March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	% Change Q1 15 vs. Q4 14	vs. Q1 14
Gross premiums written	\$ 1,654,747	\$ 1,462,262	\$ 1,324,418	\$ 1,618,405	\$ 1,570,926	13.2%	5.3%
Net premiums written	1,089,108	1,053,719	956,185	996,880	1,127,367	3.4%	-3.4%
Net premiums earned	962,306	1,011,867	1,018,416	1,003,990	992,440	-4.9%	-3.0%
Net losses incurred	(616,947)	(626,032)	(650,256)	(627,627)	(639,193)	-1.5%	-3.5%
Acquisition expenses	(80,387)	(92,464)	(95,992)	(99,863)	(105,000)	-13.1%	-23.4%
Operating expenses (Note 1)	(208,457)	(230,328)	(218,281)	(213,930)	(203,053)	-9.5%	2.7%
<b>Underwriting profit (loss)</b>	<b>\$ 56,515</b>	<b>\$ 63,043</b>	<b>\$ 53,887</b>	<b>\$ 62,570</b>	<b>\$ 45,194</b>	<b>-10.4%</b>	<b>25.0%</b>

### RATIOS

Loss and loss expense ratio	64.1%	61.9%	63.8%	62.5%	64.4%
Acquisition expense ratio	8.4%	9.1%	9.4%	9.9%	10.6%
Operating expense ratio	21.6%	22.8%	21.5%	21.4%	20.4%
Combined ratio	94.1%	93.8%	94.7%	93.8%	95.4%
Total net prior year development, strengthening (release)	\$ (5,997)	\$ (34,655)	\$ (19,776)	\$ (36,993)	\$ (8,334)
Natural catastrophe losses	14,650	17,670	18,419	14,947	17,215
Reinstatement premium	-	-	-	-	-
Loss and loss expense ratio excluding net prior year development	64.7%	65.3%	65.8%	66.2%	65.2%
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.2%	63.5%	64.0%	64.7%	63.5%
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	93.2%	95.4%	94.8%	96.0%	94.6%
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 March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	% Change Q1 15 vs. Q4 14	vs. Q1 14
Gross premiums written	\$ 825,662	\$ 158,358	\$ 276,284	\$ 493,124	\$ 857,713	NM	-3.7%
Net premiums written	747,635	146,378	258,061	436,446	792,173	NM	-5.6%
Net premiums earned	357,188	401,294	435,257	434,086	420,088	-11.0%	-15.0%
Net losses incurred	(152,880)	(113,388)	(209,332)	(200,253)	(192,312)	34.8%	-20.5%
Acquisition expenses	(71,492)	(77,775)	(84,800)	(80,874)	(87,235)	-8.1%	-18.0%
Operating expenses (Note 2)	(42,495)	(54,324)	(50,637)	(47,582)	(40,861)	-21.8%	4.0%
<b>Underwriting profit (loss)</b>	<b>\$ 90,321</b>	<b>\$ 155,807</b>	<b>\$ 90,488</b>	<b>\$ 105,377</b>	<b>\$ 99,680</b>	<b>-42.0%</b>	<b>-9.4%</b>
<b>RATIOS</b>							
Loss and loss expense ratio	42.8%	28.3%	48.1%	46.1%	45.8%		
Acquisition expense ratio	20.0%	19.4%	19.5%	18.6%	20.8%		
Operating expense ratio	11.9%	13.5%	11.6%	11.0%	9.7%		
Combined ratio	74.7%	61.2%	79.2%	75.7%	76.3%		
Total net prior year development, strengthening (release)	\$ (42,491)	\$ (62,006)	\$ (15,356)	\$ (47,456)	\$ (30,496)		
Natural catastrophe losses	0	15,842	12,014	21,626	0		
Reinstatement premium	0	1,800	618	1,966	0		
Loss and loss expense ratio excluding net prior year development	54.7%	43.7%	51.6%	57.1%	53.0%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	54.7%	39.9%	48.9%	52.3%	53.0%		
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	86.6%	73.0%	80.1%	82.0%	83.5%		
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 reinsurance 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 MARCH 31, 2015 vs MARCH 31, 2014**  
(U.S. dollars in thousands)  
(Unaudited)



	FOR THE THREE MONTHS ENDED MARCH 31, 2015					FOR THE THREE MONTHS ENDED MARCH 31, 2014				
	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	\$ 1,654,747		\$ 1,654,747	-	\$ 1,654,747	\$ 1,570,926		\$ 1,570,926	-	\$ 1,570,926
Net premiums written	1,089,108	-	1,089,108	-	1,089,108	1,127,367	-	1,127,367	-	1,127,367
Net premiums earned	962,306	-	962,306	-	962,306	992,440	-	992,440	-	992,440
Net losses incurred	616,947	(5,997)	622,944	14,650	608,294	639,193	(8,334)	647,527	17,215	630,312
Acquisition expenses	80,387		80,387	-	80,387	105,000		105,000	-	105,000
Operating expenses	208,457		208,457	-	208,457	203,053		203,053	-	203,053
<b>Underwriting profit / (loss)</b>	<b>\$ 56,515</b>	<b>\$ 5,997</b>	<b>\$ 50,518</b>	<b>\$ (14,650)</b>	<b>\$ 65,168</b>	<b>\$ 45,194</b>	<b>\$ 8,334</b>	<b>\$ 36,860</b>	<b>\$ (17,215)</b>	<b>\$ 54,075</b>
<b>Loss Ratio</b>	<b>64.1%</b>		<b>64.7%</b>		<b>63.2%</b>	<b>64.4%</b>		<b>65.2%</b>		<b>63.5%</b>
<b>Combined Ratio</b>	<b>94.1%</b>		<b>94.8%</b>		<b>93.2%</b>	<b>95.4%</b>		<b>96.3%</b>		<b>94.6%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 825,662		\$ 825,662	-	\$ 825,662	\$ 857,713		\$ 857,713	-	\$ 857,713
Net premiums written	747,635	-	747,635	-	747,635	792,173	-	792,173	-	792,173
Net premiums earned	357,188	-	357,188	-	357,188	420,088	-	420,088	-	420,088
Net losses incurred	152,880	(42,491)	195,371	-	195,371	192,312	(30,496)	222,808	-	222,808
Acquisition expenses	71,492		71,492	-	71,492	87,235		87,235	-	87,235
Operating expenses	42,495		42,495	-	42,495	40,861		40,861	-	40,861
<b>Underwriting profit / (loss)</b>	<b>\$ 90,321</b>	<b>\$ 42,491</b>	<b>\$ 47,830</b>	<b>\$ -</b>	<b>\$ 47,830</b>	<b>\$ 99,680</b>	<b>\$ 30,496</b>	<b>\$ 69,184</b>	<b>\$ -</b>	<b>\$ 69,184</b>
<b>Loss Ratio</b>	<b>42.8%</b>		<b>54.7%</b>		<b>54.7%</b>	<b>45.8%</b>		<b>53.0%</b>		<b>53.0%</b>
<b>Combined Ratio</b>	<b>74.7%</b>		<b>86.6%</b>		<b>86.6%</b>	<b>76.3%</b>		<b>83.5%</b>		<b>83.5%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 2,480,409		\$ 2,480,409	-	\$ 2,480,409	\$ 2,428,639		\$ 2,428,639	-	\$ 2,428,639
Net premiums written	1,836,743	-	1,836,743	-	1,836,743	1,919,540	-	1,919,540	-	1,919,540
Net premiums earned	1,319,494	-	1,319,494	-	1,319,494	1,412,528	-	1,412,528	-	1,412,528
Net losses incurred	769,827	(48,488)	818,315	14,650	803,665	831,505	(38,830)	870,335	17,215	853,120
Acquisition expenses	151,879		151,879	-	151,879	192,235		192,235	-	192,235
Operating expenses	250,952		250,952	-	250,952	243,914		243,914	-	243,914
<b>Underwriting profit / (loss)</b>	<b>\$ 146,836</b>	<b>\$ 48,488</b>	<b>\$ 98,348</b>	<b>\$ (14,650)</b>	<b>\$ 112,998</b>	<b>\$ 144,874</b>	<b>\$ 38,830</b>	<b>\$ 106,044</b>	<b>\$ (17,215)</b>	<b>\$ 123,259</b>
<b>Loss Ratio</b>	<b>58.3%</b>		<b>62.0%</b>		<b>60.9%</b>	<b>58.9%</b>		<b>61.6%</b>		<b>60.4%</b>
<b>Combined Ratio</b>	<b>88.9%</b>		<b>92.5%</b>		<b>91.4%</b>	<b>89.7%</b>		<b>92.5%</b>		<b>91.3%</b>

**Notes:**

- 2015 natural catastrophes include US winterstorms and Tropical Cyclone Marcia.
- 2014 natural catastrophes include a US and Canada storm and a Korea snow storm.



# **BALANCE SHEETS**

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



	At March 31, 2015 (Unaudited)	At December 31, 2014	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)	At March 31, 2014 (Unaudited)
<b>Assets</b>					
Fixed maturities, available for sale at fair value (amortized cost: March 31, 2015, \$27,370,101; December 31, 2014, \$27,728,771)	\$ 29,110,400	\$ 29,359,034	\$ 29,806,144	\$ 30,442,921	\$ 27,139,824
Equity securities, at fair value (cost: March 31, 2015, \$665,682; December 31, 2014, \$763,833)	783,471	868,292	960,368	988,710	1,055,393
Short-term investments, at fair value (amortized cost: March 31, 2015, \$169,903; December 31, 2014, \$257,221)	168,862	256,727	281,887	347,674	382,113
Total investments available for sale	30,062,733	30,484,053	31,048,399	31,779,305	28,577,330
Fixed maturities, at fair value (amortized cost: March 31, 2015, \$138,647; December 31, 2014, \$1,180)	139,377	1,171	-	-	-
Total investments - trading	139,377	1,171	-	-	-
Fixed maturities, held-to-maturity at amortized cost (fair value: March 31, 2015, \$0; December 31, 2014, \$0)	-	-	-	-	2,854,487
Investments in affiliates	1,655,394	1,637,620	1,599,586	1,500,548	1,401,731
Other investments	1,328,935	1,248,439	1,277,442	1,204,564	1,218,223
Total investments	33,186,439	33,371,283	33,925,427	34,484,417	34,051,771
Cash and cash equivalents	3,209,934	2,521,814	2,353,734	3,071,139	2,476,047
Accrued investment income	278,714	315,964	330,149	322,100	322,596
Deferred acquisition costs	417,275	354,533	420,953	459,081	728,830
Ceded unearned premiums	1,078,575	952,525	1,025,054	1,129,091	900,193
Premiums receivable	2,898,739	2,473,736	2,801,683	3,409,296	3,209,214
Reinsurance balances receivable	118,384	131,519	166,280	149,995	179,615
Unpaid losses and loss expenses recoverable	3,529,331	3,429,368	3,431,137	3,354,273	3,412,195
Net receivable from investments sold	19,627	92,762	26,846	59,469	119,980
Goodwill and other intangible assets	442,431	447,952	450,411	455,057	455,700
Deferred tax assets	192,286	204,491	209,334	216,312	215,286
Other assets	708,821	750,872	768,748	738,685	687,460
<b>Total assets</b>	<b>\$ 46,080,556</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</b>	<b>\$ 46,758,887</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 18,965,264	\$ 19,353,243	\$ 19,936,982	\$ 20,281,934	\$ 20,425,217
Deposit liabilities	1,211,203	1,245,367	1,242,696	1,288,376	1,497,599
Future policy benefit reserves	4,375,863	4,707,199	4,965,907	5,273,549	4,811,357
Funds withheld liability on Life Retrocession Arrangements, net of future policy benefit reserves recoverable (Note 2)	1,138,652	1,155,016	914,773	842,753	-
Unearned premiums	4,532,022	3,973,132	4,301,271	4,704,993	4,473,478
Notes payable and debt	2,643,561	1,662,580	1,662,206	2,262,452	2,262,824
Reinsurance balances payable	558,952	493,230	608,188	779,914	573,673
Net payable for investments purchased	75,145	42,291	85,312	169,222	138,457
Deferred tax liabilities	66,115	66,246	65,320	72,527	93,718
Other liabilities	867,356	912,749	906,327	764,618	878,590
<b>Total liabilities</b>	<b>\$ 34,434,133</b>	<b>\$ 33,611,053</b>	<b>\$ 34,688,982</b>	<b>\$ 36,440,338</b>	<b>\$ 35,154,913</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Ordinary shares, 999,990,000 authorized, par value \$0.01; issued and outstanding (March 31, 2015, 256,683,621; December 31, 2014, 255,182,955)	\$ 2,567	\$ 2,552	\$ 2,602	\$ 2,683	\$ 2,736
Additional paid in capital	7,361,138	7,359,102	7,490,875	7,700,377	7,828,668
Accumulated other comprehensive income (loss)	1,705,170	1,484,458	1,231,929	1,207,034	946,661
Retained earnings (deficit)	1,175,182	1,187,639	1,115,648	1,124,195	1,466,897
Shareholders' equity attributable to XL Group plc	10,244,057	10,033,751	9,841,054	10,034,289	10,244,962
Non-controlling interest in equity of consolidated subsidiaries	1,402,366	1,402,015	1,379,720	1,374,288	1,359,012
<b>Total shareholders' equity</b>	<b>\$ 11,646,423</b>	<b>\$ 11,435,766</b>	<b>\$ 11,220,774</b>	<b>\$ 11,408,577</b>	<b>\$ 11,603,974</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 46,080,556</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</b>	<b>\$ 46,758,887</b>

**Notes:**

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

2. On May 1, 2014, our wholly-owned subsidiary, XLIB, entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, 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 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 March 31, 2015 In Use (Unaudited)	December 31, 2014 In Use	At September 30, 2014 In Use (Unaudited)	At June 30, 2014 In Use (Unaudited)	At March 31, 2014 In Use (Unaudited)
<u>Debt</u>	Maturity	Commitment				
5-year revolving credit facility	2018	\$ 1,000	\$ -	\$ -	\$ -	\$ -
5.25% Senior Notes (Note 3)	2014	-	-	-	600	600
2.30% Senior Notes	2018	300	298	297	297	297
5.75% Senior Notes	2021	400	397	397	397	397
6.375% Senior Notes	2024	350	349	349	349	349
4.45% Subordinated Notes due 2025	2025	500	492	-	-	-
6.25% Senior Notes	2027	325	323	323	323	323
5.25% Senior Notes	2043	300	296	296	296	296
5.5% Subordinated Notes due 2045	2045	500	488	-	-	-
<b>Total debt</b>		<b>\$ 3,675</b>	<b>\$ 2,643</b>	<b>\$ 1,662</b>	<b>\$ 2,262</b>	<b>\$ 2,262</b>
Adjustment to carrying value - impact of fair value hedges and other			1	1	0	0
Total debt per consolidated balance sheet			\$ 2,644	\$ 1,663	\$ 1,662	\$ 2,262
<u>Shareholders' Capital</u>						
Ordinary shares - capital and surplus		\$ 7,364	\$ 7,362	\$ 7,493	\$ 7,703	\$ 7,831
Non-controlling interest in equity of consolidated subsidiaries		1,402	1,402	1,380	1,374	1,359
Other		2,880	2,672	2,348	2,331	2,414
<b>Total shareholders' capital</b>		<b>\$ 11,646</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>\$ 14,289</b>	<b>\$ 13,098</b>	<b>\$ 12,883</b>	<b>\$ 13,671</b>	<b>\$ 13,866</b>
<b>Debt to total capital</b>			18.5%	12.7%	12.9%	16.5%

**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 March 31, 2015 (Unaudited)	At December 31, 2014	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)	At March 31, 2014 (Unaudited)
Unpaid losses and loss expenses recoverable	\$ 3,529,331	\$ 3,429,368	\$ 3,431,137	\$ 3,354,273	\$ 3,412,195
Reinsurance balances receivable	118,384	131,519	166,280	149,995	179,615
Total recoverable and reinsurance balances receivable (Note 1)	<u>\$ 3,647,715</u>	<u>\$ 3,560,887</u>	<u>\$ 3,597,417</u>	<u>\$ 3,504,268</u>	<u>\$ 3,591,810</u>

The following is an analysis at December 31, 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.	AA/Stable	48.9%
Munich Reinsurance Co.	AA-/Stable	14.5%
Swiss Reinsurance Co.	AA-/Stable	4.2%
Swiss Re Europe S.A.	AA-/Stable	3.2%

"AAA" : Extremely strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the low 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 low 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 low 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 \$54.2 million at March 31, 2015, \$64.4 million at December 31, 2014, \$74.9 million at September 30, 2014, \$79.1 million at June 30, 2014 and \$81.8 million at March 31, 2014.





# LOSS ANALYSIS

# ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)



## P&C OPERATIONS

	For the three months ended March 31, 2015 (Unaudited)				Paid to incurred %	For the three months ended March 31, 2015 (Unaudited)				Paid to incurred %
	GROSS	RECOVERIES	NET			GROSS	RECOVERIES	NET		
Paid	\$ 965	\$ (128)	\$ 837		108.7%	\$ 965	\$ (128)	\$ 837		108.7%
Change in unpaid loss reserves	84	(151)	(67)			84	(151)	(67)		
Included losses	\$ 1,049	\$ (279)	\$ 770			\$ 1,049	\$ (279)	\$ 770		
Prior year development (PYD)			\$ (48)					\$ (48)		
Included losses excluding PYD			818		102.3%			818		102.3%

  

	For the three months ended December 31, 2014 (Note 1) (Unaudited)				Paid to incurred %	For the twelve months ended December 31, 2014 (Note 1) (Unaudited)				Paid to incurred %
	GROSS	RECOVERIES	NET			GROSS	RECOVERIES	NET		
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		
PYD			\$ (97)					\$ (255)		
Included losses excluding PYD			836		126.9%			3,513		108.8%

  

	For the three months ended March 31, 2014 (Unaudited)				Paid to incurred %	For the three months ended March 31, 2014				Paid to incurred %
	GROSS	RECOVERIES	NET			GROSS	RECOVERIES	NET		
Paid	\$ 1,072	\$ (198)	\$ 874		105.0%	\$ 1,072	\$ (198)	\$ 874		105.0%
Change in unpaid loss reserves	(64)	22	(42)			(64)	22	(42)		
Included losses	\$ 1,008	\$ (176)	\$ 832			\$ 1,008	\$ (176)	\$ 832		
PYD			\$ (39)					\$ (39)		
Included losses excluding PYD			871		100.3%			871		100.3%

Note 1: Updated as of April 30, 2015. The tables above previously provided figures as of 9/30/2014 and have been updated to provide such figures as of 12/31/2014.

# ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)



## P&C OPERATIONS

	At March 31, 2015 (Unaudited)			At December 31, 2014		
	GROSS	RECOVERIES	NET	GROSS	RECOVERIES	NET
Outstanding loss reserves	\$ 7,142	\$ (1,081)	\$ 6,061	\$ 7,461	\$ (1,116)	\$ 6,345
Incurred but not reported reserves	11,823	(2,434)	9,389	11,892	(2,295)	9,597
Unpaid losses and loss expense reserves	<u>\$ 18,965</u>	<u>\$ (3,515)</u>	<u>\$ 15,450</u>	<u>\$ 19,353</u>	<u>\$ (3,411)</u>	<u>\$ 15,942</u>
	<b>GROSS</b>	<b>RECOVERIES</b>	<b>NET</b>			
Balance at December 31, 2014	\$ 19,353	\$ (3,411)	\$ 15,942			
Losses and loss expenses incurred	1,049	(279)	770			
Loss and loss expenses paid	(965)	129	(836)			
Foreign exchange revaluation and other	(472)	46	(426)			
Balance at March 31, 2015	<u>\$ 18,965</u>	<u>\$ (3,515)</u>	<u>\$ 15,450</u>			



# **INVESTMENT PORTFOLIO INFORMATION**

## SCHEDULE 1 - SUMMARY INVESTMENT PORTFOLIO

### CONSOLIDATED

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



INVESTMENT PORTFOLIO	March 31, 2015		December 31, 2014		September 30, 2014		June 30, 2014		March 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Carrying Value (Note 1)	% of Total
<b>Fixed Income Portfolio</b>										
U.S. Government Related and Supported (Schedule 4)	\$ 5,419	17.9%	\$ 4,266	14.2%	\$ 4,177	13.8%	\$ 4,124	13.0%	\$ 4,316	11.9%
U.S. Treasuries	3,169	10.5%	1,976	6.6%	1,921	6.4%	1,894	6.0%	2,117	5.9%
U.S. Agencies	244	0.8%	237	0.8%	241	0.8%	259	0.8%	263	0.7%
U.S. Municipals	1,999	6.6%	2,046	6.8%	2,007	6.6%	1,963	6.2%	1,928	5.3%
U.S. FDIC Guarantee	7	0.0%	7	0.0%	8	0.0%	8	0.0%	8	0.0%
Non-U.S. Government Related and Supported (Schedule 4)	4,240	14.1%	4,458	14.9%	4,437	14.6%	4,556	14.6%	6,477	17.9%
Corporate (Schedule 5)	8,243	27.4%	8,892	29.8%	9,553	31.6%	9,916	31.5%	12,732	35.4%
Financials	2,444	8.1%	2,803	9.4%	2,964	9.8%	3,115	9.9%	3,911	11.0%
Non-Financials	5,799	19.3%	6,089	20.4%	6,589	21.8%	6,801	21.6%	8,821	24.4%
Mortgage Backed Securities	5,143	17.1%	5,228	17.5%	4,890	16.3%	4,864	15.4%	4,979	13.7%
Agency RMBS (Schedule 6)	3,723	12.4%	3,740	12.5%	3,346	11.1%	3,314	10.5%	3,233	8.9%
Non-Agency RMBS (Schedule 6)	383	1.3%	431	1.4%	440	1.5%	421	1.3%	396	1.1%
CMBS (Schedule 7)	1,037	3.4%	1,057	3.6%	1,104	3.7%	1,129	3.6%	1,350	3.7%
Asset Backed Securities (Schedule 8 & 9)	1,681	5.6%	1,775	5.9%	1,909	6.3%	2,054	6.6%	2,111	5.8%
CDOs (Schedule 8)	502	1.7%	694	2.3%	748	2.5%	739	2.4%	726	2.0%
Consumer ABS (Schedule 9)	505	1.7%	340	1.1%	345	1.1%	426	1.4%	469	1.3%
Other ABS (Schedule 9)	674	2.2%	741	2.5%	816	2.7%	889	2.8%	916	2.5%
Cash and Equivalents (net of payables/receivables)	1,616	5.4%	1,511	5.1%	1,416	4.7%	2,219	7.1%	1,845	5.1%
<b>Total Fixed Income - Investments (Note 2)</b>	<b>\$ 26,342</b>	<b>87.5%</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>Equity Securities</b>										
Public Equities	782	2.6%	789	2.6%	875	2.9%	897	2.9%	966	2.7%
Fixed Income Funds	1	0.0%	79	0.3%	85	0.3%	92	0.3%	89	0.2%
<b>Total Equity Securities</b>	<b>\$ 783</b>	<b>2.6%</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>Investments in Affiliates</b>										
Alternative Funds	1,018	3.4%	1,023	3.5%	1,003	3.3%	937	3.0%	870	2.4%
Private Investments	205	0.7%	196	0.7%	186	0.6%	176	0.6%	167	0.5%
Investment Manager Affiliates	94	0.3%	101	0.3%	109	0.4%	94	0.3%	89	0.2%
Strategic Operating Affiliates	339	1.1%	317	1.1%	302	1.0%	294	0.9%	276	0.8%
<b>Total Investments in Affiliates</b>	<b>\$ 1,655</b>	<b>5.5%</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>Other Investments</b>										
Alternative Funds	710	2.4%	641	2.1%	677	2.2%	710	2.3%	710	2.0%
Private Investments	136	0.4%	129	0.4%	115	0.4%	104	0.3%	96	0.3%
Fixed Income and Other	483	1.6%	478	1.6%	485	1.6%	390	1.2%	412	1.1%
<b>Total Other Investments</b>	<b>\$ 1,329</b>	<b>4.4%</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>TOTAL INVESTMENTS</b>	<b>\$ 30,109</b>	<b>100.0%</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>
Operating cash and Short-Term Treasury Deposits (Note 3)	1,459		970		854		682		696	
<b>TOTAL INVESTMENTS AND OPERATING CASH</b>	<b>\$ 31,568</b>		<b>\$ 30,854</b>		<b>\$ 31,073</b>		<b>\$ 32,109</b>		<b>\$ 36,831</b>	
<b>Life Funds Withheld Assets (Schedule 12)</b>										
Life Funds Withheld Assets	5,052		5,405		5,477		5,659		-	
<b>Total Investments and Operating Cash including Life Funds Withheld Assets</b>	<b>\$ 36,620</b>		<b>\$ 36,259</b>		<b>\$ 36,550</b>		<b>\$ 37,768</b>		<b>\$ 36,831</b>	
<b>FIXED INCOME PORTFOLIO CREDIT QUALITY (Excluding Life Funds Withheld Assets):</b>										
AAA	\$ 12,781	48.5%	\$ 11,509	44.1%	\$ 11,237	42.6%	\$ 12,285	44.3%	\$ 13,006	40.1%
AA	4,925	18.7%	5,334	20.4%	5,518	20.9%	5,525	19.9%	6,863	21.1%
A	5,688	21.6%	6,158	23.6%	6,381	24.2%	6,727	24.3%	8,052	24.8%
BBB	2,199	8.4%	2,321	8.9%	2,393	9.1%	2,408	8.7%	3,741	11.5%
BB and Below	724	2.7%	793	3.0%	819	3.1%	755	2.7%	778	2.4%
Not Rated	25	0.1%	15	0.0%	34	0.1%	33	0.1%	20	0.1%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 26,342</b>	<b>100.0%</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>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 \$902m, Euro denominated \$296m, Sterling denominated \$66m and Other denominated \$195m.
- 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 - March 31, 2015							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated			
Corporate	\$ 117	\$ 1,593	\$ 4,858	\$ 1,340	\$ 317	\$ 18	\$ 8,243	31.3%	
Agency Structured Credit	3,723	-	-	-	-	-	3,723	14.1%	
Non-Agency Structured Credit	2,216	326	127	87	342	3	3,101	11.8%	
Government Related and Supported	5,352	2,765	703	772	65	2	9,659	36.7%	
Cash and Equivalents (net of payables/receivables)	1,373	241	-	-	-	2	1,616	6.1%	
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 12,781</b>	<b>\$ 4,925</b>	<b>\$ 5,688</b>	<b>\$ 2,199</b>	<b>\$ 724</b>	<b>\$ 25</b>	<b>\$ 26,342</b>	<b>100.0%</b>	
% by Credit Rating	48.5%	18.7%	21.6%	8.4%	2.7%	0.1%	100.0%		

**Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 2)**

**AA**

**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)



	March 31, 2015				December 31, 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	\$ 19,934	1.9%	2.73%	3.8	\$ 19,053	2.1%	2.94%	3.8
Euro denominated	3,083	0.6%	1.62%	3.7	3,423	0.8%	1.69%	3.8
Sterling denominated	1,757	1.6%	2.72%	4.4	1,825	1.8%	2.70%	4.3
Other denominated	1,568	0.8%	2.81%	2.8	1,829	1.0%	2.32%	2.8
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 26,342</b>	<b>1.7%</b>	<b>2.60%</b>	<b>3.7</b>	<b>\$ 26,130</b>	<b>1.8%</b>	<b>2.72%</b>	<b>3.8</b>
Life Funds Withheld Assets Fixed Income Investments (Schedule 12)	5,052	2.4%	4.50%	9.6	5,405	2.6%	4.50%	9.4
<b>Total Fixed Income Investments including Life Funds Withheld Assets</b>	<b>\$ 31,394</b>	<b>1.8%</b>	<b>2.91%</b>	<b>4.7</b>	<b>\$ 31,535</b>	<b>1.9%</b>	<b>3.03%</b>	<b>4.7</b>

### Summary by Maturity (excluding Life Funds Withheld Assets)

	US Dollar Equivalent Fair Value		%	US Dollar Equivalent Fair Value		%
Cash and cash equivalents	\$ 1,616		6.1%	\$ 1,511		5.8%
Short term investments	128		0.5%	216		0.8%
0-5 years	11,164		42.4%	10,501		40.2%
5-10 years	3,568		13.5%	3,831		14.7%
10+ years	3,042		11.6%	3,068		11.7%
Asset back and mortgage backed securities	6,824		25.9%	7,003		26.8%
<b>TOTAL FIXED INCOME INVESTMENTS (Note 1)</b>	<b>\$ 26,342</b>		<b>100.0%</b>	<b>\$ 26,130</b>		<b>100.0%</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)

	US Dollar Equivalent Fair Value		Pre-Tax Book Yield (Gross)	US Dollar Equivalent Fair Value		Pre-Tax Book Yield (Gross)
U.S. Government Related and Supported	\$ 322		1.43%	\$ 327		1.64%
Non U.S. Government Related and Supported	398		2.29%	414		2.41%
Corporate	1,017		3.39%	1,282		3.53%
Mortgage Backed Securities (Note 2)	535		3.22%	500		3.39%
Asset Backed Securities (Note 2)	631		2.65%	564		2.77%
<b>TOTAL</b>	<b>\$ 2,903</b>		<b>2.83%</b>	<b>\$ 3,087</b>		<b>3.02%</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

	FIXED INCOME CREDIT QUALITY: March 31, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
U.S. Treasuries	3,169	-	-	-	-	\$ 3,169	32.8%
U.S. Agencies	244	-	-	-	-	244	2.5%
U.S. Municipals (Note 2)	328	1,221	445	2	3	1,999	20.7%
Revenue	136	737	364	1	-	1,238	12.8%
State & Local Government Obligation	128	353	44	1	-	526	5.5%
Pre-Refunded	57	111	23	-	3	194	2.0%
Taxable	7	20	14	-	-	41	0.4%
U.S. Agency Government Guarantee	7	-	-	-	-	7	0.1%
Non-U.S. Government and Government-Related (includes Provincials and Local Authorities)	1,084	1,254	258	763	64	3,423	35.4%
United Kingdom	-	584	-	-	-	584	6.0%
Canada	306	89	7	-	-	402	4.2%
France	-	319	82	-	-	401	4.2%
Netherlands	188	85	-	-	-	273	2.8%
Germany	236	4	8	-	-	248	2.6%
Switzerland	170	46	11	-	-	227	2.4%
Brazil	-	-	-	150	25	175	1.8%
Australia	84	27	-	-	-	111	1.1%
Spain	-	-	-	92	-	92	1.0%
Indonesia	-	-	-	79	13	92	1.0%
Mexico	-	-	-	89	-	89	0.9%
Singapore	88	-	-	-	-	88	0.9%
Norway	-	29	27	-	-	56	0.6%
Colombia	-	-	-	50	-	50	0.5%
Kazakhstan	-	-	-	43	-	43	0.5%
Turkey	-	-	-	42	-	42	0.4%
Panama	-	-	-	40	-	40	0.4%
Slovenia	-	-	-	39	-	39	0.4%
South Africa	-	-	-	30	8	38	0.4%
Belgium	-	14	17	-	-	31	0.3%
Chile	-	8	17	5	-	30	0.3%
Sweden	-	8	22	-	-	30	0.3%
China	-	17	6	2	-	25	0.3%
Lithuania	-	-	24	-	-	24	0.2%
India	-	-	-	24	-	24	0.2%
Peru	-	-	-	20	-	20	0.2%
Austria	-	14	6	-	-	20	0.2%
Others (Individually under \$20 million) (Note 3)	12	10	31	58	18	129	1.3%
Non-U.S. Government Guaranteed	438	57	-	7	-	502	5.2%
Germany	281	-	-	-	-	281	2.9%
Canada	154	-	-	-	-	154	1.6%
United Kingdom	-	52	-	-	-	52	0.5%
Others (Individually under \$20 million) (Note 3)	3	5	-	7	-	15	0.2%
Supranationals	82	233	-	-	-	315	3.3%
European Financial Stability Facility	-	185	-	-	-	185	2.0%
European Investment Bank	51	-	-	-	-	51	0.5%
European Stability Mechanism	-	47	-	-	-	47	0.5%
Others (Individually under \$20 million) (Note 3)	31	1	-	-	-	32	0.3%
<b>Total Government Related and Supported</b>	<b>\$ 5,352</b>	<b>\$ 2,765</b>	<b>\$ 703</b>	<b>\$ 772</b>	<b>\$ 67</b>	<b>\$ 9,659</b>	<b>100.0%</b>
% of Total	55.4%	28.6%	7.3%	8.0%	0.7%	100.0%	



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

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



Fair Value Top 10 Municipals by State	FIXED INCOME CREDIT QUALITY: March 31, 2015					Total
	Revenue	Local & State G.O.	Pre-Refunded	Taxable		
New York	\$ 164	\$ 14	\$ 6	15	\$	199
Washington	93	56	20	-		169
Illinois	39	57	13	-		109
Georgia	88	18	-	4		110
Texas	52	32	16	-		100
Ohio	47	24	7	11		89
Massachusetts	57	10	15	-		82
Indiana	66	-	5	-		71
Pennsylvania	37	31	-	2		70
Colorado	52	16	-	1		69
<b>Total Top 10 Municipals by State</b>	<b>\$ 695</b>	<b>\$ 258</b>	<b>\$ 82</b>	<b>\$ 33</b>	<b>\$</b>	<b>1,068</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 \$92 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: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Financials</b>	\$ -	\$ 567	\$ 1,653	\$ 176	\$ 48	\$ 2,444	<b>29.7%</b>	
Banks	-	525	1,487	96	3	2,111	25.6%	
Insurance	-	32	29	7	28	96	1.2%	
Finance	-	10	70	7	17	104	1.3%	
REITS & Brokers	-	-	67	66	-	133	1.6%	
<b>Non-Financials</b>	<b>117</b>	<b>1,026</b>	<b>3,205</b>	<b>1,164</b>	<b>287</b>	<b>5,799</b>	<b>70.3%</b>	
Consumer, Non-Cyclical	72	431	848	220	38	1,609	19.4%	
Utilities	-	39	601	112	15	767	9.3%	
Communications	-	2	196	341	55	594	7.2%	
Industrial	-	157	470	138	34	799	9.7%	
Energy	6	181	260	102	35	584	7.1%	
Consumer, Cyclical	-	84	490	119	33	726	8.8%	
Technology	39	132	168	10	2	351	4.3%	
Basic Materials	-	-	166	82	4	252	3.1%	
Diversified (MTN's) (Note 1)	-	-	6	37	4	47	0.6%	
Other	-	-	-	3	67	70	0.8%	
<b>Total Corporate</b>	<b>\$ 117</b>	<b>\$ 1,593</b>	<b>\$ 4,858</b>	<b>\$ 1,340</b>	<b>\$ 335</b>	<b>\$ 8,243</b>	<b>100.0%</b>	
% of Total	1.4%	19.3%	58.9%	16.3%	4.1%	100.0%		

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

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

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Financials</b>	\$ -	\$ 567	\$ 1,653	\$ 176	\$ 48	\$ 2,444	<b>29.7%</b>	
Senior	-	567	1,557	84	48	2,256	27.4%	
Subordinated + Lower Tier 2	-	-	96	92	-	188	2.3%	
<b>Non-Financials</b>	<b>117</b>	<b>1,026</b>	<b>3,205</b>	<b>1,164</b>	<b>287</b>	<b>5,799</b>	<b>70.3%</b>	
Senior	117	1,026	3,205	1,163	284	5,795	70.3%	
Subordinated	-	-	-	1	3	4	0.0%	
<b>Total Corporate</b>	<b>\$ 117</b>	<b>\$ 1,593</b>	<b>\$ 4,858</b>	<b>\$ 1,340</b>	<b>\$ 335</b>	<b>\$ 8,243</b>	<b>100.0%</b>	

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

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total
	AAA	AA	A	BBB	BB and Below		
<b>Financials</b>	\$ -	\$ 18	\$ 51	\$ 6	\$ (1)	\$ 74	
Senior	-	18	44	3	(1)	64	
Subordinated + Lower Tier 2	-	-	7	3	-	10	
<b>Non-Financials</b>	<b>10</b>	<b>55</b>	<b>149</b>	<b>66</b>	<b>(6)</b>	<b>274</b>	
Senior	10	55	149	66	(6)	274	
Subordinated	-	-	-	-	-	-	
<b>Total Net Unrealized Gains (Losses)</b>	<b>\$ 10</b>	<b>\$ 73</b>	<b>\$ 200</b>	<b>\$ 72</b>	<b>\$ (7)</b>	<b>\$ 348</b>	

#### Notes:

1. Includes \$37 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

	Fair Value - March 31, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 2)
WELLS FARGO & COMPANY	\$ 172	0.7%	A+
JPMORGAN CHASE & CO.	147	0.6%	A
CITIGROUP INC.	145	0.6%	A-
BANK OF AMERICA CORPORATION	124	0.5%	BBB+
THE GOLDMAN SACHS GROUP, INC.	119	0.5%	A-
RABOBANK NEDERLAND NV	111	0.4%	AA-
THE PNC FINANCIAL SERVICES GROUP, INC.	86	0.3%	A
LLOYDS BANKING GROUP PLC	86	0.3%	AA+
UBS GROUP AG	79	0.3%	AA
COMMONWEALTH BANK OF AUSTRALIA	78	0.3%	AA+

#### Top 10 Issuers - NON-FINANCIALS

	Fair Value - March 31, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 2)
PHILIP MORRIS INTERNATIONAL INC.	\$ 133	0.5%	A
GENERAL ELECTRIC COMPANY	120	0.5%	AA-
BERKSHIRE HATHAWAY INC.	101	0.4%	A
ROYAL DUTCH SHELL PLC	93	0.4%	AA
THE PROCTER & GAMBLE COMPANY	92	0.3%	AA-
ANHEUSER-BUSCH INBEV	89	0.3%	A
PFIZER INC.	87	0.3%	AA-
ORACLE CORPORATION	84	0.3%	A+
WAL-MART STORES, INC.	81	0.3%	AA
CATERPILLAR INC.	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.
- This table does not include \$160 million of financial exposure to Berkshire Hathaway Inc. which is made up of \$22 million of senior insurance debt, and \$138 million of payment obligation from National Indemnity Company, an insurance company subsidiary of Berkshire Hathaway Inc.
- 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: March 31, 2015								%
	AAA	AA	A	BBB	BB and Below	Not Rated	Total		
United States	\$ 115	\$ 796	\$ 3,473	\$ 835	\$ 214	\$ 1	\$ 5,434	65.9%	
United Kingdom	2	22	440	148	36	-	648	7.9%	
Netherlands	-	204	168	36	9	-	417	5.1%	
Canada	-	207	122	34	9	-	372	4.5%	
France	-	60	150	55	9	-	274	3.3%	
Australia	-	115	103	6	-	-	224	2.7%	
Switzerland	-	94	99	22	2	2	219	2.7%	
Germany	-	-	103	63	6	-	172	2.1%	
Belgium	-	-	89	1	-	-	90	1.1%	
Sweden	-	77	-	-	-	-	77	0.9%	
Japan	-	2	43	-	2	-	47	0.6%	
Diversified European (Medium-Term Notes)	-	-	-	37	-	-	37	0.4%	
Luxembourg	-	12	-	3	15	-	30	0.4%	
Mexico	-	-	21	6	-	-	27	0.3%	
Ireland	-	-	-	27	-	-	27	0.3%	
Chile	-	-	-	26	-	-	26	0.3%	
Others (Individually under \$20 million) (Note 2)	-	4	47	41	15	15	122	1.5%	
<b>Total Corporate</b>	<b>\$ 117</b>	<b>\$ 1,593</b>	<b>\$ 4,858</b>	<b>\$ 1,340</b>	<b>\$ 317</b>	<b>\$ 18</b>	<b>\$ 8,243</b>	<b>100.0%</b>	
% of total	1.4%	19.3%	58.9%	16.3%	3.9%	0.2%	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: March 31, 2015

Fair Value by Country Concentrations (Note 2)	Bank	Utilities	Diversified	Consumer, Non-Cyclical	Energy	Communications	Other Financial	Other	Total	%
Netherlands	\$ 182	\$ -	\$ -	\$ 41	\$ 93	\$ 16	\$ 3	\$ 82	\$ 417	29.9%
France	98	18	-	32	40	31	-	55	274	19.6%
Switzerland	75	12	-	85	-	-	6	41	219	15.7%
Germany	5	36	-	11	-	17	4	99	172	12.3%
Belgium	-	-	-	89	-	-	-	1	90	6.5%
Sweden	77	-	-	-	-	-	-	-	77	5.5%
Diversified European (Medium-Term Notes)	-	-	37	-	-	-	-	-	37	2.7%
Luxembourg	-	-	-	1	10	-	9	10	30	2.2%
Ireland	-	-	-	-	-	-	-	27	27	1.9%
Denmark	-	-	-	-	-	-	-	15	15	1.1%
Jersey	-	-	-	-	-	-	-	12	12	0.9%
Norway	11	-	-	-	-	-	-	-	11	0.8%
Italy	-	3	-	1	-	2	-	-	6	0.4%
Spain	-	1	-	-	-	4	-	-	5	0.4%
Greece	-	-	-	2	-	-	-	-	2	0.1%
<b>Total Corporate</b>	<b>\$ 448</b>	<b>\$ 70</b>	<b>\$ 37</b>	<b>\$ 262</b>	<b>\$ 143</b>	<b>\$ 70</b>	<b>\$ 22</b>	<b>\$ 342</b>	<b>\$ 1,394</b>	<b>100.0%</b>
% of total	32.1%	5.0%	2.7%	18.8%	10.3%	5.0%	1.6%	24.5%	100.0%	

#### Notes:

1. The Company also holds \$197 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 in Schedule 10 as Other ABS under Asset Backed Securities.

2. 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.

Top 10 Issuers - EUROPEAN BANKS (Excluding United Kingdom) (Note 1)	Fair Value - March 31, 2015	
	Fair Value	Average Credit Quality
RABOBANK NEDERLAND NV	\$ 111	AA-
UBS GROUP AG	79	AA
BNP PARIBAS	56	A+
ING GROEP N.V.	56	AA-
GOVERNMENT OF NETHERLANDS (ABN AMRO)	51	AAA
SVENSKA HANDELSBANKEN AB	44	AA-
CREDIT SUISSE GROUP AG	40	A
BPCE	39	AA-
STICHTING ING AANDELEN	38	AAA
NORDEA BANK AB	33	AA-

#### Notes:

1. 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: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
FNMA	\$ 2,337	\$ -	\$ -	\$ -	\$ -	\$ -	2,337	62.7%
FHLMC	888	-	-	-	-	-	888	23.9%
GNMA	486	-	-	-	-	-	486	13.1%
Other (Note 1)	12	-	-	-	-	-	12	0.3%
<b>Total Agency RMBS</b>	<b>\$ 3,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,723</b>	<b>100.0%</b>
% of total	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Total Weighted Average Life								5.1

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

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2007	-	27	-	-	54	-	81	21.1%
2006	-	4	-	-	73	-	77	20.1%
2005	-	1	19	28	121	-	169	44.2%
2004 and prior	1	1	9	6	39	-	56	14.6%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 33</b>	<b>\$ 28</b>	<b>\$ 34</b>	<b>\$ 287</b>	<b>\$ -</b>	<b>383</b>	<b>100.0%</b>
% of total	0.3%	8.6%	7.3%	8.9%	74.9%		100.0%	

#### Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
U.S. Prime (Note 2)	\$ -	\$ -	\$ 3	\$ 5	\$ 22	\$ -	30	7.8%
Non-U.S. Prime (Note 2)	-	32	3	-	-	-	35	9.1%
Sub Prime First Lien (Note 3)	1	1	15	22	161	-	200	52.3%
Alt A (Note 4)	-	-	4	6	88	-	98	25.6%
Second Lien	-	-	3	1	16	-	20	5.2%
ABS CDOs	-	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 33</b>	<b>\$ 28</b>	<b>\$ 34</b>	<b>\$ 287</b>	<b>\$ -</b>	<b>383</b>	<b>100.0%</b>
% of total	0.3%	8.6%	7.3%	8.9%	74.9%		100.0%	

#### Par Value

Par Value	\$ 1	\$ 33	\$ 29	\$ 36	\$ 392	\$ -	491
Average Price as a % of Par	100%	100%	97%	94%	73%	-	78%
Net Unrealized Gains (Losses)	\$ -	\$ (1)	\$ (1)	\$ (1)	\$ 15	\$ -	12
Total Weighted Average Life							6.1

#### 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	\$ 29	\$ 1	\$ -	\$ -	\$ -	\$ -	30	7.8%
Non-U.S. Prime	11	13	11	-	-	-	35	9.1%
Sub Prime First Lien	94	89	13	3	1	-	200	52.3%
Alt A	79	3	5	2	9	-	98	25.6%
Second Lien	10	2	4	4	-	-	20	5.2%
ABS CDOs	-	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 223</b>	<b>\$ 108</b>	<b>\$ 33</b>	<b>\$ 9</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>383</b>	<b>100.0%</b>
% of total	58.3%	28.2%	8.6%	2.3%	2.6%		100.0%	

#### Notes:

- Included in Agency RMBS Other are exposures in the National Credit Union Administration.
- Prime securities have an average credit support of 18% for U.S. Prime and 36% for Non-U.S. Prime. Average delinquencies > 60 days are 11% and 5%, respectively.
- Sub Prime securities have an average credit support of 37% and average delinquencies > 60 days are 28%.
- Alt-A securities have an average credit support of 22% and average delinquencies > 60 days are 23%.

## 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: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2014	74	39	-	-	-	-	113	10.9%
2013	155	-	-	-	-	-	155	14.9%
2012	103	-	5	-	-	-	108	10.4%
2011	24	-	-	-	-	-	24	2.3%
2010	6	7	-	-	-	1	14	1.4%
2009	4	-	-	-	-	-	4	0.4%
2008	-	-	-	-	-	-	-	0.0%
2007	5	3	12	-	-	1	21	2.0%
2006	306	37	1	1	4	-	349	33.7%
2005	214	6	3	4	-	-	227	21.9%
2004 and prior	2	2	1	-	-	17	22	2.1%
<b>Total CMBS</b>	<b>\$ 893</b>	<b>\$ 94</b>	<b>\$ 22</b>	<b>\$ 5</b>	<b>\$ 23</b>	<b>\$ -</b>	<b>1,037</b>	<b>100.0%</b>
% of total	86.1%	9.1%	2.1%	0.5%	2.2%	-	100.0%	
Par Value	\$ 857	\$ 90	\$ 21	\$ 5	\$ 23	\$ -	996	
Average Price as a % of Par	104%	104%	105%	100%	100%	-	104%	
Net Unrealized Gains (Losses)	\$ 18	\$ 3	\$ 1	\$ -	\$ 1	\$ -	23	
Total Weighted Average Life							3.5	

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE						Total	%
	AAA	AA	A	BBB	BB and Below			
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2014	74	39	-	-	-	-	113	10.9%
2013	155	-	-	-	-	-	155	14.9%
2012	103	-	5	-	-	-	108	10.4%
2011	24	-	-	-	-	-	24	2.3%
2010	6	7	-	-	-	1	14	1.4%
2009	4	-	-	-	-	-	4	0.4%
2008	-	-	-	-	-	-	-	0.0%
2007	20	1	-	-	-	-	21	2.0%
2006	345	4	-	-	-	-	349	33.7%
2005	227	-	-	-	-	-	227	21.9%
2004 and prior	1	-	13	1	-	7	22	2.1%
<b>Total CMBS</b>	<b>\$ 959</b>	<b>\$ 51</b>	<b>\$ 18</b>	<b>\$ 1</b>	<b>\$ 8</b>	<b>\$ -</b>	<b>1,037</b>	<b>100.0%</b>
% of total	92.5%	4.9%	1.7%	0.1%	0.8%	-	100.0%	

#### Notes:

1. CMBS have an average credit support of 34% and a debt service ratio of 1.6. 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: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
High Yield Loans	\$ 242	\$ 141	\$ 32	\$ 38	\$ 9	\$ 462	92.0%	
Commercial Real Estate	-	-	-	8	4	12	2.4%	
Emerging Markets	5	-	5	-	-	10	2.0%	
Other	6	-	-	-	12	18	3.6%	
<b>Total CDOs</b>	<b>\$ 253</b>	<b>\$ 141</b>	<b>\$ 37</b>	<b>\$ 46</b>	<b>\$ 25</b>	<b>\$ 502</b>	<b>100.0%</b>	
% of total	50.3%	28.1%	7.4%	9.2%	5.0%	100.0%		

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ 131	\$ 21	\$ 5	\$ -	\$ -	\$ 157	31.3%	
2007	42	59	17	17	9	144	28.6%	
2006	63	54	14	15	10	156	31.1%	
2005	17	7	1	13	6	44	8.8%	
2004 and prior	-	-	-	1	-	1	0.2%	
<b>Total CDOs</b>	<b>\$ 253</b>	<b>\$ 141</b>	<b>\$ 37</b>	<b>\$ 46</b>	<b>\$ 25</b>	<b>\$ 502</b>	<b>100.0%</b>	
% of total	50.3%	28.1%	7.4%	9.2%	5.0%	100.0%		

Par Value	\$ 256	\$ 146	\$ 38	\$ 48	\$ 41	\$ 529
Average Price as a % of Par	99%	97%	97%	96%	61%	95%
Net Unrealized Gains (Losses)	(2)	(3)	0	(2)	(13)	(20)
Total Weighted Average Life						3.5

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ 131	\$ 21	\$ 5	\$ -	\$ -	\$ 157	31.3%	
2007	11	73	22	38	-	144	28.6%	
2006	18	94	7	37	-	156	31.1%	
2005	9	25	3	7	-	44	8.8%	
2004 and prior	-	-	-	1	-	1	0.2%	
<b>Total CDOs</b>	<b>\$ 169</b>	<b>\$ 213</b>	<b>\$ 37</b>	<b>\$ 83</b>	<b>\$ -</b>	<b>\$ 502</b>	<b>100.0%</b>	
% of total	33.7%	42.4%	7.4%	16.5%	0.0%	100.0%		

#### Notes:

- Cash CLOs account for 91% of the holdings, the majority of which were originally rated AAA/AA.
- The tables above exclude \$21 million of Synthetic CDOs that are classified as Other Investments in the Consolidated Balance Sheet.



## 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

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Autos (Note 1)</b>	\$ 236	\$ -	\$ -	\$ -	\$ -	\$ -	<b>236</b>	<b>46.6%</b>
U.S.	235	-	-	-	-	-	235	46.4%
Non-U.S.	1	-	-	-	-	-	1	0.2%
<b>Credit Card (Note 2)</b>	\$ 226	\$ -	\$ -	\$ -	\$ -	\$ -	<b>226</b>	<b>44.8%</b>
U.S.	211	-	-	-	-	-	211	41.8%
Non-U.S.	15	-	-	-	-	-	15	3.0%
<b>Student Loans</b>	\$ 28	\$ 15	\$ -	\$ -	\$ -	\$ -	<b>43</b>	<b>8.6%</b>
U.S.	24	1	-	-	-	-	25	5.0%
Non-U.S.	4	14	-	-	-	-	18	3.6%
<b>Total Consumer ABS</b>	<b>\$ 490</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>505</b>	<b>100.0%</b>
% of total	97.0%	3.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Net Unrealized Gains (Losses)	4	(1)	0	0	0	0	3	
Total Weighted Average Life							2.4	

### Schedule 9(b) - Other ABS

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

	FIXED INCOME CREDIT QUALITY: March 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
Other Real Estate	\$ 1	\$ 8	\$ -	\$ -	\$ -	\$ -	9	1.3%
Telecoms & Utilities	10	-	-	-	-	-	10	1.5%
Pfandbriefe & Covered Bonds	542	31	-	-	-	-	573	85.0%
Other ABS	25	4	40	2	1	-	72	10.7%
Whole Business	1	-	-	-	9	-	10	1.5%
Health Care	-	-	-	-	-	-	-	0.0%
<b>Sub Total Other ABS</b>	<b>\$ 579</b>	<b>\$ 43</b>	<b>\$ 40</b>	<b>\$ 2</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>674</b>	<b>100.0%</b>
% of total	85.9%	6.4%	5.9%	0.3%	1.5%	100.0%		
Net Unrealized Gains (Losses)	22	0	9	0	(1)	0	30	
Total Weighted Average Life							3.5	

#### Notes:

1. Average credit support is 23% for Autos.
2. The average excess spread (net of charge offs) is 21% for credit cards.

## SCHEDULE 10 - UNREALIZED GAINS (LOSSES)

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



Fixed Income, Equity, and Other Investments Portfolio	March 31, 2015					December 31, 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>	\$ 5,419	\$ 5,381	\$ 5,234	\$ 147	\$ (6)	\$ 4,266	\$ 4,232	\$ 4,038	\$ 194	\$ (13)
U.S. Treasuries	3,169	3,159	3,147	12	(4)	1,976	1,969	1,935	34	(12)
U.S. Agencies	244	242	210	32	-	237	235	203	32	-
U.S. Municipals	1,999	1,973	1,870	103	(2)	2,046	2,021	1,893	128	(1)
U.S. FDIC Guaranteed	7	7	7	-	-	7	7	7	-	-
<b>Non-U.S. Government Related and Supported (Schedule 4)</b>	<b>4,240</b>	<b>4,196</b>	<b>4,051</b>	<b>145</b>	<b>(76)</b>	<b>4,458</b>	<b>4,407</b>	<b>4,323</b>	<b>84</b>	<b>(57)</b>
<b>Corporate (Schedule 5)</b>	<b>8,243</b>	<b>8,154</b>	<b>7,806</b>	<b>348</b>	<b>(50)</b>	<b>8,892</b>	<b>8,789</b>	<b>8,473</b>	<b>316</b>	<b>(50)</b>
Financials	2,444	2,416	2,342	74	(14)	2,803	2,772	2,698	74	(13)
Non-Financials	5,799	5,738	5,464	274	(36)	6,089	6,017	5,775	242	(37)
<b>Mortgage Backed Securities</b>	<b>5,143</b>	<b>5,127</b>	<b>4,967</b>	<b>160</b>	<b>(27)</b>	<b>5,228</b>	<b>5,213</b>	<b>5,067</b>	<b>146</b>	<b>(34)</b>
Agency RMBS (Schedule 6)	3,723	3,711	3,586	125	(6)	3,740	3,729	3,625	104	(11)
Non-Agency RMBS (Schedule 6)	383	383	371	12	(18)	431	431	408	23	(18)
CMBS (Schedule 7)	1,037	1,033	1,010	23	(3)	1,057	1,053	1,034	19	(5)
<b>Asset Backed Securities (Schedule 8 &amp; 9)</b>	<b>1,681</b>	<b>1,674</b>	<b>1,661</b>	<b>13</b>	<b>(31)</b>	<b>1,775</b>	<b>1,761</b>	<b>1,751</b>	<b>10</b>	<b>(33)</b>
CDOs (Schedule 8)	502	501	521	(20)	(22)	694	692	718	(26)	(27)
Consumer ABS (Schedule 9)	505	505	502	3	(2)	340	339	338	1	(2)
Other ABS (Schedule 9)	674	668	638	30	(7)	741	730	695	35	(4)
<b>Cash and Equivalents (net of payables/receivables)</b>	<b>1,616</b>	<b>1,616</b>	<b>1,616</b>	<b>-</b>	<b>-</b>	<b>1,511</b>	<b>1,511</b>	<b>1,511</b>	<b>-</b>	<b>-</b>
<b>Total Fixed Income - Investments</b>	<b>\$ 26,342</b>	<b>\$ 26,148</b>	<b>\$ 25,335</b>	<b>\$ 813</b>	<b>\$ (190)</b>	<b>\$ 26,130</b>	<b>\$ 25,913</b>	<b>\$ 25,163</b>	<b>\$ 750</b>	<b>\$ (187)</b>
Equity Securities	783	783	666	117	(15)	868	868	764	104	(26)
Other Investments	1,329	1,329	1,069	260	(9)	1,248	1,248	1,003	245	(3)
<b>Total Fixed Income, Equity Securities and Other Investments (Excluding Life Funds Withheld Assets)</b>	<b>\$ 28,454</b>	<b>\$ 28,260</b>	<b>\$ 27,070</b>	<b>\$ 1,190</b>	<b>\$ (214)</b>	<b>\$ 28,246</b>	<b>\$ 28,029</b>	<b>\$ 26,930</b>	<b>\$ 1,099</b>	<b>\$ (216)</b>
Life Funds Withheld Assets (Schedule 12)	5,052	4,978	4,050	928	-	5,405	5,316	4,435	881	-
<b>Total Fixed Income, Equity Securities and Other Investments (Including Life Funds Withheld Assets)</b>	<b>\$ 33,506</b>	<b>\$ 33,238</b>	<b>\$ 31,120</b>	<b>\$ 2,118</b>	<b>\$ (214)</b>	<b>\$ 33,651</b>	<b>\$ 33,345</b>	<b>\$ 31,365</b>	<b>\$ 1,980</b>	<b>\$ (216)</b>

**SCHEDULE 11 - INVESTMENT INCOME STATEMENT ANALYSIS**

(U.S. dollars in thousands)

(Unaudited)



	Three months ended March 31, 2015	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014	Three months ended March 31, 2014
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 158,419	\$ 174,433	\$ 170,954	\$ 213,833	\$ 231,268
Investment expenses (Note 1)	(15,401)	(17,636)	(17,827)	(17,160)	(16,849)
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>	<b>\$ 143,018</b>	<b>\$ 156,797</b>	<b>\$ 153,127</b>	<b>\$ 196,673</b>	<b>\$ 214,419</b>
<b>Book Yield (Net of Expenses)</b>	<b>2.30%</b>	<b>2.37%</b>	<b>2.34%</b>	<b>2.58%</b>	<b>2.71%</b>
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 16,699	\$ 17,243	\$ 18,798	\$ 18,784	\$ 20,754
Investment expenses (Note 1)	(1,623)	(1,743)	(1,969)	(1,849)	(1,984)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 15,076</b>	<b>\$ 15,500</b>	<b>\$ 16,829</b>	<b>\$ 16,935</b>	<b>\$ 18,770</b>
<b>Book Yield (Net of Expenses)</b>	<b>4.68%</b>	<b>4.77%</b>	<b>5.06%</b>	<b>4.72%</b>	<b>4.94%</b>
Interest Expense - Deposit Liability Accretion	(9,957)	(9,155)	(11,148)	18,199	(10,781)
Operating and Investment Expenses - P&C Structured	(94)	(265)	(390)	(249)	(36)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 5,025</b>	<b>\$ 6,080</b>	<b>\$ 5,291</b>	<b>\$ 34,885</b>	<b>\$ 7,953</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 158,094</b>	<b>\$ 172,297</b>	<b>\$ 169,956</b>	<b>\$ 213,608</b>	<b>\$ 233,189</b>
<b>Book Yield (Net of Expenses)</b>			2.47%	2.68%	2.81%
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 50,419</b>	<b>\$ 53,936</b>	<b>\$ 56,474</b>	<b>\$ 19,165</b>	<b>\$ -</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Alternative Funds	\$ 30,901	\$ 9,710	\$ 15,133	\$ 16,061	\$ 26,133
Private Investment Fund Affiliates	4,428	10,620	9,367	1,622	7,170
	<b>\$ 35,329</b>	<b>\$ 20,330</b>	<b>\$ 24,500</b>	<b>\$ 17,683</b>	<b>\$ 33,303</b>
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>					
Investment Manager Affiliates	\$ 3,739	\$ 1,056	\$ 15,900	\$ 13,147	\$ 26,983
Strategic Operating Affiliates	18,929	12,118	4,121	14,591	19,302
	<b>\$ 22,668</b>	<b>\$ 13,174</b>	<b>\$ 20,021</b>	<b>\$ 27,738</b>	<b>\$ 46,285</b>

**Notes:**

1. Includes management fees, custody fees, 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	March 31, 2015		December 31, 2014		September 30, 2014		June 30, 2014	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Fixed Income Portfolio</b>								
U.S. Government Related and Supported	\$ 18	0.4%	\$ 19	0.4%	\$ 19	0.3%	\$ 18	0.3%
Non-U.S. Government Related and Supported	1,525	30.2%	1,817	33.6%	1,809	33.0%	1,831	32.4%
Corporate	2,937	58.1%	2,873	53.2%	2,970	54.2%	3,077	54.4%
Mortgage Backed Securities	163	3.2%	199	3.7%	206	3.8%	223	3.9%
Asset Backed Securities	287	5.7%	364	6.7%	368	6.7%	387	6.8%
Cash and Equivalents (net of payables/receivables)	122	2.4%	133	2.5%	105	1.9%	123	2.2%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 5,052</b>	<b>100.0%</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%	\$ -	0.0%
Equity Securities	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other Investments	-	0.0%	-	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>\$ -</b>	<b>0.0%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,052</b>	<b>100.0%</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	\$ 668	13.2%	\$ 912	16.9%	\$ 888	16.2%	\$ 935	16.5%
AA	1,482	29.3%	1,528	28.3%	1,526	27.9%	1,569	27.7%
A	1,615	32.0%	1,623	30.0%	1,690	30.9%	1,794	31.7%
BBB	1,214	24.0%	1,323	24.5%	1,354	24.7%	1,341	23.7%
BB and Below	73	1.4%	19	0.4%	19	0.3%	20	0.4%
Not Rated	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 5,052</b>	<b>100.0%</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+		A+
<b>Summary by Core Currency Liabilities</b>								
	<b>US Dollar Equivalent</b>	<b>Duration</b>	<b>US Dollar Equivalent</b>	<b>Duration</b>	<b>US Dollar Equivalent</b>	<b>Duration</b>	<b>US Dollar Equivalent</b>	<b>Duration</b>
	<b>Fair Value</b>		<b>Fair Value</b>		<b>Fair Value</b>		<b>Fair Value</b>	
Sterling denominated	\$ 3,561	9.4	\$ 3,683	9.1	\$ 3,777	9.0	\$ 3,868	8.8
Euro denominated	1,472	10.4	1,696	9.9	1,675	9.9	1,766	9.7
U.S. Dollar denominated	19	5.6	26	5.4	25	5.5	25	5.6
<b>Total Duration</b>	<b>\$ 5,052</b>	<b>9.6</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>\$ 50,419</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: Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, net of tax, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, net of tax, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, net of tax, (8) our expenses related to the Catlin acquisition, net of tax, and (9) our loss on sale of life reinsurance subsidiary, XLLR, 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 realize 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 the 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.