



# FINANCIAL SUPPLEMENT

June 30, 2015

**Issued on August 3, 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.xlcatlin.com](http://www.xlcatlin.com) for further information describing XL Group plc.

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### Cautionary Note Regarding Forward-Looking Statements

*This financial supplement contains forward-looking statements. Statements that are not historical facts, including statements about the beliefs, plans or expectations of XL Group plc and its consolidated subsidiaries ("XL"), 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 conditions; (i) XL's ability to successfully implement its business strategy, including its recent acquisition of 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 to realize the value or benefits expected, in each case, as a result of such transactions, including the Life Retrocession Arrangements and XL's recent 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.*

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



# STATEMENTS OF INCOME

# CONSOLIDATED STATEMENTS OF INCOME

(U.S. dollars in thousands)

(Unaudited)

(Note 1)



	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014
<b>Revenues</b>					
Gross premiums written	\$ 3,081,135	\$ 2,555,360	\$ 1,699,553	\$ 1,684,198	\$ 2,198,239
Net premiums written	2,118,331	1,851,249	1,223,161	1,233,985	1,491,844
Net premiums earned - P&C operations	2,063,795	1,319,494	1,413,161	1,453,673	1,438,076
Net premiums earned - run-off Life operations	18,258	14,506	23,064	19,739	58,518
Net investment income - excluding Life Funds Withheld Assets (Note 2)	176,340	158,094	172,297	169,956	213,608
Net investment income - Life Funds Withheld Assets (Note 2)	46,864	50,419	53,936	56,474	19,165
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	4,351	4,602	13,105	9,813	80,844
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	68,037	52,738	2,421	2,022	624
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	(2,878)	(5,209)	(4,322)	(7,494)	(8,771)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(19,543)	760	(9)	-	-
Net realized and unrealized gains (losses) on derivative instruments	48,509	16,521	11,346	5,131	11,599
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	239,174	(229,367)	(269,412)	(201,264)	(17,546)
Net income (loss) from investment fund affiliates (Note 3)	31,377	35,329	20,330	24,500	17,683
Fee income and other	11,012	4,728	11,688	10,782	9,706
<b>Total revenues</b>	<b>\$ 2,685,296</b>	<b>\$ 1,422,615</b>	<b>\$ 1,447,605</b>	<b>\$ 1,543,332</b>	<b>\$ 1,823,506</b>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 1,151,195	\$ 769,827	\$ 739,420	\$ 859,588	\$ 827,880
Claims and policy benefits - run-off Life operations	22,081	19,387	23,976	20,101	85,299
Acquisition costs	341,617	153,696	171,203	182,882	184,619
Operating expenses (Note 4)	507,354	325,656	356,607	341,255	333,029
Foreign exchange losses (gains)	10,374	27,390	(45,802)	(23,348)	21,141
Loss on sale of life reinsurance subsidiary (Note 2)	-	-	-	-	666,423
Interest expense - debt and other	39,038	41,481	25,074	31,703	32,284
Interest expense - deposit liability accretion	10,629	9,957	9,155	11,148	(18,199)
<b>Total expenses</b>	<b>\$ 2,082,288</b>	<b>\$ 1,347,394</b>	<b>\$ 1,279,633</b>	<b>\$ 1,423,329</b>	<b>\$ 2,132,476</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 603,008	\$ 75,221	\$ 167,972	\$ 120,003	\$ (308,970)
Income (loss) from operating affiliates (Note 5)	9,462	22,668	13,174	20,021	27,738
Provision (benefit) for income taxes	32,959	24,218	38,173	30,057	(5,654)
Gain on sale of operating affiliate	340,407	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 919,918</b>	<b>\$ 73,671</b>	<b>\$ 142,973</b>	<b>\$ 109,967</b>	<b>\$ (275,578)</b>
Non-controlling interests	(4,879)	(37,390)	(3,474)	(37,583)	(3,682)
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>\$ 915,039</b>	<b>\$ 36,281</b>	<b>\$ 139,499</b>	<b>\$ 72,384</b>	<b>\$ (279,260)</b>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	(669)	(4,519)	(19,861)	(8,860)	(77,149)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(68,037)	(52,738)	(2,421)	(2,022)	(624)
OTTI on investments - Life Funds Withheld Assets (Note 2)	2,878	5,209	4,322	7,494	8,771
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	19,543	(760)	9	-	-
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(48,667)	(16,521)	(11,347)	(5,131)	(11,596)
Net investment income - Life Funds Withheld Assets, net of tax (Note 2)	595	658	1,743	8	1,222
Net investment income - Life Funds Withheld Assets, net of tax (Note 2)	(46,864)	(50,419)	(53,936)	(56,474)	(19,165)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(239,174)	229,367	269,412	201,264	17,546
Loss on sale of life reinsurance subsidiary, net of tax (Note 2)	-	-	-	-	621,323
Foreign exchange (gains) losses, net of tax	15,221	22,353	(33,493)	(21,575)	18,509
Expenses related to Catlin acquisition, net of tax	36,339	25,464	-	-	-
Gain on sale of operating affiliate	(340,407)	-	-	-	-
<b>Operating Net Income (Note 6)</b>	<b>\$ 245,797</b>	<b>\$ 194,376</b>	<b>\$ 293,927</b>	<b>\$ 187,088</b>	<b>\$ 279,577</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("XLIB"), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "Life Retrocession Arrangements"). The designated investments that support the Life Retrocession Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other investments and are therefore unavailable at the time of quarter close.
- Operating expenses includes approximately \$36.9 million related to the Catlin acquisition. See pages 8 - 10 for split of segment and corporate operating expenses.
- Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.
- Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, 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, (9) our gain on the sale of our interest in our operating affiliate, ARX, and (10) 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 46 for Comment on Regulation G.

## RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Unaudited)

(Note 1)



	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014
<b>Return on Ordinary Shareholders' Equity</b>					
Opening 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)
Opening ordinary shareholders' equity	10,244,057	10,033,751	9,841,054	10,034,289	10,244,962
Closing shareholders' equity	14,205,105	11,646,423	11,435,766	11,220,774	11,408,577
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,957,807)	(1,402,366)	(1,402,015)	(1,379,720)	(1,374,288)
Closing ordinary shareholders' equity	12,247,298	10,244,057	10,033,751	9,841,054	10,034,289
Average ordinary shareholders' equity	11,245,678	10,138,904	9,937,403	9,937,672	10,139,626
Average unrealized (gain) loss on investments, net of tax (Note 2)	(1,400,978)	(1,605,837)	(1,383,597)	(1,235,024)	(1,081,984)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	9,844,700	8,533,067	8,553,806	8,702,648	9,057,642
Net income (loss) attributable to ordinary shareholders	915,039	36,281	139,499	72,384	(279,260)
Annualized net income (loss) attributable to ordinary shareholders	3,660,156	145,124	557,996	289,536	(1,117,040)
Operating Net Income (Note 3)	245,797	194,376	293,927	187,088	279,577
Annualized Operating Net Income (Note 3)	983,188	777,504	1,175,708	748,352	1,118,308
Annualized return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	32.5%	1.4%	5.6%	2.9%	-11.0%
Annualized return on average ordinary shareholders' equity - Operating Net Income (Note 2)	8.7%	7.7%	11.8%	7.5%	11.0%
Annualized return on average ordinary shareholders' equity excluding average unrealized gains and losses on investments - Operating Net Income (Note 2)	10.0%	9.1%	13.7%	8.6%	12.3%
	<b>At June 30, 2015</b>	<b>At March 31, 2015</b>	<b>At December 31, 2014</b>	<b>At September 30, 2014</b>	<b>At June 30, 2014</b>
<b>Book Value per Ordinary Share</b>					
Closing ordinary shareholders' equity	\$ 12,247,298	\$ 10,244,057	\$ 10,033,751	\$ 9,841,054	\$ 10,034,289
Ordinary shares outstanding (Note 4)	303,932,111	256,723,675	255,222,835	260,289,496	268,351,959
Dilutive impact of stock and options	4,737,655	3,962,693	5,332,159	4,981,507	4,637,744
Diluted shares outstanding	308,669,766	260,686,368	260,554,994	265,271,003	272,989,703
<b>Book value per ordinary share (Note 5)</b>	<b>\$ 40.30</b>	<b>\$ 39.90</b>	<b>\$ 39.31</b>	<b>\$ 37.81</b>	<b>\$ 37.39</b>
<b>Fully diluted book value per ordinary share (Note 5)</b>	<b>\$ 39.68</b>	<b>\$ 39.30</b>	<b>\$ 38.51</b>	<b>\$ 37.10</b>	<b>\$ 36.76</b>
<b>Fully diluted tangible book value per ordinary share (Note 5)</b>	<b>\$ 32.53</b>	<b>\$ 37.60</b>	<b>\$ 36.79</b>	<b>\$ 35.40</b>	<b>\$ 35.09</b>

**Notes:**

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

2. 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.

3. 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, (9) our gain on the sale of our interest in our operating affiliate, ARX, and (10) 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 46 for Comment on Regulation G.

4. 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.

5. Book value per ordinary share, fully diluted book value per ordinary share and fully diluted tangible book value per ordinary share are non-GAAP financial measures. Fully diluted book value per ordinary share represents book value per ordinary share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, divided by the number of outstanding ordinary shares at any period end) combined with the dilutive impact of potential future share issues at any period end. Fully diluted tangible book value per ordinary share is calculated in the same manner as fully diluted book value per ordinary share except that goodwill and intangible assets are excluded from ordinary shareholders' equity. XL believes that fully diluted tangible book value per ordinary share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.

# CONSOLIDATED STATEMENTS OF INCOME

(U.S. Dollars in thousands)

(Unaudited)  
(Note 1)



	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
<b>Revenues</b>		
Gross premiums written	\$ 5,636,495	\$ 4,711,175
Net premiums written	\$ 3,969,580	\$ 3,487,695
Net premiums earned - P&C operations	\$ 3,383,289	\$ 2,850,604
Net premiums earned - run-off Life operations	32,764	134,829
Net investment income - excluding Life Funds Withheld Assets (Note 2)	334,434	446,797
Net investment income - Life Funds Withheld Assets (Note 2)	97,283	19,165
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	8,953	100,073
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	120,775	624
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	(8,087)	(8,771)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(18,783)	-
Net realized and unrealized gains (losses) on derivative instruments	65,030	13,409
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	9,807	(17,546)
Net income (loss) from investment fund affiliates (Note 3)	66,706	50,986
Fee income and other	15,740	21,160
<b>Total revenues</b>	<b>\$ 4,107,911</b>	<b>\$ 3,611,330</b>
<b>Expenses</b>		
Net losses and loss expenses incurred - P&C operations	\$ 1,921,022	\$ 1,659,385
Claims and policy benefits - run-off Life operations	41,468	198,886
Acquisition costs	495,313	384,033
Operating expenses (Note 4)	833,010	643,453
Foreign exchange losses (gains)	37,764	31,582
Loss on sale of life reinsurance subsidiary (Note 2)	-	666,423
Interest expense - debt and other (Note 5)	80,519	64,444
Interest expense - deposit liability accretion	20,586	(7,418)
Impairment of goodwill	-	-
<b>Total expenses</b>	<b>\$ 3,429,682</b>	<b>\$ 3,640,788</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 678,229	\$ (29,458)
Income (loss) from operating affiliates (Note 6)	32,130	74,023
Provision (benefit) for income taxes	57,177	28,667
Gain on sale of operating affiliate	340,407	-
<b>Net income (loss)</b>	<b>\$ 993,589</b>	<b>\$ 15,898</b>
Non-controlling interests	(42,269)	(39,441)
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>\$ 951,320</b>	<b>\$ (23,543)</b>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (5,187)	\$ (96,038)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(120,775)	(624)
OTTI on investments - Life Funds Withheld Assets (Note 2)	8,087	8,771
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	18,783	-
Net realized and unrealized (gains) losses on derivatives, net of tax	(65,188)	(13,406)
Net realized and unrealized (gains) losses on investments and derivatives related to Company's insurance company affiliates	1,253	(2,736)
Net investment income - Life Funds Withheld Assets (Note 2)	(97,283)	(19,165)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(9,807)	17,546
Loss on sale of life reinsurance subsidiary (Note 2)	-	621,323
Foreign exchange (gains) losses, net of tax	37,574	26,098
Expenses related to Catlin acquisition, net of tax	61,803	-
Gain on sale of operating affiliate	(340,407)	-
<b>Operating Net Income (Note 7)</b>	<b>\$ 440,173</b>	<b>\$ 518,226</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- 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 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.
- Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.
- Operating expenses includes approximately \$47.3 million related to the Catlin acquisition. See pages 15 - 16 for split of segment and corporate operating expenses.
- Interest expense includes approximately \$14.5 million in bridge financing costs related to the Catlin acquisition.
- 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, (9) our gain on the sale of our interest in our operating affiliate, ARX, and (10) 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 46 for Comment on Regulation G.

## RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

Unaudited  
(Note 1)



	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Opening shareholders' equity	11,435,766	11,349,298
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,402,015)	(1,351,665)
Opening ordinary shareholders' equity	10,033,751	9,997,633
Closing shareholders' equity	14,205,105	11,408,577
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,957,807)	(1,374,288)
Closing ordinary shareholders' equity	12,247,298	10,034,289
Average ordinary shareholders' equity	11,140,525	10,015,961
Average unrealized (gain) loss on investments, net of tax	(1,309,209)	(975,081)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	9,831,316	9,040,880
Net income (loss) attributable to ordinary shareholders	951,320	(23,543)
Operating net income (Note 2)	440,173	518,226
Return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	17.1%	-0.5%
Return on ordinary average shareholders' equity - operating net income (Note 2)	7.9%	10.3%
Return on ordinary average shareholders' equity excluding unrealized gains and losses on investments - operating net income (Note 2)	9.0%	11.5%

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

2. Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, 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, (9) our gain on the sale of our interest in our operating affiliate, ARX, and (10) 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 46 for Comment on Regulation G.

## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 2015

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,219,444	\$ 782,248	\$ 3,001,692	\$ 79,443	\$ 3,081,135
Net premiums written	1,401,772	698,301	2,100,073	18,258	2,118,331
Net premiums earned	1,412,906	650,889	2,063,795	18,258	2,082,053
Net losses and loss expenses incurred	(896,370)	(254,825)	(1,151,195)	(22,081)	(1,173,276)
Acquisition expenses	(181,716)	(158,217)	(339,933)	(1,684)	(341,617)
Operating expenses (Note 2)	(292,161)	(71,727)	(363,888)	59	(363,829)
Underwriting (loss) profit	<u>\$ 42,659</u>	<u>\$ 166,120</u>	<u>\$ 208,779</u>	<u>\$ (5,448)</u>	<u>\$ 203,331</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	149,461	10,831	160,292
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	46,864	46,864
Net investment results structured products (Note 4)	3,401	1,856	5,257	-	5,257
Net fee income and other (Note 5)	(2,033)	623	(1,410)	46	(1,364)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			4,223	128	4,351
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				45,616	45,616
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				239,174	239,174
Net realized and unrealized gains (losses) on derivative instruments				48,509	48,509
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				40,839	40,839
Gain on sale of operating affiliate				340,407	340,407
Foreign exchange (gains) losses				10,374	10,374
Corporate operating expenses (7)				130,987	130,987
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 366,310</u>	<u>\$ 625,605</u>	<u>\$ 991,915</u>
Interest expense					(39,038)
Non-controlling interests					(4,879)
Income taxes					(32,959)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 915,039</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.4%	39.2%	55.8%		
Underwriting expense ratio	33.6%	35.3%	34.1%		
Combined ratio	97.0%	74.5%	89.9%		
Total net prior year development	(38,135)	(70,735)	(108,870)		
Natural catastrophe losses (Note 8)	59,892	-	59,892		
Reinstatement premium	-	-	-		
Loss and loss expense ratio excluding net prior year development	66.1%	50.0%	61.1%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.9%	50.0%	58.2%		

**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 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 \$16.0 million and \$10.6 million, respectively.
- Net fee income and other includes operating expenses of \$12.4 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 \$36.9 million of deal related costs and \$27.8 million of integration costs resulting from the Catlin acquisition.
- Natural catastrophe losses include Chile Flooding, Storm Niklas, and Sydney Hailstorm.



## 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, net of tax (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				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 7)					(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 8)	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 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.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural catastrophe losses include US winterstorms and Tropical Cyclone Marcia.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 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	\$ 1,618,405	\$ 493,124	\$ 2,111,529	\$ 86,710	\$ 2,198,239
Net premiums written	996,880	436,446	1,433,326	58,518	1,491,844
Net premiums earned	1,003,990	434,086	1,438,076	58,518	1,496,594
Net losses and loss expenses incurred	(627,627)	(200,253)	(827,880)	(85,299)	(913,179)
Acquisition expenses	(99,863)	(80,874)	(180,737)	(3,882)	(184,619)
Operating expenses (Note 3)	(213,930)	(47,582)	(261,512)	(2,209)	(263,721)
Underwriting (loss) profit	<u>\$ 62,570</u>	<u>\$ 105,377</u>	<u>\$ 167,947</u>	<u>\$ (32,872)</u>	<u>\$ 135,075</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	144,555	52,118	196,673
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	19,165	19,165
Net investment results structured products (Note 5)	31,645	3,240	34,885	-	34,885
Net fee income and other (Note 6)	(3,567)	664	(2,903)	45	(2,858)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 4)			78,505	2,339	80,844
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				(8,147)	(8,147)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				(17,546)	(17,546)
Net realized and unrealized gains (losses) on derivative instruments				11,599	11,599
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				45,421	45,421
Foreign exchange (gains) losses				21,141	21,141
Corporate operating expenses				56,495	56,495
Loss on sale of life reinsurance subsidiary (Note 4)				666,423	666,423
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 422,989</u>	<u>\$ (671,937)</u>	<u>\$ (248,948)</u>
Interest expense (Note 8)					(32,284)
Non-controlling interests					(3,682)
Income taxes					5,654
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ (279,260)</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	62.5%	46.1%	57.6%		
Underwriting expense ratio	31.3%	29.6%	30.7%		
Combined ratio	93.8%	75.7%	88.3%		
Total net prior year development	(36,993)	(47,456)	(84,449)		
Natural catastrophe losses (Note 9)	14,947	21,626	36,573		
Reinstatement premium	-	1,966	1,966		
Loss and loss expense ratio excluding net prior year development	66.2%	57.1%	63.4%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	64.7%	52.3%	61.0%		

### 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 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 \$16.9 million and \$(18.2) million, respectively.
- Net fee income and other includes operating expenses of \$12.6 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 catastrophe losses include the European Hailstorm and the Q2 US Wind and Thunderstorms.

## PREMIUMS BY LINE OF BUSINESS

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



	FOR THE THREE MONTHS ENDED JUNE 30, 2015				FOR THE THREE MONTHS ENDED JUNE 30, 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	\$ 462,133	\$ 51,777	\$ -	\$ 513,910	\$ 406,164	\$ 45,771	\$ -	\$ 451,935
Casualty	670,051	103,846	-	773,897	586,612	58,769	-	645,381
Property catastrophe	-	252,419	-	252,419	-	171,492	-	171,492
Property	368,894	305,754	-	674,648	267,921	186,242	-	454,163
Marine, energy, aviation and satellite	(4)	20,001	-	19,997	-	23,001	-	23,001
Specialty	600,005	-	-	600,005	243,540	-	-	243,540
Other (Note 3)	118,365	48,451	-	166,816	114,168	7,849	-	122,017
<b>Total P&amp;C operations</b>	<b>2,219,444</b>	<b>782,248</b>	<b>-</b>	<b>3,001,692</b>	<b>1,618,405</b>	<b>493,124</b>	<b>-</b>	<b>2,111,529</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	34,054	34,054	-	-	39,593	39,593
Run-Off Life Operations - Other Life	-	-	45,389	45,389	-	-	47,117	47,117
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>79,443</b>	<b>79,443</b>	<b>-</b>	<b>-</b>	<b>86,710</b>	<b>86,710</b>
<b>Total</b>	<b>\$ 2,219,444</b>	<b>\$ 782,248</b>	<b>\$ 79,443</b>	<b>\$ 3,081,135</b>	<b>\$ 1,618,405</b>	<b>\$ 493,124</b>	<b>\$ 86,710</b>	<b>\$ 2,198,239</b>
	<u>NET PREMIUMS WRITTEN</u>				<u>NET PREMIUMS WRITTEN</u>			
	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>
<b>P&amp;C Operations:</b>								
Professional	\$ 278,187	\$ 51,576	\$ -	\$ 329,763	\$ 269,192	\$ 45,771	\$ -	\$ 314,963
Casualty	392,396	98,164	-	490,560	355,480	56,945	-	412,425
Property catastrophe	-	202,266	-	202,266	-	128,206	-	128,206
Property	233,546	290,619	-	524,165	100,545	179,250	-	279,795
Marine, energy, aviation and satellite	(85)	15,128	-	15,043	-	17,986	-	17,986
Specialty	414,291	-	-	414,291	190,723	-	-	190,723
Other (Note 3)	83,437	40,548	-	123,985	80,940	8,288	-	89,228
<b>Total P&amp;C operations</b>	<b>1,401,772</b>	<b>698,301</b>	<b>-</b>	<b>2,100,073</b>	<b>996,880</b>	<b>436,446</b>	<b>-</b>	<b>1,433,326</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	1	1	-	-	21,565	21,565
Run-Off Life Operations - Other Life	-	-	18,257	18,257	-	-	36,953	36,953
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>18,258</b>	<b>18,258</b>	<b>-</b>	<b>-</b>	<b>58,518</b>	<b>58,518</b>
<b>Total</b>	<b>\$ 1,401,772</b>	<b>\$ 698,301</b>	<b>\$ 18,258</b>	<b>\$ 2,118,331</b>	<b>\$ 996,880</b>	<b>\$ 436,446</b>	<b>\$ 58,518</b>	<b>\$ 1,491,844</b>
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>	<i>Insurance</i>	<i>Reinsurance</i>	<i>Corporate and Other (Note 2)</i>	<i>Total</i>
<b>P&amp;C Operations:</b>								
Professional	\$ 286,348	\$ 43,225	\$ -	\$ 329,573	\$ 267,509	\$ 44,239	\$ -	\$ 311,748
Casualty	420,472	125,787	-	546,259	358,990	82,929	-	441,919
Property catastrophe	-	163,453	-	163,453	-	112,562	-	112,562
Property	215,128	231,897	-	447,025	142,874	142,337	-	285,211
Marine, energy, aviation and satellite	(16)	32,549	-	32,533	-	21,065	-	21,065
Specialty	411,438	-	-	411,438	179,948	-	-	179,948
Other (Note 3)	79,536	53,978	-	133,514	54,669	30,954	-	85,623
<b>Total P&amp;C operations</b>	<b>1,412,906</b>	<b>650,889</b>	<b>-</b>	<b>2,063,795</b>	<b>1,003,990</b>	<b>434,086</b>	<b>-</b>	<b>1,438,076</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	1	1	-	-	21,564	21,564
Run-Off Life Operations - Other Life	-	-	18,257	18,257	-	-	36,954	36,954
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>18,258</b>	<b>18,258</b>	<b>-</b>	<b>-</b>	<b>58,518</b>	<b>58,518</b>
<b>Total</b>	<b>\$ 1,412,906</b>	<b>\$ 650,889</b>	<b>\$ 18,258</b>	<b>\$ 2,082,053</b>	<b>\$ 1,003,990</b>	<b>\$ 434,086</b>	<b>\$ 58,518</b>	<b>\$ 1,496,594</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 June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	% Change Q2 15 vs. Q1 15	vs. Q2 14
Gross premiums written	\$ 2,219,444	\$ 1,654,747	\$ 1,462,262	\$ 1,324,418	\$ 1,618,405	34.1%	37.1%
Net premiums written	1,401,772	1,089,108	1,053,719	956,185	996,880	28.7%	40.6%
Net premiums earned	1,412,906	962,306	1,011,867	1,018,416	1,003,990	46.8%	40.7%
Net losses incurred	(896,370)	(616,947)	(626,032)	(650,256)	(627,627)	45.3%	42.8%
Acquisition expenses	(181,716)	(80,387)	(92,464)	(95,992)	(99,863)	NM	82.0%
Operating expenses (Note 1)	(292,161)	(208,457)	(230,328)	(218,281)	(213,930)	40.2%	36.6%
<b>Underwriting profit (loss)</b>	<b>\$ 42,659</b>	<b>\$ 56,515</b>	<b>\$ 63,043</b>	<b>\$ 53,887</b>	<b>\$ 62,570</b>	-24.5%	-31.8%

### RATIOS

Loss and loss expense ratio	63.4%	64.1%	61.9%	63.8%	62.5%
Acquisition expense ratio	12.9%	8.4%	9.1%	9.4%	9.9%
Operating expense ratio	20.7%	21.6%	22.8%	21.5%	21.4%
Combined ratio	97.0%	94.1%	93.8%	94.7%	93.8%
Total net prior year development, strengthening (release)	\$ (38,135)	\$ (5,997)	\$ (34,655)	\$ (19,776)	\$ (36,993)
Natural catastrophe losses	59,892	14,650	17,670	18,419	14,947
Reinstatement premium	-	-	-	-	-
Loss and loss expense ratio excluding net prior year development	66.1%	64.7%	65.3%	65.8%	66.2%
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.9%	63.2%	63.5%	64.0%	64.7%
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	95.4%	93.2%	95.4%	94.8%	96.0%
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 June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	% Change Q2 15 vs. Q1 15 vs. Q2 14
Gross premiums written	\$ 782,248	\$ 825,662	\$ 158,358	\$ 276,284	\$ 493,124	-5.3% 58.6%
Net premiums written	698,301	747,635	146,378	258,061	436,446	-6.6% 60.0%
Net premiums earned	650,889	357,188	401,294	435,257	434,086	82.2% 49.9%
Net losses incurred	(254,825)	(152,880)	(113,388)	(209,332)	(200,253)	66.7% 27.3%
Acquisition expenses	(158,217)	(71,492)	(77,775)	(84,800)	(80,874)	NM 95.6%
Operating expenses (Note 2)	(71,727)	(42,495)	(54,324)	(50,637)	(47,582)	68.8% 50.7%
<b>Underwriting profit (loss)</b>	<b>\$ 166,120</b>	<b>\$ 90,321</b>	<b>\$ 155,807</b>	<b>\$ 90,488</b>	<b>\$ 105,377</b>	<b>83.9% 57.6%</b>
<b>RATIOS</b>						
Loss and loss expense ratio	39.2%	42.8%	28.3%	48.1%	46.1%	
Acquisition expense ratio	24.3%	20.0%	19.4%	19.5%	18.6%	
Operating expense ratio	11.0%	11.9%	13.5%	11.6%	11.0%	
Combined ratio	74.5%	74.7%	61.2%	79.2%	75.7%	
Total net prior year development, strengthening (release)	\$ (70,735)	\$ (42,491)	\$ (62,006)	\$ (15,356)	\$ (47,456)	
Natural catastrophe losses	0	-	15,842	12,014	21,626	
Reinstatement premium	0	-	1,800	618	1,966	
Loss and loss expense ratio excluding net prior year development	50.0%	54.7%	43.7%	51.6%	57.1%	
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	50.0%	54.7%	39.9%	48.9%	52.3%	
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	85.3%	86.6%	73.0%	80.1%	82.0%	
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 JUNE 30, 2015 vs JUNE 30, 2014**  
(U.S. dollars in thousands)  
(Unaudited)



	FOR THE THREE MONTHS ENDED JUNE 30, 2015					FOR THE THREE MONTHS ENDED JUNE 30, 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	\$ 2,219,444		\$ 2,219,444	-	\$ 2,219,444	\$ 1,618,405		\$ 1,618,405	-	\$ 1,618,405
Net premiums written	1,401,772	-	1,401,772	-	1,401,772	996,880	-	996,880	-	996,880
Net premiums earned	1,412,906	-	1,412,906	-	1,412,906	1,003,990	-	1,003,990	-	1,003,990
Net losses incurred	896,370	(38,135)	934,505	59,892	874,613	627,627	(36,993)	664,620	14,947	649,673
Acquisition expenses	181,716		181,716	-	181,716	99,863		99,863	-	99,863
Operating expenses	292,161		292,161	-	292,161	213,930		213,930	-	213,930
<b>Underwriting profit / (loss)</b>	<b>\$ 42,659</b>	<b>\$ 38,135</b>	<b>\$ 4,524</b>	<b>\$ (59,892)</b>	<b>\$ 64,416</b>	<b>\$ 62,570</b>	<b>\$ 36,993</b>	<b>\$ 25,577</b>	<b>\$ (14,947)</b>	<b>\$ 40,524</b>
<b>Loss Ratio</b>	<b>63.4%</b>		<b>66.1%</b>		<b>61.9%</b>	<b>62.5%</b>		<b>66.2%</b>		<b>64.7%</b>
<b>Combined Ratio</b>	<b>97.0%</b>		<b>99.7%</b>		<b>95.4%</b>	<b>93.8%</b>		<b>97.5%</b>		<b>96.0%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 782,248		\$ 782,248	-	\$ 782,248	\$ 493,124		\$ 493,124	1,966	\$ 491,158
Net premiums written	698,301	-	698,301	-	698,301	436,446	-	436,446	1,966	434,480
Net premiums earned	650,889	-	650,889	-	650,889	434,086	-	434,086	1,966	432,120
Net losses incurred	254,825	(70,735)	325,560	-	325,560	200,253	(47,456)	247,709	21,626	226,083
Acquisition expenses	158,217		158,217	-	158,217	80,874		80,874	-	80,874
Operating expenses	71,727		71,727	-	71,727	47,582		47,582	-	47,582
<b>Underwriting profit / (loss)</b>	<b>\$ 166,120</b>	<b>\$ 70,735</b>	<b>\$ 95,385</b>	<b>\$ -</b>	<b>\$ 95,385</b>	<b>\$ 105,377</b>	<b>\$ 47,456</b>	<b>\$ 57,921</b>	<b>\$ (19,660)</b>	<b>\$ 77,581</b>
<b>Loss Ratio</b>	<b>39.2%</b>		<b>50.0%</b>		<b>50.0%</b>	<b>46.1%</b>		<b>57.1%</b>		<b>52.3%</b>
<b>Combined Ratio</b>	<b>74.5%</b>		<b>85.3%</b>		<b>85.3%</b>	<b>75.7%</b>		<b>86.7%</b>		<b>82.0%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 3,001,692		\$ 3,001,692	-	\$ 3,001,692	\$ 2,111,529		\$ 2,111,529	1,966	\$ 2,109,563
Net premiums written	2,100,073	-	2,100,073	-	2,100,073	1,433,326	-	1,433,326	1,966	1,431,360
Net premiums earned	2,063,795	-	2,063,795	-	2,063,795	1,438,076	-	1,438,076	1,966	1,436,110
Net losses incurred	1,151,195	(108,870)	1,260,065	59,892	1,200,173	827,880	(84,449)	912,329	36,573	875,756
Acquisition expenses	339,933		339,933	-	339,933	180,737		180,737	-	180,737
Operating expenses	363,888		363,888	-	363,888	261,512		261,512	-	261,512
<b>Underwriting profit / (loss)</b>	<b>\$ 208,779</b>	<b>\$ 108,870</b>	<b>\$ 99,909</b>	<b>\$ (59,892)</b>	<b>\$ 159,801</b>	<b>\$ 167,947</b>	<b>\$ 84,449</b>	<b>\$ 83,498</b>	<b>\$ (34,607)</b>	<b>\$ 118,105</b>
<b>Loss Ratio</b>	<b>55.8%</b>		<b>61.1%</b>		<b>58.2%</b>	<b>57.6%</b>		<b>63.4%</b>		<b>61.0%</b>
<b>Combined Ratio</b>	<b>89.9%</b>		<b>95.2%</b>		<b>92.3%</b>	<b>88.3%</b>		<b>94.2%</b>		<b>91.8%</b>

**Notes:**

- 2015 natural catastrophe losses include Chile Flooding, Storm Niklas, and Sydney Hailstorm.
- 2014 natural catastrophe losses include European Hailstorm and Q2 US Wind and Thunderstorms.

# SEGMENT INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2015

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 3,874,191	\$ 1,607,910	\$ 5,482,101	\$ 154,394	\$ 5,636,495
Net premiums written	\$ 2,490,880	\$ 1,445,936	\$ 3,936,816	\$ 32,764	\$ 3,969,580
Net premiums earned	\$ 2,375,212	\$ 1,008,077	\$ 3,383,289	\$ 32,764	\$ 3,416,053
Net losses and loss expenses incurred	(1,513,317)	(407,705)	(1,921,022)	(41,468)	(1,962,490)
Acquisition expenses	(262,103)	(229,709)	(491,812)	(3,501)	(495,313)
Operating expenses (Note 2)	(500,618)	(114,222)	(614,840)	(872)	(615,712)
Underwriting (loss) profit	<u>\$ 99,174</u>	<u>\$ 256,441</u>	<u>\$ 355,615</u>	<u>\$ (13,077)</u>	<u>\$ 342,538</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	282,269	21,041	303,310
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	97,283	97,283
Net investment results structured products (Note 4)	6,306	3,976	10,282	-	10,282
Net fee income and other (Note 5)	(9,498)	1,448	(8,050)	178	(7,872)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			10,030	(1,077)	8,953
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	93,905	93,905
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				9,807	9,807
Net realized and unrealized gains (losses) on derivative instruments				65,030	65,030
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				98,836	98,836
Gain on sale of operating affiliate					340,407
Foreign exchange (gains) losses				37,764	37,764
Corporate operating expenses				193,430	193,430
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 650,146</u>	<u>\$ 481,139</u>	<u>\$ 1,131,285</u>
Interest expense (Note 8)					(80,519)
Non-controlling interests					(42,269)
Income tax					(57,177)
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ 951,320</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.7%	40.4%	56.8%		
Underwriting expense ratio	32.1%	34.2%	32.7%		
Combined ratio	95.8%	74.6%	89.5%		
Total net prior year development	(44,132)	(113,226)	(157,358)		
Natural catastrophe losses (Note 9)	74,542	-	74,542		
Reinstatement premium	-	-	-		
Loss and loss expense ratio excluding net prior year development	65.6%	51.7%	61.4%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	62.4%	51.7%	59.2%		

**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 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 \$31.1 million and \$20.6 million, respectively.
- Net fee income and other includes operating expenses of \$23.6 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.
- Operating expenses includes approximately \$47.3 million of deal related costs and \$27.9 million of integration costs resulting from the Catlin acquisition. See pages 8 - 10 for split of segment and corporate operating expenses. See pages 15 - 16 for split of segment and corporate operating expenses.
- Interest expense includes approximately \$14.5 million in bridge financing costs related to the Catlin acquisition and excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophe losses include US Winter storms, Chile Flooding, Storm Niklas, Sydney Hailstorm, and Tropical Cyclone Marcia.

## SEGMENT INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2014

(U.S. Dollars in thousands)

(Unaudited)

(Note 1)



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 3,189,331	\$ 1,350,837	\$ 4,540,168	\$ 171,007	\$ 4,711,175
Net premiums written	\$ 2,124,247	\$ 1,228,619	\$ 3,352,866	\$ 134,829	\$ 3,487,695
Net premiums earned	\$ 1,996,430	\$ 854,174	\$ 2,850,604	\$ 134,829	\$ 2,985,433
Net losses and loss expenses incurred	(1,266,820)	(392,565)	(1,659,385)	(198,886)	(1,858,271)
Acquisition expenses	(204,863)	(168,109)	(372,972)	(11,061)	(384,033)
Operating expenses (Note 3)	(416,983)	(88,443)	(505,426)	(5,397)	(510,823)
Underwriting (loss) profit	<u>\$ 107,764</u>	<u>\$ 205,057</u>	<u>\$ 312,821</u>	<u>\$ (80,515)</u>	<u>\$ 232,306</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	288,082	123,010	411,092
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	(19,165)	(19,165)
Net investment results structured products (Note 5)	36,535	6,303	42,838	-	42,838
Net fee income and other (Note 6)	(4,779)	1,337	(3,442)	90	(3,352)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 4)			96,171	3,902	100,073
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				(8,147)	(8,147)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 4)				(17,546)	(17,546)
Net realized and unrealized gains (losses) on derivative instruments				13,409	13,409
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				125,009	125,009
Foreign exchange (gains) losses				31,582	31,582
Corporate operating expenses				107,833	107,833
Loss on sale of life reinsurance subsidiary (Note 4)				666,423	666,423
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 736,470</u>	<u>\$ (627,461)</u>	<u>\$ 109,009</u>
Interest expense (Note 8)					64,444
Non-controlling interests					39,441
Income taxes					28,667
<b>Net (loss) income attributable to XL Group plc</b>					<u>\$ (23,543)</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.5%	46.0%	58.2%		
Underwriting expense ratio	31.1%	30.0%	30.8%		
Combined ratio	94.6%	76.0%	89.0%		
Total net prior year development	(45,327)	(77,952)	(123,279)		
Natural catastrophe losses (Note 9)	32,162	21,626	53,788		
Reinstatement premium	-	1,966	1,966		
Loss and loss expense ratio excluding net prior year development	65.7%	55.1%	62.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	64.1%	52.7%	60.7%		

### 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 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 \$35.7 million and \$(7.4) million, respectively.
- Net fee income and other includes operating expenses of \$24.5 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural catastrophe losses include US and Canada Storm, Korea Snow storm, European Hailstorm and Q2 US Wind and Thunderstorms.



## PREMIUMS BY LINE OF BUSINESS

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



FOR THE SIX MONTHS ENDED JUNE 30, 2015  
GROSS PREMIUMS WRITTEN

FOR THE SIX MONTHS ENDED JUNE 30, 2014  
GROSS PREMIUMS WRITTEN

	<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	\$ 803,846	\$ 103,408	\$ -	\$ 907,254	\$ 739,318	\$ 84,276	\$ -	\$ 823,594
Casualty	1,335,506	225,777	-	1,561,283	1,193,418	199,260	-	1,392,678
Property catastrophe	-	479,471	-	479,471	-	442,357	-	442,357
Property	627,589	561,787	-	1,189,376	556,725	411,502	-	968,227
Marine, energy, aviation and satellite	(4)	66,336	-	66,332	-	72,499	-	72,499
Specialty	885,242	-	-	885,242	502,324	-	-	502,324
Other (Note 3)	222,012	171,131	-	393,143	197,546	140,943	-	338,489
<b>Total P&amp;C operations</b>	<b>3,874,191</b>	<b>1,607,910</b>	<b>-</b>	<b>5,482,101</b>	<b>3,189,331</b>	<b>1,350,837</b>	<b>-</b>	<b>4,540,168</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	68,862	68,862	-	-	78,600	78,600
Run-Off Life Operations - Other Life	-	-	85,532	85,532	-	-	92,407	92,407
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>154,394</b>	<b>154,394</b>	<b>-</b>	<b>-</b>	<b>171,007</b>	<b>171,007</b>
<b>Total</b>	<b>\$ 3,874,191</b>	<b>\$ 1,607,910</b>	<b>\$ 154,394</b>	<b>\$ 5,636,495</b>	<b>\$ 3,189,331</b>	<b>\$ 1,350,837</b>	<b>\$ 171,007</b>	<b>\$ 4,711,175</b>

**NET PREMIUMS WRITTEN**

	<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	\$ 530,466	\$ 103,207	\$ -	\$ 633,673	\$ 520,655	\$ 84,283	\$ -	\$ 604,938
Casualty	809,053	217,985	-	1,027,038	828,052	197,430	-	1,025,482
Property catastrophe	-	416,384	-	416,384	-	382,958	-	382,958
Property	391,503	509,695	-	901,198	277,047	382,546	-	659,593
Marine, energy, aviation and satellite	(85)	57,524	-	57,439	-	65,555	-	65,555
Specialty	602,870	-	-	602,870	352,600	-	-	352,600
Other (Note 3)	157,073	141,141	-	298,214	145,893	115,847	-	261,740
<b>Total P&amp;C operations</b>	<b>2,490,880</b>	<b>1,445,936</b>	<b>-</b>	<b>3,936,816</b>	<b>2,124,247</b>	<b>1,228,619</b>	<b>-</b>	<b>3,352,866</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	53,362	53,362
Run-Off Life Operations - Other Life	-	-	32,764	32,764	-	-	81,467	81,467
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>32,764</b>	<b>32,764</b>	<b>-</b>	<b>-</b>	<b>134,829</b>	<b>134,829</b>
<b>Total</b>	<b>\$ 2,490,880</b>	<b>\$ 1,445,936</b>	<b>\$ 32,764</b>	<b>\$ 3,969,580</b>	<b>\$ 2,124,247</b>	<b>\$ 1,228,619</b>	<b>\$ 134,829</b>	<b>\$ 3,487,695</b>

**NET PREMIUMS EARNED**

	<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	\$ 552,759	\$ 78,233	\$ -	\$ 630,992	\$ 542,936	\$ 94,343	\$ -	\$ 637,279
Casualty	729,807	183,995	-	913,802	702,994	159,650	-	862,644
Property catastrophe	-	257,526	-	257,526	-	220,999	-	220,999
Property	343,369	363,121	-	706,490	282,607	277,576	-	560,183
Marine, energy, aviation and satellite	(16)	50,624	-	50,608	-	44,579	-	44,579
Specialty	596,162	-	-	596,162	356,857	-	-	356,857
Other (Note 3)	153,131	74,578	-	227,709	111,036	57,027	-	168,063
<b>Total P&amp;C operations</b>	<b>2,375,212</b>	<b>1,008,077</b>	<b>-</b>	<b>3,383,289</b>	<b>1,996,430</b>	<b>854,174</b>	<b>-</b>	<b>2,850,604</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	53,361	53,361
Run-Off Life Operations - Other Life	-	-	32,764	32,764	-	-	81,468	81,468
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>32,764</b>	<b>32,764</b>	<b>-</b>	<b>-</b>	<b>134,829</b>	<b>134,829</b>
<b>Total</b>	<b>\$ 2,375,212</b>	<b>\$ 1,008,077</b>	<b>\$ 32,764</b>	<b>\$ 3,416,053</b>	<b>\$ 1,996,430</b>	<b>\$ 854,174</b>	<b>\$ 134,829</b>	<b>\$ 2,985,433</b>

**Notes:**

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

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2015 vs JUNE 30, 2014**  
(U.S. Dollars in thousands)  
(Unaudited)



	FOR THE SIX MONTHS ENDED JUNE 30, 2015					FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 3,874,191		\$ 3,874,191	-	\$ 3,874,191	\$ 3,189,331		\$ 3,189,331	-	\$ 3,189,331
Net premiums written	2,490,880	-	2,490,880	-	2,490,880	2,124,247	-	2,124,247	-	2,124,247
Net premiums earned	2,375,212	-	2,375,212	-	2,375,212	1,996,430	-	1,996,430	-	1,996,430
Net losses incurred	1,513,317	(44,132)	1,557,449	74,542	1,482,907	1,266,820	(45,327)	1,312,147	32,162	1,279,985
Acquisition expenses	262,103		262,103	-	262,103	204,863		204,863	-	204,863
Operating expenses	500,618		500,618	-	500,618	416,983		416,983	-	416,983
<b>Underwriting profit / (loss)</b>	<b>\$ 99,174</b>	<b>\$ 44,132</b>	<b>\$ 55,042</b>	<b>\$ (74,542)</b>	<b>\$ 129,584</b>	<b>\$ 107,764</b>	<b>\$ 45,327</b>	<b>\$ 62,437</b>	<b>\$ (32,162)</b>	<b>\$ 94,599</b>
<b>Loss Ratio</b>	<b>63.7%</b>		<b>65.6%</b>		<b>62.4%</b>	<b>63.5%</b>		<b>65.7%</b>		<b>64.1%</b>
<b>Combined Ratio</b>	<b>95.8%</b>		<b>97.7%</b>		<b>94.5%</b>	<b>94.6%</b>		<b>96.9%</b>		<b>95.3%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 1,607,910		\$ 1,607,910	-	\$ 1,607,910	\$ 1,350,837		\$ 1,350,837	1,966	\$ 1,348,871
Net premiums written	1,445,936	-	1,445,936	-	1,445,936	1,228,619	-	1,228,619	1,966	1,226,653
Net premiums earned	1,008,077	-	1,008,077	-	1,008,077	854,174	-	854,174	1,966	852,208
Net losses incurred	407,705	(113,226)	520,931	-	520,931	392,565	(77,952)	470,517	21,626	448,891
Acquisition expenses	229,709		229,709	-	229,709	168,109		168,109	-	168,109
Operating expenses	114,222		114,222	-	114,222	88,443		88,443	-	88,443
<b>Underwriting profit / (loss)</b>	<b>\$ 256,441</b>	<b>\$ 113,226</b>	<b>\$ 143,215</b>	<b>\$ -</b>	<b>\$ 143,215</b>	<b>\$ 205,057</b>	<b>\$ 77,952</b>	<b>\$ 127,105</b>	<b>\$ (19,660)</b>	<b>\$ 146,765</b>
<b>Loss Ratio</b>	<b>40.4%</b>		<b>51.7%</b>		<b>51.7%</b>	<b>46.0%</b>		<b>55.1%</b>		<b>52.7%</b>
<b>Combined Ratio</b>	<b>74.6%</b>		<b>85.8%</b>		<b>85.8%</b>	<b>76.0%</b>		<b>85.1%</b>		<b>82.8%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 5,482,101		\$ 5,482,101	-	\$ 5,482,101	\$ 4,540,168		\$ 4,540,168	1,966	\$ 4,538,202
Net premiums written	3,936,816	-	3,936,816	-	3,936,816	3,352,866	-	3,352,866	1,966	3,350,900
Net premiums earned	3,383,289	-	3,383,289	-	3,383,289	2,850,604	-	2,850,604	1,966	2,848,638
Net losses incurred	1,921,022	(157,358)	2,078,380	74,542	2,003,838	1,659,385	(123,279)	1,782,664	53,788	1,728,876
Acquisition expenses	491,812		491,812	-	491,812	372,972		372,972	-	372,972
Operating expenses	614,840		614,840	-	614,840	505,426		505,426	-	505,426
<b>Underwriting profit / (loss)</b>	<b>\$ 355,615</b>	<b>\$ 157,358</b>	<b>\$ 198,257</b>	<b>\$ (74,542)</b>	<b>\$ 272,799</b>	<b>\$ 312,821</b>	<b>\$ 123,279</b>	<b>\$ 189,542</b>	<b>\$ (51,822)</b>	<b>\$ 241,364</b>
<b>Loss Ratio</b>	<b>56.8%</b>		<b>61.4%</b>		<b>59.2%</b>	<b>58.2%</b>		<b>62.5%</b>		<b>60.7%</b>
<b>Combined Ratio</b>	<b>89.5%</b>		<b>94.1%</b>		<b>91.9%</b>	<b>89.0%</b>		<b>93.4%</b>		<b>91.5%</b>

**Notes:**

- 2015 natural catastrophe losses include US Winterstorms, Chile Flooding, Storm Niklas, Sydney Hailstorm, and Tropical Cyclone Marcia.
- 2014 natural catastrophe losses include US and Canada Storm, Korea Snow storm, European Hailstorm and Q2 US Wind and Thunderstorms.



# **BALANCE SHEETS**

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



	At June 30, 2015 (Unaudited)	At March 31, 2015 (Unaudited)	At December 31, 2014	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)
<b>Assets</b>					
Fixed maturities, available for sale at fair value (amortized cost: June 30, 2015, \$32,699,709; December 31, 2014, \$27,728,771)	\$ 33,767,991	\$ 29,110,400	\$ 29,359,034	\$ 29,806,144	\$ 30,442,921
Equity securities, at fair value (cost: June 30, 2015, \$964,038; December 31, 2014, \$763,833)	1,073,470	783,471	868,292	960,368	988,710
Short-term investments, at fair value (amortized cost: June 30, 2015, \$806,990; December 31, 2014, \$257,221)	807,486	168,862	256,727	281,887	347,674
Total investments available for sale	35,648,947	30,062,733	30,484,053	31,048,399	31,779,305
Fixed maturities, at fair value (amortized cost: June 30, 2015, \$768,492; December 31, 2014, \$1,180)	748,931	139,377	1,171	-	-
Short-term investments, at fair value (amortized cost: June 30, 2015, \$42,556,672; December 31, 2014, \$0)	42,553	-	-	-	-
Total investments - trading	791,484	139,377	1,171	-	-
Investments in affiliates	1,663,852	1,655,394	1,637,620	1,599,586	1,500,548
Other investments	1,743,259	1,328,935	1,248,439	1,277,442	1,204,564
Total investments	39,847,542	33,186,439	33,371,283	33,925,427	34,484,417
Cash and cash equivalents	2,840,841	3,209,934	2,521,814	2,353,734	3,071,139
Restricted cash	135,638	-	-	-	-
Accrued investment income	312,856	278,714	315,964	330,149	322,100
Deferred acquisition costs and value of business acquired	1,121,362	417,275	354,533	420,953	459,081
Ceded unearned premiums	2,433,462	1,078,575	952,525	1,025,054	1,129,091
Premiums receivable	5,933,368	2,898,739	2,473,736	2,801,683	3,409,296
Reinsurance balances receivable	371,807	118,384	131,519	166,280	149,995
Unpaid losses and loss expenses recoverable	5,155,612	3,529,331	3,429,368	3,431,137	3,354,273
Net receivable from investments sold	118,415	19,627	92,762	26,846	59,469
Goodwill and other intangible assets	2,205,911	442,431	447,952	450,411	455,057
Deferred tax assets	204,155	192,286	204,491	209,334	216,312
Other assets	1,069,737	708,821	750,872	768,748	738,685
<b>Total assets</b>	<b>\$ 61,750,706</b>	<b>\$ 46,080,556</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 25,840,381	\$ 18,965,264	\$ 19,353,243	\$ 19,936,982	\$ 20,281,934
Deposit liabilities	1,212,206	1,211,203	1,245,367	1,242,696	1,288,376
Future policy benefit reserves	4,494,886	4,375,863	4,707,199	4,965,907	5,273,549
Funds withheld liability on Life Retrocession Arrangements, net of future policy benefit reserves recoverable (Note 2)	915,116	1,138,652	1,155,016	914,773	842,753
Unearned premiums	8,548,841	4,532,022	3,973,132	4,301,271	4,704,993
Notes payable and debt	2,726,455	2,643,561	1,662,580	1,662,206	2,262,452
Reinsurance balances payable	2,494,201	558,952	493,230	608,188	779,914
Net payable for investments purchased	149,249	75,145	42,291	85,312	169,222
Deferred tax liabilities	144,044	66,115	66,246	65,320	72,527
Other liabilities	1,020,222	867,356	912,749	906,327	764,618
<b>Total liabilities</b>	<b>\$ 47,545,601</b>	<b>\$ 34,434,133</b>	<b>\$ 33,611,053</b>	<b>\$ 34,688,982</b>	<b>\$ 36,440,338</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Ordinary shares, 999,990,000 authorized, par value \$0.01; issued and outstanding (June 30, 2015, 303,891,887; December 31, 2014, 255,182,955)	\$ 3,039	\$ 2,567	\$ 2,552	\$ 2,602	\$ 2,683
Additional paid in capital	9,153,868	7,361,138	7,359,102	7,490,875	7,700,377
Accumulated other comprehensive income (loss)	1,076,174	1,705,170	1,484,458	1,231,929	1,207,034
Retained earnings (deficit)	2,014,217	1,175,182	1,187,639	1,115,648	1,124,195
Shareholders' equity attributable to XL Group plc	12,247,298	10,244,057	10,033,751	9,841,054	10,034,289
Non-controlling interest in equity of consolidated subsidiaries	1,957,807	1,402,366	1,402,015	1,379,720	1,374,288
<b>Total shareholders' equity</b>	<b>\$ 14,205,105</b>	<b>\$ 11,646,423</b>	<b>\$ 11,435,766</b>	<b>\$ 11,220,774</b>	<b>\$ 11,408,577</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 61,750,706</b>	<b>\$ 46,080,556</b>	<b>\$ 45,046,819</b>	<b>\$ 45,909,756</b>	<b>\$ 47,848,915</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 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 June 30, 2015 In Use (Unaudited)	March 31, 2015 In Use (Unaudited)	At December 31, 2014 In Use	At September 30, 2014 In Use (Unaudited)	At June 30, 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
2.30% Senior Notes	2018	300	298	298	297	297	297
5.75% Senior Notes	2021	400	397	397	397	397	397
6.375% Senior Notes	2024	350	349	349	349	349	349
4.45% Subordinated Notes	2025	500	492	492	-	-	-
6.25% Senior Notes	2035	325	323	323	323	323	323
Variable Rate Note, face amount €7m (Note 4)	2036	8	7	-	-	-	-
Variable Rate Note, face amount \$27m (Note 4)	2036	27	25	-	-	-	-
Variable Rate Note, face amount \$31m (Note 4)	2036	31	29	-	-	-	-
Variable Rate Note, face amount \$10m (Note 4)	2036	10	9	-	-	-	-
Variable Rate Note, face amount €11m (Note 4)	2036	12	11	-	-	-	-
5.25% Senior Notes	2043	300	296	296	296	296	296
5.5% Subordinated Notes	2045	500	488	488	-	-	-
<b>Total debt</b>		<b>\$ 3,763</b>	<b>\$ 2,724</b>	<b>\$ 2,643</b>	<b>\$ 1,662</b>	<b>\$ 1,662</b>	<b>\$ 2,262</b>
Adjustment to carrying value - impact of fair value hedges and other			2	1	1	0	0
Total debt per consolidated balance sheet			\$ 2,726	\$ 2,644	\$ 1,663	\$ 1,662	\$ 2,262
<u>Shareholders' Capital</u>							
Ordinary shares - capital and surplus			\$ 9,157	\$ 7,364	\$ 7,362	\$ 7,493	\$ 7,703
Non-controlling interest in equity of consolidated subsidiaries			1,958	1,402	1,402	1,380	1,374
Other			3,090	2,880	2,672	2,348	2,331
<b>Total shareholders' capital</b>			<b>\$ 14,205</b>	<b>\$ 11,646</b>	<b>\$ 11,436</b>	<b>\$ 11,221</b>	<b>\$ 11,409</b>
<b>Total capital (total debt plus total shareholders' capital)</b>			<b>\$ 16,929</b>	<b>\$ 14,289</b>	<b>\$ 13,098</b>	<b>\$ 12,883</b>	<b>\$ 13,671</b>
<b>Debt to total capital</b>			16.1%	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.
4. These subordinated notes were acquired as a result of the combination of Catlin Group Limited.

## RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

(U.S. dollars in thousands)



	At June 30, 2015 (Unaudited)	At March 31, 2015 (Unaudited)	At December 31, 2014	At September 30, 2014 (Unaudited)	At June 30, 2014 (Unaudited)
Unpaid losses and loss expenses recoverable	\$ 5,155,612	\$ 3,529,331	\$ 3,429,368	\$ 3,431,137	\$ 3,354,273
Reinsurance balances receivable	371,807	118,384	131,519	166,280	149,995
Total recoverable and reinsurance balances receivable (Note 1)	<u>\$ 5,527,419</u>	<u>\$ 3,647,715</u>	<u>\$ 3,560,887</u>	<u>\$ 3,597,417</u>	<u>\$ 3,504,268</u>

The following is an analysis at March 31, 2015 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	45.6%
Munich Reinsurance Co.	AA-/Stable	15.2%
Swiss Reinsurance Co.	AA-/Stable	4.5%
Swiss Re Europe S.A.	AA-/Stable	3.4%

"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 \$62.1 million at June 30, 2015, \$54.2 million at March 31, 2015, \$64.4 million at December 31, 2014, \$74.9 million at September 30, 2014 and \$79.1 million at June 30, 2014.



# LOSS ANALYSIS

# ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)

(Unaudited)



## P&C OPERATIONS

	For the three months ended June 30, 2015				For the six months ended June 30, 2015			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,799	\$ (221)	\$ 1,578	137.1%	\$ 2,765	\$ (351)	\$ 2,414	125.7%
Change in unpaid loss reserves	(232)	(195)	(427)		(148)	(345)	(493)	
Included losses	\$ 1,567	\$ (416)	\$ 1,151		\$ 2,617	\$ (696)	\$ 1,921	
Prior year development (PYD)			\$ (109)				\$ (157)	
Included losses excluding PYD			1,260	125.2%			2,078	116.2%

  

	For the three months ended March 31, 2015				For the three months ended March 31, 2015			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
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	
PYD			\$ (48)				\$ (48)	
Included losses excluding PYD			818	102.3%			818	102.3%

  

	For the three months ended June 30, 2014				For the six months ended June 30, 2014			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,076	\$ (134)	\$ 942	113.8%	\$ 2,148	\$ (332)	\$ 1,816	109.4%
Change in unpaid loss reserves	(178)	64	(114)		(242)	86	(156)	
Included losses	\$ 898	\$ (70)	\$ 828		\$ 1,906	\$ (246)	\$ 1,660	
PYD			\$ (84)				\$ (123)	
Included losses excluding PYD			912	103.3%			1,783	101.9%



## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)



### P&C OPERATIONS

	At June 30, 2015 (Unaudited)			At March 31, 2015 (Unaudited)		
	GROSS	RECOVERIES	NET	GROSS	RECOVERIES	NET
Outstanding loss reserves	\$ 10,495	\$ (1,801)	\$ 8,694	\$ 7,461	\$ (1,116)	\$ 6,345
Incurring but not reported reserves	15,163	(3,314)	11,849	11,892	(2,295)	9,597
Fair value adjustments recoverable	\$ 182	(25)	\$ 157	\$ -	-	-
Unpaid losses and loss expense reserves	<u>\$ 25,840</u>	<u>\$ (5,140)</u>	<u>\$ 20,700</u>	<u>\$ 19,353</u>	<u>\$ (3,411)</u>	<u>\$ 15,942</u>

	GROSS	RECOVERIES	NET
Balance at December 31, 2014	\$ 19,353	\$ (3,411)	\$ 15,942
Losses and loss expenses incurred	2,617	(696)	1,921
Loss and loss expenses paid	(2,764)	350	(2,414)
Acquired Reserves	6,933	(1,493)	5,440
Foreign exchange revaluation and other	(299)	110	(189)
Balance at June 30, 2015 (Unaudited)	<u>\$ 25,840</u>	<u>\$ (5,140)</u>	<u>\$ 20,700</u>



# INVESTMENT PORTFOLIO INFORMATION

## SCHEDULE 1 - SUMMARY INVESTMENT PORTFOLIO

### CONSOLIDATED

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

	June 30, 2015		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	Fair Value	% of Total
<b>INVESTMENT PORTFOLIO</b>										
<b>Fixed Income Portfolio (excluding Life Funds Withheld Assets)</b>										
<b>U.S. Government Related and Supported (Schedule 4)</b>	\$ 6,581	18.1%	\$ 5,419	17.9%	\$ 4,266	14.2%	\$ 4,177	13.8%	\$ 4,124	13.0%
U.S. Treasuries	3,350	9.2%	3,169	10.5%	1,976	6.6%	1,921	6.4%	1,894	6.0%
U.S. Agencies	265	0.7%	244	0.8%	237	0.8%	241	0.8%	259	0.8%
U.S. Municipals	2,436	6.7%	1,999	6.6%	2,046	6.8%	2,007	6.6%	1,963	6.2%
U.S. FDIC Guaranteed	530	1.5%	7	0.0%	7	0.0%	8	0.0%	8	0.0%
<b>Non-U.S. Government Related and Supported (Schedule 4)</b>	5,671	15.4%	4,240	14.1%	4,458	14.9%	4,437	14.6%	4,556	14.6%
<b>Corporate (Schedule 5)</b>	10,342	28.4%	8,243	27.4%	8,892	29.8%	9,553	31.6%	9,916	31.5%
Financials	3,201	8.8%	2,444	8.1%	2,803	9.4%	2,964	9.8%	3,115	9.9%
Non-Financials	7,141	19.6%	5,799	19.3%	6,089	20.4%	6,589	21.8%	6,801	21.6%
<b>Mortgage Backed Securities</b>	5,282	14.5%	5,143	17.1%	5,228	17.5%	4,890	16.3%	4,864	15.4%
Agency RMBS (Schedule 6)	3,967	10.9%	3,723	12.4%	3,740	12.5%	3,346	11.1%	3,314	10.5%
Non-Agency RMBS (Schedule 6)	375	1.0%	383	1.3%	431	1.4%	440	1.5%	421	1.3%
CMBS (Schedule 7)	940	2.6%	1,037	3.4%	1,057	3.6%	1,104	3.7%	1,129	3.6%
<b>Asset Backed Securities (Schedule 8 &amp; 9)</b>	2,882	8.0%	1,681	5.6%	1,775	5.9%	1,909	6.3%	2,054	6.6%
CDOs (Schedule 8)	495	1.4%	502	1.7%	694	2.3%	748	2.5%	739	2.4%
Consumer ABS (Schedule 9)	1,017	2.8%	505	1.7%	340	1.1%	345	1.1%	426	1.4%
Other ABS (Schedule 9)	1,370	3.8%	674	2.2%	741	2.5%	816	2.7%	889	2.8%
<b>Cash and Equivalents (net of payables/receivables)</b>	1,231	3.4%	1,616	5.4%	1,511	5.1%	1,416	4.7%	2,219	7.1%
<b>Total Fixed Income - Investments (Schedule 2 &amp; 3) (Note 1)</b>	<u>\$ 31,989</u>	<u>87.8%</u>	<u>\$ 26,342</u>	<u>87.5%</u>	<u>\$ 26,130</u>	<u>87.4%</u>	<u>\$ 26,382</u>	<u>87.3%</u>	<u>\$ 27,733</u>	<u>88.2%</u>
<b>Equity Securities</b>										
Public Equities	1,073	2.9%	782	2.6%	789	2.6%	875	2.9%	897	2.9%
Fixed Income Funds	1	0.0%	1	0.0%	79	0.3%	85	0.3%	92	0.3%
<b>Total Equity Securities</b>	<u>\$ 1,073</u>	<u>2.9%</u>	<u>\$ 783</u>	<u>2.6%</u>	<u>\$ 868</u>	<u>2.9%</u>	<u>\$ 960</u>	<u>3.2%</u>	<u>\$ 989</u>	<u>3.2%</u>
<b>Investments in Affiliates</b>										
Alternative Funds	1,024	2.8%	1,018	3.4%	1,023	3.5%	1,003	3.3%	937	3.0%
Private Investments	340	0.9%	205	0.7%	196	0.7%	186	0.6%	176	0.6%
Investment Manager Affiliates	101	0.3%	94	0.3%	101	0.3%	109	0.4%	94	0.3%
Strategic Operating Affiliates	199	0.5%	339	1.1%	317	1.1%	302	1.0%	294	0.9%
<b>Total Investments in Affiliates</b>	<u>\$ 1,664</u>	<u>4.5%</u>	<u>\$ 1,655</u>	<u>5.5%</u>	<u>\$ 1,638</u>	<u>5.6%</u>	<u>\$ 1,600</u>	<u>5.3%</u>	<u>\$ 1,501</u>	<u>4.8%</u>
<b>Other Investments</b>										
Alternative Funds	728	2.0%	710	2.4%	641	2.1%	677	2.2%	710	2.3%
Private Investments	206	0.6%	136	0.4%	129	0.4%	115	0.4%	104	0.3%
Fixed Income and Other	809	2.2%	483	1.6%	478	1.6%	485	1.6%	390	1.2%
<b>Total Other Investments</b>	<u>\$ 1,743</u>	<u>4.8%</u>	<u>\$ 1,329</u>	<u>4.4%</u>	<u>\$ 1,248</u>	<u>4.1%</u>	<u>\$ 1,277</u>	<u>4.2%</u>	<u>\$ 1,204</u>	<u>3.8%</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 36,469</u>	<u>100.0%</u>	<u>\$ 30,109</u>	<u>100.0%</u>	<u>\$ 29,884</u>	<u>100.0%</u>	<u>\$ 30,219</u>	<u>100.0%</u>	<u>\$ 31,427</u>	<u>100.0%</u>
Operating cash and Short-Term Treasury Deposits (Note 2)	1,664		1,432		948		839		682	
<b>TOTAL INVESTMENTS AND OPERATING CASH</b>	<u>\$ 38,133</u>		<u>\$ 31,541</u>		<u>\$ 30,832</u>		<u>\$ 31,058</u>		<u>\$ 32,109</u>	
<b>Life Funds Withheld Assets (Schedule 12)</b>										
Life Funds Withheld Assets	4,972		5,079		5,427		5,492		5,659	
<b>Total Investments and Operating Cash including Life Funds Withheld Assets</b>	<u>\$ 43,106</u>		<u>\$ 36,620</u>		<u>\$ 36,259</u>		<u>\$ 36,550</u>		<u>\$ 37,768</u>	
<b>FIXED INCOME PORTFOLIO CREDIT QUALITY (excluding Life Funds Withheld Assets):</b>										
AAA	\$ 14,744	46.1%	\$ 12,781	48.5%	\$ 11,509	44.1%	\$ 11,237	42.6%	\$ 12,285	44.3%
AA	7,139	22.4%	4,925	18.7%	5,334	20.4%	5,518	20.9%	5,525	19.9%
A	6,864	21.5%	5,688	21.6%	6,158	23.6%	6,381	24.2%	6,727	24.3%
BBB	2,446	7.6%	2,199	8.4%	2,321	8.9%	2,393	9.1%	2,408	8.7%
BB and Below	687	2.1%	724	2.7%	793	3.0%	819	3.1%	755	2.7%
Not Rated	109	0.3%	25	0.1%	15	0.0%	34	0.1%	33	0.1%
<b>Total Fixed Income - Investments (Note 1)</b>	<u>\$ 31,989</u>	<u>100.0%</u>	<u>\$ 26,342</u>	<u>100.0%</u>	<u>\$ 26,130</u>	<u>100.0%</u>	<u>\$ 26,382</u>	<u>100.0%</u>	<u>\$ 27,733</u>	<u>100.0%</u>
<b>Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 3)</b>		AA		AA		AA-		AA-		AA

**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.
- Summary by core currency: U.S. Dollar denominated \$831m, Sterling denominated \$412m, Euro denominated \$164m and Other denominated \$257m.
- 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 - June 30, 2015							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated			
Corporate	\$ 165	\$ 2,279	\$ 5,982	\$ 1,574	\$ 298	\$ 44	\$ 10,342	32.3%	
Agency Structured Credit	3,967	-	-	-	-	-	3,967	12.4%	
Non-Agency Structured Credit	3,228	403	147	97	318	4	4,197	13.1%	
Government Related and Supported	6,533	4,139	732	775	71	2	12,252	38.3%	
Cash and Equivalents (net of payables/receivables)	851	318	3	-	-	59	1,231	3.9%	
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 14,744</b>	<b>\$ 7,139</b>	<b>\$ 6,864</b>	<b>\$ 2,446</b>	<b>\$ 687</b>	<b>\$ 109</b>	<b>\$ 31,989</b>	<b>100.0%</b>	
% by Credit Rating	46.1%	22.4%	21.5%	7.6%	2.1%	0.3%	100.0%		
<b>Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 2)</b>								<b>AA</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.

## SCHEDULE 3 - FIXED INCOME PORTFOLIO CHARACTERISTICS

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

	June 30, 2015				March 31, 2015			
	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	\$ 23,718	2.0%	2.54%	3.6	\$ 19,934	1.9%	2.73%	3.8
Euro denominated	3,608	0.8%	1.44%	3.5	3,083	0.6%	1.62%	3.7
Sterling denominated	2,680	1.7%	2.17%	3.7	1,757	1.6%	2.72%	4.4
Other denominated	1,983	0.9%	2.57%	2.7	1,568	0.8%	2.81%	2.8
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 31,989</b>	<b>1.8%</b>	<b>2.39%</b>	<b>3.5</b>	<b>\$ 26,342</b>	<b>1.7%</b>	<b>2.60%</b>	<b>3.7</b>
Life Funds Withheld Assets Fixed Income Investments (Schedule 12)	4,972	2.6%	4.30%	9.5	5,079	2.4%	4.50%	9.6
<b>Total Fixed Income Investments including Life Funds Withheld Assets</b>	<b>\$ 36,961</b>	<b>1.9%</b>	<b>2.65%</b>	<b>4.3</b>	<b>\$ 31,421</b>	<b>1.8%</b>	<b>2.91%</b>	<b>4.7</b>

	US Dollar			US Dollar	
	Equivalent Fair Value	%		Equivalent Fair Value	%
<b>Summary by Maturity (excluding Life Funds Withheld Assets)</b>					
Cash and cash equivalents	\$ 1,231	3.8%		\$ 1,616	6.1%
Short term investments	766	2.4%		128	0.5%
0-5 years	13,791	43.1%		11,164	42.4%
5-10 years	4,774	14.9%		3,568	13.5%
10+ years	3,263	10.2%		3,042	11.6%
Asset back and mortgage backed securities	8,164	25.6%		6,824	25.9%
<b>TOTAL FIXED INCOME INVESTMENTS (Note 1)</b>	<b>\$ 31,989</b>	<b>100.0%</b>		<b>\$ 26,342</b>	<b>100.0%</b>

	US Dollar			US Dollar	
	Equivalent Fair Value	Pre-Tax Book Yield (Gross)		Equivalent Fair Value	Pre-Tax Book Yield (Gross)
<b>Summary of estimated total fixed income maturities and paydowns over the next 12 months excluding cash and cash equivalents (excluding Life Funds Withheld Assets)</b>					
U.S. Government Related and Supported	\$ 488	1.27%		\$ 322	1.43%
Non U.S. Government Related and Supported	928	1.86%		398	2.29%
Corporate	1,248	2.85%		1,017	3.39%
Mortgage Backed Securities (Note 2)	604	3.16%		535	3.22%
Asset Backed Securities (Note 2)	818	2.22%		631	2.65%
<b>TOTAL</b>	<b>\$ 4,086</b>	<b>2.36%</b>		<b>\$ 2,903</b>	<b>2.83%</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: June 30, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
<b>U.S. Treasuries</b>	<b>3,350</b>	-	-	-	-	<b>\$ 3,350</b>	<b>27.3%</b>
<b>U.S. Agencies</b>	<b>265</b>	-	-	-	-	<b>265</b>	<b>2.2%</b>
<b>U.S. Municipals (Note 2)</b>	<b>416</b>	<b>1,545</b>	<b>465</b>	<b>2</b>	<b>8</b>	<b>2,436</b>	<b>19.9%</b>
Revenue	136	772	374	1	5	1,288	10.5%
State & Local Government Obligation	137	328	45	1	1	512	4.2%
Pre-Refunded	61	140	19	-	2	222	1.8%
Taxable	82	305	27	-	-	414	3.4%
<b>U.S. Agency Government Guarantee</b>	<b>530</b>	-	-	-	-	<b>530</b>	<b>4.3%</b>
<b>Non-U.S. Government and Government-Related (includes Provincials and Local Authorities)</b>	<b>1,180</b>	<b>2,209</b>	<b>267</b>	<b>766</b>	<b>65</b>	<b>4,487</b>	<b>36.5%</b>
United Kingdom	-	1,183	-	-	-	1,183	9.6%
Canada	381	173	10	-	-	564	4.5%
France	-	336	94	-	-	430	3.5%
Germany	281	19	8	-	-	308	2.5%
Netherlands	99	207	1	-	-	307	2.5%
Switzerland	172	47	12	-	-	231	1.9%
Brazil	-	-	-	154	27	181	1.5%
Australia	88	26	-	-	-	114	0.9%
Singapore	108	-	-	-	-	108	0.9%
Norway	34	38	27	-	-	99	0.8%
Spain	-	-	-	94	-	94	0.8%
Indonesia	-	-	-	79	13	92	0.8%
Mexico	-	-	-	87	-	87	0.7%
Hong Kong	-	55	-	-	-	55	0.4%
Sweden	4	27	22	-	-	53	0.4%
Turkey	-	-	-	50	-	50	0.4%
Colombia	-	-	-	48	-	48	0.4%
Kazakhstan	-	-	-	45	-	45	0.4%
China	-	36	6	2	-	44	0.4%
Panama	-	-	-	40	-	40	0.3%
Slovenia	-	-	-	40	-	40	0.3%
Belgium	-	17	17	-	-	34	0.3%
South Africa	-	-	-	30	3	33	0.3%
Chile	-	8	17	5	-	30	0.2%
Peru	-	-	-	25	-	25	0.2%
Austria	-	18	-	7	-	25	0.2%
Lithuania	-	-	23	-	-	23	0.2%
Others (Individually under \$20 million) (Note 3)	13	19	30	60	22	144	1.2%
<b>Non-U.S. Government Guaranteed</b>	<b>657</b>	<b>155</b>	-	<b>7</b>	-	<b>819</b>	<b>6.8%</b>
Canada	330	-	-	-	-	330	2.7%
Germany	325	-	-	-	-	325	2.7%
United Kingdom	-	86	-	-	-	86	0.7%
France	-	57	-	-	-	57	0.5%
Others (Individually under \$20 million) (Note 3)	2	12	-	7	-	21	0.2%
<b>Supranationals</b>	<b>135</b>	<b>230</b>	-	-	-	<b>365</b>	<b>3.0%</b>
European Financial Stability Facility	-	182	-	-	-	182	1.5%
European Investment Bank	62	-	-	-	-	62	0.5%
European Stability Mechanism	-	48	-	-	-	48	0.4%
International Bank For Reconstruction & Development	30	-	-	-	-	30	0.2%
Others (Individually under \$20 million) (Note 3)	43	-	-	-	-	43	0.4%
<b>Total Government Related and Supported</b>	<b>\$ 6,533</b>	<b>\$ 4,139</b>	<b>\$ 732</b>	<b>\$ 775</b>	<b>\$ 73</b>	<b>\$ 12,252</b>	<b>100.0%</b>
% of Total	53.3%	33.8%	6.0%	6.3%	0.6%	100.0%	

## SCHEDULE 4 (cont'd) - GOVERNMENT RELATED AND SUPPORTED (U.S. Municipals)

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

Fair Value Top 10 Municipals by State	FIXED INCOME CREDIT QUALITY: June 30, 2015				
	Revenue	Local & State G.O.	Pre-Refunded	Taxable	Total
New York	\$ 153	\$ 19	\$ 6	\$ 91	\$ 269
Washington	89	48	40	17	194
Texas	73	38	15	63	189
California	50	21	10	50	131
Georgia	89	22	-	10	121
Massachusetts	60	13	14	11	98
Illinois	39	41	13	1	94
Ohio	46	25	4	14	89
Pennsylvania	36	34	-	8	78
Indiana	67	-	-	7	74
<b>Total Top 10 Municipals by State</b>	<b>\$ 702</b>	<b>\$ 261</b>	<b>\$ 102</b>	<b>\$ 272</b>	<b>\$ 1,337</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
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. Included in U.S. Municipals are exposures to Puerto Rican municipals of \$10 million.
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 \$94 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: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Financials</b>	\$ 7	\$ 871	\$ 2,037	\$ 233	\$ 53	\$ 3,201	31.0%	
Banks	-	772	1,831	143	2	2,748	26.6%	
Insurance	7	69	17	10	28	131	1.3%	
Finance	-	30	113	8	23	174	1.7%	
REITS & Brokers	-	-	76	72	-	148	1.4%	
<b>Non-Financials</b>	<b>158</b>	<b>1,408</b>	<b>3,945</b>	<b>1,341</b>	<b>289</b>	<b>7,141</b>	<b>69.0%</b>	
Consumer, Non-Cyclical	93	481	992	293	30	1,889	18.3%	
Utilities	-	90	627	131	6	854	8.3%	
Communications	-	14	282	334	31	661	6.4%	
Industrial	-	219	549	140	27	935	9.0%	
Energy	15	278	325	130	23	771	7.5%	
Consumer, Cyclical	-	68	673	149	35	925	8.9%	
Technology	50	252	286	13	3	604	5.8%	
Basic Materials	-	6	197	105	-	308	3.0%	
Diversified (MTN's) (Note 1)	-	-	14	44	4	62	0.5%	
Other	-	-	-	2	130	132	1.3%	
<b>Total Corporate</b>	<b>\$ 165</b>	<b>\$ 2,279</b>	<b>\$ 5,982</b>	<b>\$ 1,574</b>	<b>\$ 342</b>	<b>\$ 10,342</b>	<b>100.0%</b>	
% of Total	1.6%	22.0%	57.9%	15.2%	3.3%	100.0%		

**Schedule 5(b) - Corporate Capital Structure**
**Fair Value by Capital Structure and Current Rating**

	FIXED INCOME CREDIT QUALITY: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Financials</b>	\$ 7	\$ 871	\$ 2,037	\$ 233	\$ 53	\$ 3,201	31.0%	
Senior	7	871	1,942	146	53	3,019	29.2%	
Subordinated + Lower Tier 2	-	-	95	87	-	182	1.8%	
<b>Non-Financials</b>	<b>158</b>	<b>1,408</b>	<b>3,945</b>	<b>1,341</b>	<b>289</b>	<b>7,141</b>	<b>69.0%</b>	
Senior	158	1,405	3,944	1,340	289	7,136	69.0%	
Subordinated	-	3	1	1	-	5	0.0%	
<b>Total Corporate</b>	<b>\$ 165</b>	<b>\$ 2,279</b>	<b>\$ 5,982</b>	<b>\$ 1,574</b>	<b>\$ 342</b>	<b>\$ 10,342</b>	<b>100.0%</b>	

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

	FIXED INCOME CREDIT QUALITY: June 30, 2015						Total
	AAA	AA	A	BBB	BB and Below		
<b>Financials</b>	\$ -	\$ 13	\$ 27	\$ 2	\$ (1)	\$ 41	
Senior	-	13	21	1	(1)	34	
Subordinated + Lower Tier 2	-	-	6	1	-	7	
<b>Non-Financials</b>	<b>7</b>	<b>34</b>	<b>83</b>	<b>40</b>	<b>(4)</b>	<b>160</b>	
Senior	7	34	83	40	(4)	160	
Subordinated	-	-	-	-	-	-	
<b>Total Net Unrealized Gains (Losses)</b>	<b>\$ 7</b>	<b>\$ 47</b>	<b>\$ 110</b>	<b>\$ 42</b>	<b>\$ (5)</b>	<b>\$ 201</b>	

**Notes:**

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



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

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

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

#### Top 10 Issuers - FINANCIALS (Note 2)

	Fair Value - June 30, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 3)
WELLS FARGO & COMPANY	\$ 196	0.6%	A+
JPMORGAN CHASE & CO.	172	0.5%	A
ROYAL BANK OF CANADA	165	0.5%	AA+
THE GOLDMAN SACHS GROUP, INC.	159	0.5%	A-
CITIGROUP INC.	147	0.5%	A-
THE BANK OF NOVA SCOTIA	147	0.5%	AA+
WESTPAC BANKING CORPORATION	144	0.5%	AA+
BANK OF AMERICA CORPORATION	138	0.4%	A-
RABOBANK NEDERLAND	130	0.4%	AA-
UBS GROUP AG	124	0.4%	AA-

#### Top 10 Issuers - NON-FINANCIALS

	Fair Value - June 30, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 3)
GENERAL ELECTRIC COMPANY	\$ 170	0.5%	AA-
APPLE INC.	155	0.5%	AA+
PHILIP MORRIS INTERNATIONAL INC.	151	0.5%	A
ROYAL DUTCH SHELL PLC	139	0.4%	AA
VOLKSWAGEN AG	129	0.4%	A
ORACLE CORPORATION	120	0.4%	A+
THE PROCTER & GAMBLE COMPANY	105	0.3%	AA-
DUKE ENERGY CORPORATION	103	0.3%	A+
BERKSHIRE HATHAWAY INC.	103	0.3%	A
PFIZER INC.	100	0.3%	AA-

#### Notes:

1. 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.
2. 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.
3. 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: June 30, 2015							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated			
United States	\$ 163	\$ 1,167	\$ 4,161	\$ 1,006	\$ 215	\$ 28	\$ 6,740	65.2%	
United Kingdom	2	32	563	172	36	-	805	7.8%	
Netherlands	-	271	213	34	8	-	526	5.1%	
Canada	-	314	160	33	1	-	508	4.9%	
France	-	94	181	55	6	-	336	3.2%	
Australia	-	168	115	23	-	-	306	3.0%	
Switzerland	-	65	170	24	2	2	263	2.5%	
Germany	-	4	136	79	6	-	225	2.2%	
Sweden	-	111	1	-	-	-	112	1.1%	
Japan	-	8	85	8	2	-	103	1.0%	
Belgium	-	-	92	1	-	-	93	0.9%	
China	-	-	44	6	-	-	50	0.5%	
Luxembourg	-	27	-	3	11	-	41	0.4%	
Diversified European (Medium-Term Notes)	-	-	-	36	-	-	36	0.3%	
Mexico	-	-	23	8	-	-	31	0.3%	
Ireland	-	-	-	23	-	-	23	0.2%	
Chile	-	-	-	23	-	-	23	0.2%	
Others (Individually under \$20 million) (Note 2)	-	18	38	40	11	14	121	1.2%	
<b>Total Corporate</b>	<b>\$ 165</b>	<b>\$ 2,279</b>	<b>\$ 5,982</b>	<b>\$ 1,574</b>	<b>\$ 298</b>	<b>\$ 44</b>	<b>\$ 10,342</b>	<b>100.0%</b>	
% of total	1.6%	22.0%	57.9%	15.2%	2.9%	0.4%	100.0%		

**Notes:**

- 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.
- 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 and \$Nil in Portugal.



## 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: June 30, 2015

#### Fair Value by Country Concentrations (Note 2)

	Bank	Utilities	Diversified	Consumer, Non-Cyclical	Energy	Communications	Other Financial	Other	Total	%
Netherlands	\$ 214	\$ -	\$ -	\$ 45	\$ 140	\$ 15	\$ 3	\$ 109	\$ 526	30.7%
France	123	18	-	42	68	31	-	54	336	19.6%
Switzerland	147	13	-	56	-	-	6	41	263	15.5%
Germany	2	37	-	15	-	17	4	150	225	13.1%
Sweden	111	-	-	-	-	-	-	1	112	6.5%
Belgium	-	-	-	92	-	-	-	1	93	5.4%
Luxembourg	-	-	-	5	22	-	8	6	41	2.5%
Diversified European (Medium-Term Notes)	-	-	36	-	-	-	-	-	36	2.1%
Ireland	-	-	-	-	-	-	-	23	23	1.3%
Denmark	-	-	-	-	-	-	-	19	19	1.1%
Jersey	-	-	-	-	-	-	-	11	11	0.6%
Norway	11	-	-	-	-	-	-	-	11	0.6%
Italy	-	3	-	1	-	2	-	-	6	0.4%
Spain	-	1	-	-	-	4	-	-	5	0.3%
Austria	-	-	-	-	4	-	-	-	4	0.2%
Greece	-	-	-	2	-	-	-	-	2	0.1%
<b>Total Corporate</b>	<b>\$ 608</b>	<b>\$ 72</b>	<b>\$ 36</b>	<b>\$ 258</b>	<b>\$ 234</b>	<b>\$ 69</b>	<b>\$ 21</b>	<b>\$ 415</b>	<b>\$ 1,713</b>	<b>100.0%</b>
% of total	35.5%	4.2%	2.1%	15.1%	13.7%	4.0%	1.2%	24.2%	100.0%	

#### Notes:

- The Company also holds \$366 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.
- 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 - June 30, 2015	
	Fair Value	Average Credit Quality
RABOBANK NEDERLAND	\$ 130	AA-
UBS GROUP AG	124	AA-
SVENSKA HANDELSBANKEN AB	82	AA
BNP PARIBAS	73	A+
DNB ASA	68	AA+
CREDIT SUISSE GROUP AG	68	A
SPAREBANK 1 BOLIGKREDITT AS	62	AAA
ING GROEP N.V.	61	AA-
BPCE	57	AA-
NORDEA BANK AB	52	AA-

#### Notes:

- Includes covered bonds.

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

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

### Schedule 6(a) - Agency RMBS

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

	FIXED INCOME CREDIT QUALITY: June 30, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
FNMA	\$ 2,252	\$ -	\$ -	\$ -	\$ -	2,252	56.8%
FHLMC	1,071	-	-	-	-	1,071	27.0%
GNMA	622	-	-	-	-	622	15.7%
Other (Note 1)	22	-	-	-	-	22	0.5%
<b>Total Agency RMBS</b>	<b>\$ 3,967</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,967</b>	<b>100.0%</b>
% of total	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Total Weighted Average Life						5.0	

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

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: June 30, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
2008-2015	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2007	-	26	2	-	52	80	21.3%
2006	-	4	-	-	72	76	20.3%
2005	-	2	9	36	118	165	44.0%
2004 and prior	1	2	7	6	38	54	14.4%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 34</b>	<b>\$ 18</b>	<b>\$ 42</b>	<b>\$ 280</b>	<b>\$ 375</b>	<b>100.0%</b>
% of total	0.3%	9.1%	4.8%	11.2%	74.6%	100.0%	

#### Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: June 30, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
U.S. Prime (Note 2)	\$ -	\$ -	\$ 3	\$ 4	\$ 21	\$ 28	7.5%
Non-U.S. Prime (Note 2)	-	33	2	-	-	35	9.1%
Sub Prime First Lien (Note 3)	1	1	7	31	158	198	53.0%
Alt A (Note 4)	-	-	4	6	86	96	25.6%
Second Lien	-	-	2	1	15	18	4.8%
ABS CDOs	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 1</b>	<b>\$ 34</b>	<b>\$ 18</b>	<b>\$ 42</b>	<b>\$ 280</b>	<b>\$ 375</b>	<b>100.0%</b>
% of total	0.3%	9.1%	4.8%	11.2%	74.6%	100.0%	
Par Value	\$ 1	\$ 34	\$ 19	\$ 45	\$ 390	\$ 489	
Average Price as a % of Par	100%	100%	95%	93%	72%	77%	
Net Unrealized Gains (Losses)	\$ -	\$ (1)	\$ -	\$ (1)	\$ 13	\$ 11	
Total Weighted Average Life						5.9	

#### 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	\$ 27	\$ 1	\$ -	\$ -	\$ -	\$ 28	7.5%
Non-U.S. Prime	10	13	11	-	-	34	9.1%
Sub Prime First Lien	92	89	13	4	1	199	53.0%
Alt A	78	3	5	1	9	96	25.6%
Second Lien	9	1	4	4	-	18	4.8%
ABS CDOs	-	-	-	-	-	-	0.0%
<b>Total Non-Agency RMBS</b>	<b>\$ 216</b>	<b>\$ 107</b>	<b>\$ 33</b>	<b>\$ 9</b>	<b>\$ 10</b>	<b>\$ 375</b>	<b>100.0%</b>
% of total	57.6%	28.5%	8.8%	2.4%	2.7%	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 37% 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 26%.
- Alt-A securities have an average credit support of 20% and average delinquencies > 60 days are 22%.



## 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: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2015	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ 30	3.2%	
2014	77	37	-	-	-	114	12.1%	
2013	151	-	-	-	-	151	16.1%	
2012	105	-	5	-	-	110	11.7%	
2011	35	-	-	-	-	35	3.7%	
2010	9	13	-	-	1	23	2.4%	
2009	4	-	-	-	-	4	0.4%	
2008	-	-	-	-	-	-	0.0%	
2007	5	3	12	-	-	20	2.1%	
2006	274	37	-	1	4	316	33.7%	
2005	116	5	3	3	-	127	13.5%	
2004 and prior	2	2	1	-	5	10	1.1%	
<b>Total CMBS</b>	<b>\$ 778</b>	<b>\$ 127</b>	<b>\$ 21</b>	<b>\$ 4</b>	<b>\$ 10</b>	<b>\$ 940</b>	<b>100.0%</b>	
% of total	82.8%	13.5%	2.2%	0.4%	1.1%	100.0%		
Par Value	\$ 756	\$ 126	\$ 20	\$ 4	\$ 12	\$ 918		
Average Price as a % of Par	103%	101%	105%	100%	83%	102%		
Net Unrealized Gains (Losses)	\$ 4	\$ -	\$ 1	\$ -	\$ 1	\$ 6		
Total Weighted Average Life							3.7	

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE						Total	%
	AAA	AA	A	BBB	BB and Below			
2015	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ 30	3.2%	
2014	77	37	-	-	-	114	12.1%	
2013	151	-	-	-	-	151	16.1%	
2012	105	-	5	-	-	110	11.7%	
2011	35	-	-	-	-	35	3.7%	
2010	9	13	-	-	1	23	2.4%	
2009	4	-	-	-	-	4	0.4%	
2008	-	-	-	-	-	-	0.0%	
2007	19	1	-	-	-	20	2.1%	
2006	312	4	-	-	-	316	33.7%	
2005	127	-	-	-	-	127	13.5%	
2004 and prior	2	-	1	1	6	10	1.1%	
<b>Total CMBS</b>	<b>\$ 841</b>	<b>\$ 85</b>	<b>\$ 6</b>	<b>\$ 1</b>	<b>\$ 7</b>	<b>\$ 940</b>	<b>100.0%</b>	
% of total	89.6%	9.0%	0.6%	0.1%	0.7%	100.0%		

#### Notes:

1. CMBS securities have an average credit support of 34% and a debt service ratio of 1.7. Average delinquencies > 60 days are 3.0%.



## 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: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
High Yield Loans	\$ 228	\$ 154	\$ 32	\$ 35	\$ 7	\$ 456	92.1%	
Commercial Real Estate	-	-	-	9	2	11	2.2%	
Emerging Markets	5	5	-	-	-	10	2.1%	
Other	-	-	-	3	15	18	3.6%	
<b>Total CDOs</b>	<b>\$ 233</b>	<b>\$ 159</b>	<b>\$ 32</b>	<b>\$ 47</b>	<b>\$ 24</b>	<b>\$ 495</b>	<b>100.0%</b>	
% of total	47.1%	32.1%	6.5%	9.5%	4.8%	100.0%		

#### Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ 132	\$ 21	\$ 5	\$ -	\$ -	\$ 158	31.9%	
2007	41	72	18	16	4	151	30.5%	
2006	49	59	9	15	17	149	30.1%	
2005	11	7	-	16	3	37	7.5%	
2004 and prior	-	-	-	-	-	-	0.0%	
<b>Total CDOs</b>	<b>\$ 233</b>	<b>\$ 159</b>	<b>\$ 32</b>	<b>\$ 47</b>	<b>\$ 24</b>	<b>\$ 495</b>	<b>100.0%</b>	
% of total	47.1%	32.1%	6.5%	9.5%	4.8%	100.0%		

Par Value	\$ 235	\$ 163	\$ 33	\$ 51	\$ 40	\$ 522
Average Price as a % of Par	99%	98%	97%	92%	60%	95%
Net Unrealized Gains (Losses)	(2)	(4)	0	(4)	(3)	(13)
Total Weighted Average Life						3.2

#### Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ 132	\$ 21	\$ 5	\$ -	\$ -	\$ 158	31.9%	
2007	12	82	20	37	-	151	30.5%	
2006	18	80	7	39	5	149	30.1%	
2005	3	26	3	5	-	37	7.5%	
2004 and prior	-	-	-	-	-	-	0.0%	
<b>Total CDOs</b>	<b>\$ 165</b>	<b>\$ 209</b>	<b>\$ 35</b>	<b>\$ 81</b>	<b>\$ 5</b>	<b>\$ 495</b>	<b>100.0%</b>	
% of total	33.3%	42.2%	7.1%	16.4%	1.0%	100.0%		

#### Notes:

- Cash CLOs account for 92% of the holdings, the majority of which were originally rated AAA/AA.
- The tables above exclude \$19 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: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
<b>Autos (Note 1)</b>	<b>\$ 528</b>	<b>\$ 26</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>569</b>	<b>55.9%</b>
U.S.	436	26	15	-	-	-	477	46.9%
Non-U.S.	92	-	-	-	-	-	92	9.0%
<b>Credit Card (Note 2)</b>	<b>\$ 405</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>405</b>	<b>39.8%</b>
U.S.	364	-	-	-	-	-	364	35.8%
Non-U.S.	41	-	-	-	-	-	41	4.0%
<b>Student Loans</b>	<b>\$ 28</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>43</b>	<b>4.3%</b>
U.S.	23	1	-	-	-	-	24	2.4%
Non-U.S.	5	14	-	-	-	-	19	1.9%
<b>Total Consumer ABS</b>	<b>\$ 961</b>	<b>\$ 41</b>	<b>\$ 15</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,017</b>	<b>100.0%</b>
% of total	94.5%	4.0%	1.5%	0.0%	0.0%	0.0%	100.0%	
Net Unrealized Gains (Losses)	2	(1)	0	0	0	0	1	
Total Weighted Average Life							2.1	

**Schedule 9(b) - Other ABS****Fair Value by Collateral Type and Current Rating**

	FIXED INCOME CREDIT QUALITY: June 30, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
Other Real Estate	\$ 23	\$ 8	\$ -	\$ -	\$ -	\$ -	31	2.3%
Telecoms & Utilities	13	-	-	-	-	-	13	0.9%
Pfandbriefe & Covered Bonds	1,170	28	-	-	-	-	1,198	87.5%
Other ABS	48	6	61	2	1	-	118	8.6%
Whole Business	1	-	-	2	7	-	10	0.7%
Health Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
<b>Sub Total Other ABS</b>	<b>\$ 1,255</b>	<b>\$ 42</b>	<b>\$ 61</b>	<b>\$ 4</b>	<b>\$ 8</b>	<b>\$ -</b>	<b>1,370</b>	<b>100.0%</b>
% of total	91.5%	3.1%	4.5%	0.3%	0.6%	0.0%	100.0%	
Net Unrealized Gains (Losses)	13	0	10	0	0	0	23	
Total Weighted Average Life							3.1	

**Notes:**

1. Average credit support is 28% for Autos.
2. The average excess spread (net of charge offs) is 15% for credit cards.

## SCHEDULE 10 - UNREALIZED GAINS (LOSSES)

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

	June 30, 2015					March 31, 2015				
	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>Fixed Income, Equity, and Other Investments Portfolio</b>										
<b>U.S. Government Related and Supported (Schedule 4)</b>	\$ 6,581	\$ 6,537	\$ 6,400	\$ 137	\$ (35)	\$ 5,419	\$ 5,381	\$ 5,234	\$ 147	\$ (6)
U.S. Treasuries	3,350	3,340	3,315	25	(14)	3,169	3,159	3,147	12	(4)
U.S. Agencies	265	263	238	25	-	244	242	210	32	-
U.S. Municipals	2,436	2,406	2,316	90	(16)	1,999	1,973	1,870	103	(2)
U.S. FDIC Guaranteed	530	528	531	(3)	(5)	7	7	7	-	-
<b>Non-U.S. Government Related and Supported (Schedule 4)</b>	<b>5,671</b>	<b>5,612</b>	<b>5,586</b>	<b>26</b>	<b>(77)</b>	<b>4,240</b>	<b>4,196</b>	<b>4,051</b>	<b>145</b>	<b>(76)</b>
<b>Corporate (Schedule 5)</b>	<b>10,342</b>	<b>10,237</b>	<b>10,036</b>	<b>201</b>	<b>(66)</b>	<b>8,243</b>	<b>8,154</b>	<b>7,806</b>	<b>348</b>	<b>(50)</b>
Financials	3,201	3,167	3,126	41	(20)	2,444	2,416	2,342	74	(14)
Non-Financials	7,141	7,070	6,910	160	(46)	5,799	5,738	5,464	274	(36)
<b>Mortgage Backed Securities</b>	<b>5,282</b>	<b>5,266</b>	<b>5,181</b>	<b>85</b>	<b>(47)</b>	<b>5,143</b>	<b>5,127</b>	<b>4,967</b>	<b>160</b>	<b>(27)</b>
Agency RMBS (Schedule 6)	3,967	3,955	3,887	68	(21)	3,723	3,711	3,586	125	(6)
Non-Agency RMBS (Schedule 6)	375	375	364	11	(18)	383	383	371	12	(18)
CMBS (Schedule 7)	940	936	930	6	(8)	1,037	1,033	1,010	23	(3)
<b>Asset Backed Securities (Schedule 8 &amp; 9)</b>	<b>2,882</b>	<b>2,869</b>	<b>2,858</b>	<b>11</b>	<b>(31)</b>	<b>1,681</b>	<b>1,674</b>	<b>1,661</b>	<b>13</b>	<b>(31)</b>
CDOs (Schedule 8)	495	493	506	(13)	(19)	502	501	521	(20)	(22)
Consumer ABS (Schedule 9)	1,017	1,016	1,015	1	(3)	505	505	502	3	(2)
Other ABS (Schedule 9)	1,370	1,360	1,337	23	(9)	674	668	638	30	(7)
<b>Cash and Equivalents (net of payables/receivables)</b>	<b>1,231</b>	<b>1,231</b>	<b>1,231</b>	<b>-</b>	<b>-</b>	<b>1,616</b>	<b>1,616</b>	<b>1,616</b>	<b>-</b>	<b>-</b>
<b>Total Fixed Income - Investments</b>	<b>\$ 31,989</b>	<b>\$ 31,752</b>	<b>\$ 31,292</b>	<b>\$ 461</b>	<b>\$ (256)</b>	<b>\$ 26,342</b>	<b>\$ 26,148</b>	<b>\$ 25,335</b>	<b>\$ 813</b>	<b>\$ (190)</b>
Equity Securities	1,073	1,074	964	110	(27)	783	783	666	117	(15)
Other Investments	1,743	1,743	1,443	300	(1)	1,329	1,329	1,069	260	(9)
<b>Total Fixed Income, Equity Securities and Other Investments (Excluding Life Funds Withheld Assets)</b>	<b>\$ 34,805</b>	<b>\$ 34,569</b>	<b>\$ 33,699</b>	<b>\$ 871</b>	<b>\$ (284)</b>	<b>\$ 28,454</b>	<b>\$ 28,260</b>	<b>\$ 27,070</b>	<b>\$ 1,190</b>	<b>\$ (214)</b>
Life Funds Withheld Assets (Schedule 12)	4,972	4,896	4,307	589	-	5,052	4,978	4,050	928	-
<b>Total Fixed Income, Equity Securities and Other Investments (including Life Funds Withheld Assets)</b>	<b>\$ 39,777</b>	<b>\$ 39,465</b>	<b>\$ 38,006</b>	<b>\$ 1,459</b>	<b>\$ (284)</b>	<b>\$ 33,506</b>	<b>\$ 33,238</b>	<b>\$ 31,120</b>	<b>\$ 2,118</b>	<b>\$ (214)</b>



**SCHEDULE 11 - INVESTMENT INCOME STATEMENT ANALYSIS**

(U.S. dollars in thousands)

(Unaudited)

	Three months ended June 30, 2015	Three months ended March 31, 2015	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 179,059	\$ 158,419	\$ 174,433	\$ 170,954	\$ 213,833
Investment expenses (Note 1)	(18,767)	(15,401)	(17,636)	(17,827)	(17,160)
<b>Net Investment Income - Total excluding Structured and Life Funds Withheld Assets</b>	<b>\$ 160,292</b>	<b>\$143,018</b>	<b>\$ 156,797</b>	<b>\$ 153,127</b>	<b>\$ 196,673</b>
<b>Book Yield (Net of Expenses)</b>	<b>2.16%</b>	<b>2.30%</b>	<b>2.37%</b>	<b>2.34%</b>	<b>2.58%</b>
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 17,927	\$16,699	\$ 17,243	\$ 18,798	\$ 18,784
Investment expenses (Note 1)	(1,879)	(1,623)	(1,743)	(1,969)	(1,849)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 16,048</b>	<b>\$15,076</b>	<b>\$ 15,500</b>	<b>\$ 16,829</b>	<b>\$ 16,935</b>
<b>Book Yield (Net of Expenses)</b>	<b>4.97%</b>	<b>4.68%</b>	<b>4.77%</b>	<b>5.06%</b>	<b>4.72%</b>
Interest Expense - Deposit Liability Accretion	(10,629)	(9,957)	(9,155)	(11,148)	18,199
Operating and Investment Expenses - P&C Structured	(162)	(94)	(265)	(390)	(249)
<b>Net Investment Income - Structured (Excluding Life Funds Withheld Assets)</b>	<b>\$ 5,257</b>	<b>\$5,025</b>	<b>\$ 6,080</b>	<b>\$ 5,291</b>	<b>\$ 34,885</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 176,340</b>	<b>\$158,094</b>	<b>\$ 172,297</b>	<b>\$ 169,956</b>	<b>\$ 213,608</b>
<b>Book Yield (Net of Expenses)</b>	<b>2.29%</b>	<b>2.42%</b>	<b>2.51%</b>	<b>2.47%</b>	<b>2.68%</b>
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 46,864</b>	<b>\$50,419</b>	<b>\$ 53,936</b>	<b>\$ 56,474</b>	<b>\$ 19,165</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Alternative Funds	\$ 19,489	\$30,901	\$ 9,710	\$ 15,133	\$ 16,061
Private Investment Fund Affiliates	11,888	4,428	10,620	9,367	1,622
<b>\$ 31,377</b>	<b>\$35,329</b>	<b>\$ 20,330</b>	<b>\$ 24,500</b>	<b>\$ 17,683</b>	
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>					
Investment Manager Affiliates	\$ 8,524	\$3,739	\$ 1,056	\$ 15,900	\$ 13,147
Strategic Operating Affiliates	938	18,929	12,118	4,121	14,591
<b>\$ 9,462</b>	<b>\$22,668</b>	<b>\$ 13,174</b>	<b>\$ 20,021</b>	<b>\$ 27,738</b>	

**Notes:**

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

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

### CONSOLIDATED

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

INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS	June 30, 2015		March 31, 2015		December 31, 2014		September 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	\$ 17	0.3%	\$ 18	0.4%	\$ 19	0.4%	\$ 19	0.3%
Non-U.S. Government Related and Supported	1,503	30.2%	1,525	30.0%	1,817	33.5%	1,809	32.9%
Corporate	2,962	59.6%	2,937	57.8%	2,873	52.9%	2,970	54.1%
Mortgage Backed Securities	148	3.0%	163	3.2%	199	3.7%	206	3.8%
Asset Backed Securities	235	4.7%	287	5.7%	364	6.7%	368	6.7%
Cash and Equivalents (net of payables/receivables)	107	2.2%	149	2.9%	155	2.9%	120	2.2%
<b>Total - Investments (Note 1)</b>	<b>\$ 4,972</b>	<b>100.0%</b>	<b>\$ 5,079</b>	<b>100.0%</b>	<b>\$ 5,427</b>	<b>100.0%</b>	<b>\$ 5,492</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 LIFE FUNDS WITHHELD ASSETS</b>	<b>\$ 4,972</b>	<b>100.0%</b>	<b>\$ 5,079</b>	<b>100.0%</b>	<b>\$ 5,427</b>	<b>100.0%</b>	<b>\$ 5,492</b>	<b>100.0%</b>
<b>FIXED INCOME PORTFOLIO CREDIT QUALITY :</b>								
AAA	\$ 572	11.5%	\$ 668	13.2%	\$ 912	16.8%	\$ 888	16.2%
AA	1,543	31.0%	1,509	29.7%	1,550	28.6%	1,541	28.1%
A	1,545	31.1%	1,615	31.8%	1,623	29.9%	1,690	30.8%
BBB	1,253	25.2%	1,214	23.9%	1,323	24.4%	1,354	24.7%
BB and Below	59	1.2%	73	1.4%	19	0.4%	19	0.3%
Not Rated	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Fixed Income - Investments (Note 1)</b>	<b>\$ 4,972</b>	<b>100.0%</b>	<b>\$ 5,079</b>	<b>100.0%</b>	<b>\$ 5,427</b>	<b>100.0%</b>	<b>\$ 5,492</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 Fair Value</b>	<b>Duration</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>	<b>US Dollar Equivalent Fair Value</b>	<b>Duration</b>
Sterling denominated	\$ 3,568	8.9	\$ 3,588	9.4	\$ 3,705	9.1	\$ 3,792	9.0
Euro denominated	1,388	10.6	1,472	10.4	1,696	9.9	1,675	9.9
U.S. Dollar denominated	16	5.0	19	5.6	26	5.4	25	5.5
<b>Total Duration</b>	<b>\$ 4,972</b>	<b>9.4</b>	<b>\$ 5,079</b>	<b>9.6</b>	<b>\$ 5,427</b>	<b>9.4</b>	<b>\$ 5,492</b>	<b>9.2</b>
<b>Net Investment Income - Life Funds Withheld Assets (in thousands)</b>	<b>\$ 46,864</b>		<b>\$ 50,419</b>		<b>\$ 53,936</b>		<b>\$ 56,474</b>	

**Notes:**

- "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold.
- 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.



## **SUPPLEMENTAL HISTORICAL COMBINED FINANCIAL DATA**



## COMBINED STATEMENTS OF INCOME FOR XL GROUP AND CATLIN GROUP

These combined statements do not represent pro-forma statements in accordance with SEC and GAAP guidance - see comment on Regulation G

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

	COMBINED Six Months Ended June 30, 2014	XL Group	CATLIN Group
<b>Revenues</b>			
Gross premiums written	\$ 8,371,545	\$ 4,711,175	\$ 3,660,370
Net premiums written	\$ 6,094,351	\$ 3,487,695	\$ 2,606,656
Net premiums earned - P&C operations	\$ 4,888,151	\$ 2,850,604	\$ 2,037,547
Net premiums earned - run-off Life operations	\$ 134,829	134,829	-
Net investment income - excluding Life Funds Withheld Assets (Note 1)	492,550	446,797	45,753
Net investment income - Life Funds Withheld Assets (Note 1)	19,165	19,165	-
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 1)	168,706	100,073	68,633
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 1)	(8,147)	(8,147)	-
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 1)	-	-	-
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 1)	-	-	-
Net realized and unrealized gains (losses) on derivative instruments	(16,284)	13,409	(29,693)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 1)	(17,546)	(17,546)	-
Net income (loss) from investment fund affiliates (Note 2)	50,986	50,986	-
Fee income and other	21,160	21,160	-
<b>Total revenues</b>	<b>\$ 5,733,570</b>	<b>\$ 3,611,330</b>	<b>\$ 2,122,240</b>
<b>Expenses</b>			
Net losses and loss expenses incurred - P&C operations	\$ 2,689,998	\$ 1,659,385	\$ 1,030,613
Claims and policy benefits - run-off Life operations	198,886	198,886	-
Acquisition costs	820,331	384,033	436,298
Operating expenses (Note 3)	1,031,708	643,454	388,254
Foreign exchange losses (gains)	28,868	31,582	(2,714)
Loss on sale of life reinsurance subsidiary (Note 1)	666,423	666,423	-
Interest expense - debt and other	66,691	64,444	2,247
Interest expense - deposit liability accretion	(7,418)	(7,418)	-
<b>Total expenses</b>	<b>\$ 5,495,487</b>	<b>\$ 3,640,789</b>	<b>\$ 1,854,698</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 238,083	\$ (29,459)	\$ 267,542
Income (loss) from operating affiliates (Note 4)	72,469	74,023	(1,554)
Provision (benefit) for income taxes	51,623	28,667	22,956
<b>Net income (loss)</b>	<b>\$ 258,929</b>	<b>\$ 15,897</b>	<b>\$ 243,032</b>
Non-controlling interests	(61,191)	(39,441)	(21,750)
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>\$ 197,738</b>	<b>\$ (23,544)</b>	<b>\$ 221,282</b>
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (156,524)	\$ (87,891)	\$ (68,633)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 1)	-	-	-
OTTI on investments - Life Funds Withheld Assets (Note 1)	-	-	-
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 1)	-	-	-
Net realized and unrealized (gains) losses on derivatives, net of tax	(13,406)	(13,406)	29,693
Net realized and unrealized (gains) losses on investments and derivatives related to Company's insurance company affiliates	26,957	(2,736)	-
Net investment income - Life Funds Withheld Assets (Note 1)	(19,165)	(19,165)	-
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 1)	17,546	17,546	-
Loss on sale of life reinsurance subsidiary (Note 1)	621,323	621,323	-
Foreign exchange (gains) losses, net of tax	28,541	26,098	2,443
<b>Operating Net Income (Note 5)</b>	<b>\$ 703,010</b>	<b>\$ 518,225</b>	<b>\$ 184,785</b>

**Notes:**

- 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 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.
- Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.
- See page 45 for split of segment and corporate operating expenses.
- Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.
- Operating net income is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold, net of tax, (3) our Other-than temporary impairments on investments - Life Funds Withheld Assets, (4) our net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, net of tax, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (4) for our insurance company affiliates for the periods presented, (8) our loss on sale of life reinsurance subsidiary, XLLR, net of tax, and, (9) our foreign exchange (gains) losses, net of tax. "Operating net income" is a non-GAAP financial measure. For further information see Comment on Regulation G.



**COMBINED FINANCIAL DATA FOR XL GROUP AND CATLIN GROUP  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

**These combined statements do not represent pro-forma statements in accordance with SEC and GAAP guidance - see comment on regulation G**

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 5,227,151	\$ 2,973,387	\$ 8,200,538	\$ 171,007	\$ 8,371,545
Net premiums written	\$ 3,445,178	\$ 2,514,344	\$ 5,959,522	\$ 134,829	\$ 6,094,351
Net premiums earned	\$ 3,275,543	\$ 1,612,608	\$ 4,888,151	\$ 134,829	\$ 5,022,980
Net losses and loss expenses incurred	(1,952,164)	(737,834)	(2,689,998)	(198,886)	(2,888,884)
Acquisition expenses	(472,426)	(336,844)	(809,270)	(11,061)	(820,331)
Operating expenses (Note 2)	(661,237)	(174,076)	(835,313)	(5,397)	(840,710)
Underwriting (loss) profit	<u>\$ 189,716</u>	<u>\$ 363,854</u>	<u>\$ 553,570</u>	<u>\$ (80,515)</u>	<u>\$ 473,055</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	333,835	123,010	456,845
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	19,165	19,165
Net investment results structured products (Note 4)	36,535	6,303	42,838	-	42,838
Net fee income and other (Note 5)	(4,779)	1,337	(3,442)	90	(3,352)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets, net of tax (Note 3)			164,804	3,902	168,706
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	(8,147)	(8,147)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)			-	(17,546)	(17,546)
Net realized and unrealized gains (losses) on derivative instruments			-	(16,284)	(16,284)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)			-	123,455	123,455
Foreign exchange (gains) losses			-	28,868	28,868
Corporate operating expenses			-	166,201	166,201
Loss on sale of life reinsurance subsidiary (Note 3)			-	666,423	666,423
<b>Contribution from P&amp;C and Corporate and other</b>			<u><b>1,091,605</b></u>	<u><b>(714,362)</b></u>	<u><b>377,243</b></u>
Interest expense (Note 7)					(66,691)
Non-controlling interests					(61,191)
Income tax					(51,623)
<b>Net (loss) income attributable to XL Group plc</b>					<u><b>\$ 197,738</b></u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	59.6%	45.8%	55.0%		
Underwriting expense ratio	34.6%	31.7%	33.6%		
Combined ratio	94.2%	77.5%	88.6%		
Total net prior year development	(89,601)	(82,183)	(171,784)		
Natural catastrophe losses (Note 8)	35,774	43,369	79,143		
Reinstatement premium	-	3,478	3,478		
Loss and loss expense ratio excluding net prior year development	62.3%	50.9%	58.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.2%	48.2%	56.9%		
Combined ratio excluding net prior year development	96.9%	82.5%	92.2%		
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	95.9%	79.8%	90.6%		

**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 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 \$68.0 million and \$(12.9) million, respectively.
- Net fee income and other includes operating expenses of \$50.5 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include the US and Canada storm, Korea snow storm, European hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile, India floods, Australia Brisbane Superstorm Cells and several US wind & thunderstorms.

## 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 except as noted with respect to the XL Catlin combined information presented on page 19 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, (9) our gain on the sale of our interest in our operating affiliate, ARX, and (10) 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.

In addition, this document presents combined XL Catlin statements that do not represent pro-forma statements in accordance with SEC and GAAP guidance due to the following:

- No purchase accounting (PGAAP) adjustments have been reflected
- The income statement for Catlin is based on the Financial Statements for the six months ended June 2014 published by Catlin Group Ltd in a press release to the London. They are also available on XL Group's website (<http://xl.transactionannouncement.com/>). The figures above reflect the following adjustments to Catlin's published Financial Statements:
- Net Investment return as per Catlin's published Financial Statements has been re-presented as follows;
- Net Investment Income, Net realized gains (losses) on investments sold and Net realized and unrealized gains (losses) on derivative instruments are shown on separate line items
- Net Unrealized Gains and Losses on debt and equity securities have been classified as Available for Sale are no longer recognised in the Income Statement as they are reported in Other Comprehensive Income, in accordance with XLs accounting policy.
- No assessment has been made of Other Than Temporary Losses
- Overrides and Commissions reported within Administrative and Operating Expenses within Catlin's published Financial Statements have been reclassified to acquisition expenses.
- The remaining Administrative and Other Expenses have been included in Operating Expenses and have been allocated to the segments in a manner consistent with XL. The segment information is shown on page 3.
- Commissions reported within Other Income in Catlin's financial statements have been reclassified as Acquisition costs, consistent with XL's treatment of similar income.
- Letters of Credit charges reported within Financing costs in Catlin's Financial Statements have been reclassified as Acquisition costs, consistent with XL's treatment of similar charges.