



FINANCIAL SUPPLEMENT

December 31, 2015

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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 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 condition; (i) XL's ability to successfully implement its business strategy, including its recent acquisition of Catlin Group Limited ("Catlin"); (j) XL's ability to successfully attract and raise additional third party capital for existing or new investment vehicles; (k) the potential impact on XL of government-mandated insurance coverage for acts of terrorism; (l) changes in ratings and rating agency policies or practices; (m) the potential for changes to methodologies, estimations and assumptions that underlie the valuation of XL's financial instruments that could result in changes to investment valuations; (n) changes to XL's assessment as to whether it is more likely than not that it will be required to sell, or has the intent to sell, available-for-sale debt securities before their anticipated recovery; (o) the availability of borrowings and letters of credit under credit facilities; (p) the ability of XL's subsidiaries to pay dividends to XL Group plc and XLIT Ltd.; (q) the potential effect of legislative or regulatory developments in the jurisdictions in which XL operates, such as those that could impact the financial markets or increase XL's business costs and required capital levels, including but not limited to changes in regulatory capital balances that must be maintained by our operating subsidiaries and governmental actions for the purpose of stabilizing the financial markets; (r) the effects of business disruption, economic contraction or economic sanctions due to global political and social conditions such as war, terrorism or other hostilities, or pandemics; (s) changes in regulators or laws applicable to us or our subsidiaries, brokers or customers; (t) the actual amount of new and renewal business and acceptance of XL's products and services, including new products and services and the materialization of risks related to such products and services; (u) changes in the availability, cost or quality of reinsurance; (v) changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; (w) the loss of key personnel and changes in accounting standards, policies or practices or the application thereof; (x) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (y) the effects of mergers, acquisitions and divestitures, including XL's ability to modify its internal controls over financial reporting, changes to its risk appetite and its ability realize the value or benefits expected, in each case, as a result of such transactions, including the GreyCastle Life Retro Arrangements, the Other Life Retro Arrangements and XL's 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.



STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME

(U.S. dollars in thousands)

(Unaudited)
(Note 1)



	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015 (Note 2)	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014
Revenues					
Gross premiums written	\$ 2,603,080	\$ 2,739,350	\$ 3,081,135	\$ 2,555,360	\$ 1,699,553
Net premiums written	1,890,455	2,091,028	2,118,331	1,851,249	1,223,161
Net premiums earned - P&C operations	2,375,155	2,405,740	2,063,795	1,319,494	1,413,161
Net premiums earned - run-off Life operations	11,665	17,812	18,258	14,506	23,064
Net investment income - excluding Life Funds Withheld Assets (Note 3)	171,887	178,560	176,340	158,094	172,297
Net investment income - Life Funds Withheld Assets (Note 3)	43,620	46,586	46,864	50,419	53,936
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)	11,245	(201)	4,351	4,602	13,105
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 3)	48,717	53,780	68,037	52,738	2,421
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 3)	(3,247)	(2,023)	(2,878)	(5,209)	(4,322)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)	(8,802)	(149)	(19,543)	760	(9)
Net realized and unrealized gains (losses) on derivative instruments	(4,004)	(7,903)	48,509	16,521	11,346
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)	(35,358)	(126,140)	239,174	(229,367)	(269,412)
Net income (loss) from investment fund affiliates (Note 4)	10,329	(3,715)	31,377	35,329	20,330
Fee income and other	10,106	7,355	11,012	4,728	11,688
Total revenues	\$ 2,631,313	\$ 2,569,702	\$ 2,685,296	\$ 1,422,615	\$ 1,447,605
Expenses					
Net losses and loss expenses incurred - P&C operations	\$ 1,380,893	\$ 1,464,285	\$ 1,151,195	\$ 769,827	\$ 739,420
Claims and policy benefits - run-off Life operations	51,950	22,579	22,081	19,387	23,976
Acquisition costs	412,982	408,173	341,617	153,696	171,203
Operating expenses (Note 5)	563,787	570,142	507,354	325,656	356,607
Foreign exchange losses (gains)	(26,921)	11,661	10,374	27,390	(45,802)
Extinguishment of debt (Note 6)	5,592	-	-	-	-
Interest expense - debt and other	41,704	40,798	39,038	41,481	25,074
Interest expense - deposit liability accretion	10,477	11,131	10,629	9,957	9,155
Total expenses	\$ 2,440,444	\$ 2,529,769	\$ 2,082,268	\$ 1,347,394	\$ 1,279,633
Income (loss) before income (loss) from operating affiliates and income tax	\$ 190,869	\$ 39,933	\$ 603,008	\$ 75,221	\$ 167,972
Income (loss) from operating affiliates (Note 7)	4,414	8,196	9,462	22,668	13,174
Provision (benefit) for income taxes	(39,296)	(37,042)	32,959	24,218	38,173
Gain on sale of operating affiliate	-	-	340,407	-	-
Net income (loss)	\$ 234,579	\$ 85,171	\$ 919,918	\$ 73,671	\$ 142,973
Non-controlling interests	(6,029)	(67,689)	(4,879)	(37,390)	(3,474)
Net income (loss) attributable to ordinary shareholders	\$ 228,550	\$ 27,282	\$ 915,039	\$ 36,281	\$ 139,499
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (8,689)	\$ 1,444	\$ (669)	\$ (4,518)	\$ (19,861)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 3)	(48,717)	(53,780)	(68,037)	(52,738)	(2,421)
OTTI on investments - Life Funds Withheld Assets (Note 3)	3,247	2,023	2,878	5,209	4,322
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 3)	8,802	149	19,543	(760)	9
Net realized and unrealized (gains) losses on derivatives, net of tax	3,453	8,158	(48,667)	(16,521)	(11,347)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	1,493	(14)	595	658	1,743
Net investment income - Life Funds Withheld Assets, net of tax (Note 3)	(43,620)	(46,586)	(46,864)	(50,419)	(53,936)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)	35,358	126,140	(239,174)	229,367	269,412
Foreign exchange (gains) losses, net of tax	(26,026)	4,731	15,221	22,353	(33,453)
Expenses related to Catlin acquisition, net of tax	1,700	1,245	36,339	25,464	-
Gain on sale of operating affiliate	-	-	(340,407)	-	-
Loss on Other Life Retro Arrangements, net of tax (Note 6)	34,986	-	-	-	-
Extinguishment of debt, net of tax (Note 8)	4,492	-	-	-	-
Operating Net Income (Note 9)	\$ 195,029	\$ 70,792	\$ 245,797	\$ 194,376	\$ 293,927

Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.
- 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 "GreyCastle Life Retro Arrangements"). The designated investments that support the GreyCastle Life Retro 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 \$1.7 million related to the Catlin acquisition. See pages 8 - 10 for split of segment and corporate operating expenses.
- During the fourth quarter of 2015, we entered into the Other Life Retro Arrangements.
- During 2015, we entered into a large reinsurance agreement ceding approximately 80% of the remaining life reinsurance premiums that were not included in the GreyCastle Life Retro Arrangements ("Other Life Retro Arrangements").
- In December, 2015 \$68M and \$18M of subordinated notes that were acquired as a result of the combination with Catlin were repurchased by XL at par and extinguished. XL has recognized a \$5.6 million loss (\$4.5m net of \$1.1m tax benefit) on early extinguishment of debt for the year ended December 31, 2015.
- 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 Holding Corp. ("ARX"), (10) our loss on the GreyCastle Life Retro Arrangement, net of tax, (11) our loss on the Other Life Retro Arrangements, net of tax, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Unaudited)

(Note 1)



	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015 (Note 2)	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014
Return on Ordinary Shareholders' Equity					
Opening shareholders' equity	\$ 13,900,508	\$ 14,205,105	\$ 11,646,423	\$ 11,435,766	\$ 11,220,774
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,962,279)	(1,957,807)	(1,402,366)	(1,402,015)	(1,379,720)
Opening ordinary shareholders' equity	11,938,229	12,247,298	10,244,057	10,033,751	9,841,054
Closing shareholders' equity	13,654,463	13,900,508	14,205,105	11,646,423	11,435,766
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,977,384)	(1,962,279)	(1,957,807)	(1,402,366)	(1,402,015)
Closing ordinary shareholders' equity	11,677,079	11,938,229	12,247,298	10,244,057	10,033,751
Average ordinary shareholders' equity	11,807,654	12,092,764	11,245,678	10,138,904	9,937,403
Average unrealized (gain) loss on investments, net of tax (Note 3)	(875,570)	(1,054,949)	(1,400,978)	(1,605,837)	(1,383,597)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	10,932,084	11,037,815	9,844,700	8,533,067	8,553,806
Net income (loss) attributable to ordinary shareholders	228,550	27,282	915,039	36,281	139,499
Annualized net income (loss) attributable to ordinary shareholders	914,200	109,128	3,660,156	145,124	557,996
Operating Net Income (Note 4)	195,029	70,792	245,797	194,376	293,927
Annualized Operating Net Income (Note 4)	780,116	283,168	983,188	777,504	1,175,708
Annualized return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	7.7%	0.9%	32.5%	1.4%	5.6%
Annualized return on average ordinary shareholders' equity - Operating Net Income (Note 3)	6.6%	2.3%	8.7%	7.7%	11.8%
Annualized return on average ordinary shareholders' equity excluding average unrealized gains and losses on investments - Operating Net Income (Note 3)	7.1%	2.6%	10.0%	9.1%	13.7%

	At December 31, 2015	At September 30, 2015	At June 30, 2015	At March 31, 2015	At December 31, 2014
Book Value per Ordinary Share					
Closing ordinary shareholders' equity	\$ 11,677,079	\$ 11,938,229	\$ 12,247,298	\$ 10,244,057	\$ 10,033,751
Ordinary shares outstanding (Note 5)	294,783,992	299,356,093	303,932,111	256,723,675	255,222,835
Dilutive impact of stock and options	5,606,482	4,967,736	4,737,655	3,962,693	5,332,159
Diluted shares outstanding	300,390,474	304,323,829	308,669,766	260,686,368	260,554,994
Book value per ordinary share (Note 6)	\$ 39.61	\$ 39.88	\$ 40.30	\$ 39.90	\$ 39.31
Fully diluted book value per ordinary share (Note 6)	\$ 38.87	\$ 39.23	\$ 39.68	\$ 39.30	\$ 38.51
Fully diluted tangible book value per ordinary share (Note 6)	\$ 31.52	\$ 31.95	\$ 32.53	\$ 37.60	\$ 36.79

Notes:

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

2. The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.

3. 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.

4. 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 (10) our loss on the GreyCastle Life Retro Arrangement, net of tax, (11) our loss on the Other Life Retro Arrangements, net of tax, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

5. 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.

6. 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)

(Note 1)



	Twelve Months Ended December 31, 2015 (Unaudited) (Note 2)	Twelve Months Ended December 31, 2014
Revenues		
Gross premiums written	\$ 10,978,925	\$ 8,094,926
Net premiums written	\$ 7,951,063	\$ 5,944,841
Net premiums earned - P&C operations	\$ 8,164,184	\$ 5,717,438
Net premiums earned - run-off Life operations	62,241	177,632
Net investment income - excluding Life Funds Withheld Assets (Note 3)	684,881	789,050
Net investment income - Life Funds Withheld Assets (Note 3)	187,489	129,575
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)	19,997	122,991
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 3)	223,272	5,067
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 3)	(13,357)	(20,587)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)	(27,734)	(9)
Net realized and unrealized gains (losses) on derivative instruments	53,123	29,886
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)	(151,691)	(488,222)
Net income (loss) from investment fund affiliates (Note 4)	73,320	95,816
Fee income and other	33,201	43,630
Total revenues	\$ 9,308,926	\$ 6,602,267
Expenses		
Net losses and loss expenses incurred - P&C operations	\$ 4,766,200	\$ 3,258,393
Claims and policy benefits - run-off Life operations	115,997	242,963
Acquisition costs	1,317,448	738,118
Operating expenses (Note 5)	1,966,939	1,341,315
Extinguishment of debt	5,592	-
Foreign exchange losses (gains)	22,504	(37,568)
Loss on sale of life reinsurance subsidiary (Note 3)	-	666,423
Interest expense - debt and other (Note 6)	163,021	121,221
Interest expense - deposit liability accretion	42,194	12,885
Impairment of goodwill	-	-
Total expenses	\$ 8,399,895	\$ 6,343,750
Income (loss) before income (loss) from operating affiliates and income tax	\$ 909,031	\$ 258,517
Income (loss) from operating affiliates (Note 7)	44,740	107,218
Provision (benefit) for income taxes	(19,161)	96,897
Gain on sale of operating affiliate	340,407	-
Net income (loss)	\$ 1,313,339	\$ 268,838
Non-controlling interests	(106,187)	(80,498)
Net income (loss) attributable to ordinary shareholders	\$ 1,207,152	\$ 188,340
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, net of tax	\$ (12,432)	\$ (124,759)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 3)	(223,272)	(5,067)
OTTI on investments - Life Funds Withheld Assets (Note 3)	13,357	20,587
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 3)	27,734	9
Net realized and unrealized (gains) losses on derivatives, net of tax	(53,577)	(29,884)
Net realized and unrealized (gains) losses on investments and derivatives related to Company's insurance company affiliates	2,732	(985)
Net investment income - Life Funds Withheld Assets (Note 3)	(187,489)	(129,575)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)	151,691	488,222
Loss on sale of life reinsurance subsidiary (Note 3)	-	621,323
Foreign exchange (gains) losses, net of tax	16,279	(28,970)
Expenses related to Catlin acquisition, net of tax	64,748	-
Gain on sale of operating affiliate	(340,407)	-
Loss on Other Life Retro Arrangements, net of tax (Note 8)	34,986	-
Extinguishment of debt, net of tax (Note 9)	4,492	-
Operating Net Income (Note 10)	\$ 705,994	\$ 999,241

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation.
2. The company's results for the twelve months ended December 31, 2015 include those of Catlin from May 1, 2015.
3. 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 GreyCastle Life Retro 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.
4. 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.
5. Operating expenses includes approximately \$64.7 million related to the Catlin acquisition. See pages 15 - 16 for split of segment and corporate operating expenses.
6. Interest expense includes approximately \$14.5 million in bridge financing costs related to the Catlin acquisition.
7. Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.
8. During the fourth quarter of 2015, we entered into the Other Life Retro Arrangements.
9. In December, 2015 \$68M and €18M of subordinated notes that were acquired as a result of the combination with Catlin were repurchased by XL at par and extinguished. XL has recognized a \$5.6 million loss (\$4.5m net of \$1.1m tax benefit) on early extinguishment of debt for the year ended December 31, 2015.
10. 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 (10) our loss on the GreyCastle Life Retro Arrangement, net of tax, (11) our loss on the Other Life Retro Arrangements, net of tax, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Note 1)



	Twelve Months Ended December 31, 2015 (Unaudited) (Note 2)	Twelve Months Ended December 31, 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	13,654,463	11,435,766
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,977,384)	(1,402,015)
Closing ordinary shareholders' equity	11,677,079	10,033,751
Average ordinary shareholders' equity	10,855,415	10,015,692
Average unrealized (gain) loss on investments, net of tax	(1,129,830)	(1,123,655)
Average ordinary shareholders' equity excluding average unrealized gains and losses on investments	9,725,585	8,892,037
Net income (loss) attributable to ordinary shareholders	1,207,152	188,340
Operating net income (Note 3)	705,994	999,241
Return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders	11.1%	1.9%
Return on ordinary average shareholders' equity - operating net income (Note 3)	6.5%	10.0%
Return on ordinary average shareholders' equity excluding unrealized gains and losses on investments - operating net income (Note 3)	7.3%	11.2%

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

2. The company's results for the twelve months ended December 31, 2015 include those of Catlin from May 1, 2015.

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 (10) our loss on the GreyCastle Life Retro Arrangement, net of tax, (11) our loss on the Other Life Retro Arrangements, net of tax, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. "Operating net income" is a non-GAAP financial measure. For further information see page 43 for Comment on Regulation G.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,321,459	\$ 206,307	\$ 2,527,766	\$ 75,314	\$ 2,603,080
Net premiums written	1,704,492	174,300	1,878,792	11,663	1,890,455
Net premiums earned	1,640,282	734,873	2,375,155	11,665	2,386,820
Net losses and loss expenses incurred	(1,063,004)	(317,889)	(1,380,893)	(51,950)	(1,432,843)
Acquisition expenses	(227,488)	(182,910)	(410,398)	(2,564)	(412,962)
Operating expenses (Note 2)	(319,931)	(80,475)	(400,406)	(386)	(400,792)
Underwriting (loss) profit	<u>\$ 29,859</u>	<u>\$ 153,599</u>	<u>\$ 183,458</u>	<u>\$ (43,235)</u>	<u>\$ 140,223</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	148,864	9,274	158,138
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	43,620	43,620
Net investment results structured products (Note 4)	2,551	721	3,272	-	3,272
Net fee income and other (Note 5)	(2,231)	977	(1,254)	190	(1,064)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			4,753	6,492	11,245
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				36,668	36,668
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(35,358)	(35,358)
Net realized and unrealized gains (losses) on derivative instruments				(4,004)	(4,004)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				14,743	14,743
Foreign exchange (gains) losses				(26,921)	(26,921)
Corporate operating expenses (7)				151,825	151,825
Extinguishment of debt				5,592	5,592
Contribution from P&C and Corporate and other			<u>\$ 339,093</u>	<u>\$ (102,106)</u>	<u>\$ 236,987</u>
Interest expense					(41,704)
Non-controlling interests					(6,029)
Income taxes					39,296
Net (loss) income attributable to XL Group plc					<u>\$ 228,550</u>
Ratios - P&C operations:					
Loss and loss expense ratio	64.8%	43.3%	58.1%		
Underwriting expense ratio	33.4%	35.8%	34.2%		
Combined ratio	98.2%	79.1%	92.3%		
Total net prior year development	(27,962)	(93,192)	(121,154)		
Natural catastrophe losses (Note 8)	68,386	44,454	112,840		
Reinstatement premium	-	5,011	5,011		
Loss and loss expense ratio excluding net prior year development	66.5%	55.9%	63.2%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	62.3%	50.2%	58.6%		

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 GreyCastle Life Retro 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 \$13.7 million and \$10.5 million, respectively.
- Net fee income and other includes operating expenses of \$11.2 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Corporate operating expenses include approximately \$1.7 million of deal related costs and \$73.3 million of integration costs resulting from the Catlin acquisition.
- 2015 Natural Catastrophes include Chennai Flood, December UK Storm Desmond, Australia Bush Fire & Hailstorm and Mid-Atlantic Heavy Rainfall & Flooding.



SEGMENT INFORMATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

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

(Unaudited)
(Note 1)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER	TOTAL
Gross premiums written	\$ 2,200,196	\$ 458,946	\$ 2,659,142	\$ 80,208	\$ 2,739,350
Net premiums written	1,664,562	408,654	2,073,216	17,812	2,091,028
Net premiums earned	1,632,988	772,752	2,405,740	17,812	2,423,552
Net losses and loss expenses incurred	(1,037,727)	(426,558)	(1,464,285)	(22,579)	(1,486,864)
Acquisition expenses	(214,773)	(189,671)	(404,444)	(4,729)	(409,173)
Operating expenses (Note 2)	(334,211)	(88,682)	(422,893)	26	(422,867)
Underwriting (loss) profit	<u>\$ 46,277</u>	<u>\$ 67,841</u>	<u>\$ 114,118</u>	<u>\$ (9,470)</u>	<u>\$ 104,648</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	152,738	10,254	162,992
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	46,586	46,586
Net investment results structured products (Note 4)	3,328	1,109	4,437	-	4,437
Net fee income and other (Note 5)	(5,207)	533	(4,674)	254	(4,420)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			(197)	(4)	(201)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)				51,608	51,608
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				(126,140)	(126,140)
Net realized and unrealized gains (losses) on derivative instruments				(7,903)	(7,903)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				4,481	4,481
Foreign exchange (gains) losses				11,661	11,661
Corporate operating expenses				135,500	135,500
Contribution from P&C and Corporate and other			<u>\$ 266,422</u>	<u>\$ (177,495)</u>	<u>\$ 88,927</u>
Interest expense (Note 7)					(40,798)
Non-controlling interests					(57,889)
Income taxes					37,042
Net (loss) income attributable to XL Group plc					<u>\$ 27,282</u>
Ratios - P&C operations:					
Loss and loss expense ratio	63.5%	55.2%	60.9%		
Underwriting expense ratio	33.7%	36.0%	34.4%		
Combined ratio	97.2%	91.2%	95.3%		
Total net prior year development	7,064	(35,182)	(28,118)		
Natural catastrophe losses (Note 8)	7,461	24,720	32,181		
Reinstatement premium	-	1,350	1,350		
Loss and loss expense ratio excluding net prior year development	63.1%	59.8%	62.0%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	62.7%	56.7%	60.7%		

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 GreyCastle Life Retro 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 \$15.6 million and \$11.1 million, respectively.
- Net fee income and other includes operating expenses of \$11.8 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2015 Natural Catastrophes include US Flooding, Hail, Wind and Storms.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

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

(Unaudited)
(Note 1)



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 1,462,262	\$ 158,358	\$ 1,620,620	\$ 78,933	\$ 1,699,553
Net premiums written	1,053,719	146,378	1,200,097	23,064	1,223,161
Net premiums earned	1,011,867	401,294	1,413,161	23,064	1,436,225
Net losses and loss expenses incurred	(626,032)	(113,388)	(739,420)	(23,976)	(763,396)
Acquisition expenses	(92,464)	(77,775)	(170,239)	(964)	(171,203)
Operating expenses (Note 3)	(230,328)	(54,324)	(284,652)	(2,511)	(287,163)
Underwriting (loss) profit	<u>\$ 63,043</u>	<u>\$ 155,807</u>	<u>\$ 218,850</u>	<u>\$ (4,387)</u>	<u>\$ 214,463</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	144,801	11,996	156,797
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	53,936	53,936
Net investment results structured products (Note 5)	3,604	2,476	6,080	-	6,080
Net fee income and other (Note 6)	(1,446)	862	(584)	103	(481)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4)			13,777	(672)	13,105
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				(1,910)	(1,910)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				(269,412)	(269,412)
Net realized and unrealized gains (losses) on derivative instruments				11,346	11,346
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				33,504	33,504
Foreign exchange (gains) losses				(45,802)	(45,802)
Corporate operating expenses				57,010	57,010
Contribution from P&C and Corporate and other			<u>\$ 382,924</u>	<u>\$ (176,704)</u>	<u>\$ 206,220</u>
Interest expense (Note 8)					(25,074)
Non-controlling interests					(3,474)
Income taxes					(38,173)
Net (loss) income attributable to XL Group plc					<u>\$ 139,499</u>
Ratios - P&C operations:					
Loss and loss expense ratio	61.9%	28.3%	52.3%		
Underwriting expense ratio	31.9%	32.9%	32.2%		
Combined ratio	93.8%	61.2%	84.5%		
Total net prior year development	(34,655)	(62,006)	(96,661)		
Natural catastrophe losses (Note 9)	17,670	15,842	33,512		
Reinstatement premium	-	1,800	1,800		
Loss and loss expense ratio excluding net prior year development	65.3%	43.7%	59.2%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.5%	39.9%	56.9%		

Notes :

- 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 GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$15.5 million and \$9.2 million, respectively.
- Net fee income and other includes operating expenses of \$12.2 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include several US Wind & Thunderstorms, the India Floods, Mexico Hurricane Odile and Australia Brisbane Superstorm Cells.

PREMIUMS BY LINE OF BUSINESS

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



FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

GROSS PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 505,896	\$ 21,318	\$ -	\$ 527,214
Casualty	638,034	58,135	-	696,169
Property catastrophe	-	24,579	-	24,579
Property	440,157	54,407	-	494,564
Specialty	650,594	16,288	-	666,882
Other (Note 3)	86,778	31,580	-	118,358
Total P&C operations	2,321,459	206,307	-	2,527,766
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	34,690	34,690
Run-Off Life Operations - Other Life	-	-	40,624	40,624
Total Corporate and Other	-	-	75,314	75,314
Total	\$ 2,321,459	\$ 206,307	\$ 75,314	\$ 2,603,080

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

GROSS PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 455,121	\$ 6,803	\$ -	\$ 461,924
Casualty	467,815	60,947	-	528,762
Property catastrophe	-	9,057	-	9,057
Property	173,259	63,453	-	236,712
Specialty	268,887	8,439	-	277,326
Other (Note 3)	97,180	9,659	-	106,839
Total P&C operations	1,462,262	158,358	-	1,620,620
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	36,483	36,483
Run-Off Life Operations - Other Life	-	-	42,450	42,450
Total Corporate and Other	-	-	78,933	78,933
Total	\$ 1,462,262	\$ 158,358	\$ 78,933	\$ 1,699,553

NET PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 353,960	\$ 20,108	\$ -	\$ 374,068
Casualty	457,993	53,321	-	511,314
Property catastrophe	-	18,653	-	18,653
Property	316,569	39,418	-	355,987
Specialty	507,180	13,827	-	521,007
Other (Note 3)	68,790	28,973	(2)	97,761
Total P&C operations	1,704,492	174,300	(2)	1,878,790
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	1	1
Run-Off Life Operations - Other Life	-	-	11,664	11,664
Total Corporate and Other	-	-	11,665	11,665
Total	\$ 1,704,492	\$ 174,300	\$ 11,663	\$ 1,890,455

NET PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 306,779	\$ 6,793	\$ -	\$ 313,572
Casualty	297,756	60,953	-	358,709
Property catastrophe	-	9,350	-	9,350
Property	135,630	51,311	-	186,941
Specialty	238,301	8,043	-	246,344
Other (Note 3)	75,253	9,928	-	85,181
Total P&C operations	1,053,719	146,378	-	1,200,097
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	-	-
Run-Off Life Operations - Other Life	-	-	23,064	23,064
Total Corporate and Other	-	-	23,064	23,064
Total	\$ 1,053,719	\$ 146,378	\$ 23,064	\$ 1,223,161

NET PREMIUMS EARNED

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 310,903	\$ 43,257	\$ -	\$ 354,160
Casualty	482,165	143,156	-	625,321
Property catastrophe	-	201,096	-	201,096
Property	312,762	234,867	-	547,629
Specialty	459,782	40,828	-	500,610
Other (Note 3)	74,670	71,669	-	146,339
Total P&C operations	1,640,282	734,873	-	2,375,155
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	1	1
Run-Off Life Operations - Other Life	-	-	11,664	11,664
Total Corporate and Other	-	-	11,665	11,665
Total	\$ 1,640,282	\$ 734,873	\$ 11,665	\$ 2,386,820

NET PREMIUMS EARNED

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:				
Professional	\$ 263,209	\$ 41,659	\$ -	\$ 304,868
Casualty	361,185	73,935	-	435,120
Property catastrophe	-	108,790	-	108,790
Property	122,586	122,592	-	245,178
Specialty	194,064	20,655	-	214,719
Other (Note 3)	70,823	33,663	-	104,486
Total P&C operations	1,011,867	401,294	-	1,413,161
Corporate and Other :				
Run-Off Life Operations - Annuity	-	-	-	-
Run-Off Life Operations - Other Life	-	-	23,064	23,064
Total Corporate and Other	-	-	23,064	23,064
Total	\$ 1,011,867	\$ 401,294	\$ 23,064	\$ 1,436,225

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, credit and surety, accident and health and other lines.



INSURANCE SEGMENT

(U.S. dollars in thousands)

(Unaudited)

	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015 (Note 1)	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	% Change Q4 15 vs. Q3 15	vs. Q4 14
Gross premiums written	\$ 2,321,459	\$ 2,200,196	\$ 2,219,444	\$ 1,654,747	\$ 1,462,262	5.5%	58.8%
Net premiums written	1,704,492	1,664,562	1,401,772	1,089,108	1,053,719	2.4%	61.8%
Net premiums earned	1,640,282	1,632,988	1,412,906	962,306	1,011,867	0.4%	62.1%
Net losses incurred	(1,063,004)	(1,037,727)	(896,370)	(616,947)	(626,032)	2.4%	69.8%
Acquisition expenses	(227,488)	(214,773)	(181,716)	(80,387)	(92,464)	5.9%	NM
Operating expenses (Note 2)	(319,931)	(334,211)	(292,161)	(208,457)	(230,328)	-4.3%	38.9%
Underwriting profit (loss)	\$ 29,859	\$ 46,277	\$ 42,659	\$ 56,515	\$ 63,043	-35.5%	-52.6%

RATIOS

Loss and loss expense ratio	64.8%	63.5%	63.4%	64.1%	61.9%
Acquisition expense ratio	13.9%	13.2%	12.9%	8.4%	9.1%
Operating expense ratio	19.5%	20.5%	20.7%	21.6%	22.8%
Combined ratio	98.2%	97.2%	97.0%	94.1%	93.8%
Total net prior year development, strengthening (release)	\$ (27,962)	\$ 7,064	\$ (38,135)	\$ (5,997)	\$ (34,655)
Natural catastrophe losses	68,386	7,461	59,892	14,650	17,670
Loss and loss expense ratio excluding net prior year development	66.5%	63.1%	66.1%	64.7%	65.3%
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	62.3%	62.7%	61.9%	63.2%	63.5%
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	95.7%	96.3%	95.4%	93.2%	95.4%
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. The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.

2. Operating expenses exclude corporate operating expenses.

NA = Not applicable

NM = Not meaningful



REINSURANCE SEGMENT

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015 (Note 2)	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	% Change Q4 15 vs. Q3 15 vs. Q4 14
Gross premiums written	\$ 206,307	\$ 458,946	\$ 782,248	\$ 825,662	\$ 158,358	-55.0% 30.3%
Net premiums written	174,300	408,654	698,301	747,635	146,378	-57.3% 19.1%
Net premiums earned	734,873	772,752	650,889	357,188	401,294	-4.9% 83.1%
Net losses incurred	(317,889)	(426,558)	(254,825)	(152,880)	(113,388)	-25.5% NM
Acquisition expenses	(182,910)	(189,671)	(158,217)	(71,492)	(77,775)	-3.6% NM
Operating expenses (Note 3)	(80,475)	(88,682)	(71,727)	(42,495)	(54,324)	-9.3% 48.1%
Underwriting profit (loss)	\$ 153,599	\$ 67,841	\$ 166,120	\$ 90,321	\$ 155,807	NM -1.4%
RATIOS						
Loss and loss expense ratio	43.3%	55.2%	39.2%	42.8%	28.3%	
Acquisition expense ratio	24.9%	24.5%	24.3%	20.0%	19.4%	
Operating expense ratio	10.9%	11.5%	11.0%	11.9%	13.5%	
Combined ratio	79.1%	91.2%	74.5%	74.7%	61.2%	
Total net prior year development, strengthening (release)	\$ (93,192)	\$ (35,182)	\$ (70,735)	\$ (42,491)	\$ (62,006)	
Natural catastrophe losses	44,454	24,720	0	0	15,842	
Reinstatement premium	5,011	1,350	0	0	1,800	
Loss and loss expense ratio excluding net prior year development	55.9%	59.8%	50.0%	54.7%	43.7%	
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	50.2%	56.7%	50.0%	54.7%	39.9%	
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	86.3%	92.7%	85.3%	86.6%	73.0%	

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. The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.

3. Operating expenses exclude corporate operating expenses.

NA = Not applicable

NM = Not meaningful

SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES
THREE MONTHS ENDED DECEMBER 31, 2015 vs DECEMBER 31, 2014
(U.S. dollars in thousands)
(Unaudited)



	FOR THE THREE MONTHS ENDED DECEMBER 31, 2015					FOR THE THREE MONTHS ENDED DECEMBER 31, 2014				
	Including Cats & PYD	PYD	(Note 1) Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD	Including Cats & PYD	PYD	(Note 2) Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD
INSURANCE										
Gross premiums written	\$ 2,321,459		\$ 2,321,459	-	\$ 2,321,459	\$ 1,462,262		\$ 1,462,262	-	\$ 1,462,262
Net premiums written	1,704,492	-	1,704,492	-	1,704,492	1,053,719	-	1,053,719	-	1,053,719
Net premiums earned	1,640,282	-	1,640,282	-	1,640,282	1,011,867	-	1,011,867	-	1,011,867
Net losses incurred	1,063,004	(27,962)	1,090,966	68,386	1,022,580	626,032	(34,655)	660,687	17,670	643,017
Acquisition expenses	227,488		227,488	-	227,488	92,464		92,464	-	92,464
Operating expenses	319,931		319,931	-	319,931	230,328		230,328	-	230,328
Underwriting profit / (loss)	\$ 29,859	\$ 27,962	\$ 1,897	\$ (68,386)	\$ 70,283	\$ 63,043	\$ 34,655	\$ 28,388	\$ (17,670)	\$ 46,058
Loss Ratio	64.8%		66.5%		62.3%	61.9%		65.3%		63.5%
Combined Ratio	98.2%		99.9%		95.7%	93.8%		97.2%		95.4%
REINSURANCE										
Gross premiums written	\$ 206,307		\$ 206,307	5,011	\$ 201,296	\$ 158,358		\$ 158,358	1,801	\$ 156,557
Net premiums written	174,300	-	174,300	5,011	169,289	146,378	-	146,378	1,800	144,578
Net premiums earned	734,873	-	734,873	5,011	729,862	401,294	-	401,294	1,800	399,494
Net losses incurred	317,889	(93,192)	411,081	44,454	366,627	113,388	(62,006)	175,394	15,842	159,552
Acquisition expenses	182,910		182,910	-	182,910	77,775		77,775	-	77,775
Operating expenses	80,475		80,475	-	80,475	54,324		54,324	-	54,324
Underwriting profit / (loss)	\$ 153,599	\$ 93,192	\$ 60,407	\$ (39,443)	\$ 99,850	\$ 155,807	\$ 62,006	\$ 93,801	\$ (14,042)	\$ 107,843
Loss Ratio	43.3%		55.9%		50.2%	28.3%		43.7%		39.9%
Combined Ratio	79.1%		91.8%		86.3%	61.2%		76.6%		73.0%
TOTAL										
Gross premiums written	\$ 2,527,766		\$ 2,527,766	5,011	\$ 2,522,755	\$ 1,620,620		\$ 1,620,620	1,801	\$ 1,618,819
Net premiums written	1,878,792	-	1,878,792	5,011	1,873,781	1,200,097	-	1,200,097	1,800	1,198,297
Net premiums earned	2,375,155	-	2,375,155	5,011	2,370,144	1,413,161	-	1,413,161	1,800	1,411,361
Net losses incurred	1,380,893	(121,154)	1,502,047	112,840	1,389,207	739,420	(96,661)	836,081	33,512	802,569
Acquisition expenses	410,398		410,398	-	410,398	170,239		170,239	-	170,239
Operating expenses	400,406		400,406	-	400,406	284,652		284,652	-	284,652
Underwriting profit / (loss)	\$ 183,458	\$ 121,154	\$ 62,304	\$ (107,829)	\$ 170,133	\$ 218,850	\$ 96,661	\$ 122,189	\$ (31,712)	\$ 153,901
Loss Ratio	58.1%		63.2%		58.6%	52.3%		59.2%		56.9%
Combined Ratio	92.3%		97.4%		92.8%	84.5%		91.4%		89.1%

Notes:

- 2015 Natural Catastrophes include Chennai Flood, December UK Storm Desmond, Australia Bush Fire & Hailstorm and Mid-Atlantic Heavy Rainfall & Flooding.
- 2014 Natural Catastrophes include several US Wind & Thunderstorms, the India Floods, Mexico Hurricane Odile and Australia Brisbane Superstorm Cells.



SEGMENT INFORMATION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 8,395,846	\$ 2,273,163	\$ 10,669,009	\$ 309,916	\$ 10,978,925
Net premiums written	\$ 5,859,934	\$ 2,028,890	\$ 7,888,824	\$ 62,239	\$ 7,951,063
Net premiums earned	\$ 5,648,482	\$ 2,515,702	\$ 8,164,184	\$ 62,241	\$ 8,226,425
Net losses and loss expenses incurred	(3,614,048)	(1,152,152)	(4,766,200)	(115,997)	(4,882,197)
Acquisition expenses	(704,364)	(602,290)	(1,306,654)	(10,794)	(1,317,448)
Operating expenses (Note 3)	(1,154,760)	(283,379)	(1,438,139)	(1,232)	(1,439,371)
Underwriting (loss) profit	<u>\$ 175,310</u>	<u>\$ 477,881</u>	<u>\$ 653,191</u>	<u>\$ (65,782)</u>	<u>\$ 587,409</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	583,871	40,569	624,440
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	187,489	187,489
Net investment results structured products (Note 5)	12,185	5,806	17,991	-	17,991
Net fee income and other (Note 6)	(16,936)	2,958	(13,978)	622	(13,356)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4)			14,586	5,411	19,997
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)			-	182,181	182,181
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 4)				(151,691)	(151,691)
Net realized and unrealized gains (losses) on derivative instruments				53,123	53,123
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				118,060	118,060
Gain on sale of operating affiliate				340,407	340,407
Foreign exchange (gains) losses				22,504	22,504
Corporate operating expenses				480,755	480,755
Extinguishment of debt				5,592	5,592
Contribution from P&C and Corporate and other			<u>\$ 1,255,661</u>	<u>\$ 201,538</u>	<u>\$ 1,457,199</u>
Interest expense (Note 9)					(163,021)
Non-controlling interests					(106,187)
Income tax					19,161
Net (loss) income attributable to XL Group plc					<u>\$ 1,207,152</u>
Ratios - P&C operations:					
Loss and loss expense ratio	64.0%	45.8%	58.4%		
Underwriting expense ratio	32.9%	35.2%	33.6%		
Combined ratio	96.9%	81.0%	92.0%		
Total net prior year development	(65,030)	(241,600)	(306,630)		
Natural catastrophe losses (Note 10)	150,389	69,174	219,563		
Reinstatement premium	-	6,361	6,361		
Loss and loss expense ratio excluding net prior year development	65.1%	55.4%	62.1%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	62.5%	52.8%	59.5%		

Notes :

- The company's results for the twelve months ended December 31, 2015 include those of Catlin from May 1, 2015.
- 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 GreyCastle Life Retro 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 \$60.4 million and \$42.2 million, respectively.
- Net fee income and other includes operating expenses of \$46.6 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 \$64.7 million of deal related costs and \$156.4 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.
- 2015 Natural Catastrophes include US Winterstorms, Chile Flooding, Storm Niklas, Sydney Hailstorm, Tropical Cyclone Marcia, US Storms, Mid-Atlantic Heavy Rainfall & Flooding, Chennai Flood, December UK Storm Desmond and Australia Bush Fire & Hailstorm.

SEGMENT INFORMATION

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 5,976,011	\$ 1,785,479	\$ 7,761,490	\$ 333,436	\$ 8,094,926
Net premiums written	\$ 4,134,151	\$ 1,633,058	\$ 5,767,209	\$ 177,632	\$ 5,944,841
Net premiums earned	\$ 4,026,713	\$ 1,690,725	\$ 5,717,438	\$ 177,632	\$ 5,895,070
Net losses and loss expenses incurred	(2,543,108)	(715,285)	(3,258,393)	(242,963)	(3,501,356)
Acquisition expenses	(393,319)	(330,684)	(724,003)	(14,115)	(738,118)
Operating expenses (Note 3)	(865,592)	(193,404)	(1,058,996)	(10,693)	(1,069,689)
Underwriting (loss) profit	<u>\$ 224,694</u>	<u>\$ 451,352</u>	<u>\$ 676,046</u>	<u>\$ (90,139)</u>	<u>\$ 585,907</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	574,458	146,558	721,016
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	129,575	129,575
Net investment results structured products (Note 5)	43,710	10,499	54,209	-	54,209
Net fee income and other (Note 6)	(10,051)	2,800	(7,251)	360	(6,891)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4)			119,366	3,625	122,991
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				(15,529)	(15,529)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 4)				(488,222)	(488,222)
Net realized and unrealized gains (losses) on derivative instruments				29,886	29,886
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				203,034	203,034
Foreign exchange (gains) losses				(37,568)	(37,568)
Corporate operating expenses				220,165	220,165
Loss on sale of life reinsurance subsidiary (Note 4)				666,423	666,423
Contribution from P&C and Corporate and other			<u>\$ 1,416,828</u>	<u>\$ (929,872)</u>	<u>\$ 486,956</u>
Interest expense (Note 8)					(121,221)
Non-controlling interests					(80,498)
Income taxes					(96,897)
Net (loss) income attributable to XL Group plc					<u>\$ 188,340</u>
Ratios - P&C operations:					
Loss and loss expense ratio	63.2%	42.3%	57.0%		
Underwriting expense ratio	31.2%	31.0%	31.2%		
Combined ratio	94.4%	73.3%	88.2%		
Total net prior year development	(99,758)	(155,314)	(255,072)		
Natural catastrophe losses (Note 9)	68,251	49,482	117,733		
Reinstatement premium	-	4,384	4,384		
Loss and loss expense ratio excluding net prior year development	65.6%	51.5%	61.5%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	63.9%	48.7%	59.4%		

Notes :

- 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 GreyCastle Life Retro 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.
- 2014 Natural Catastrophes include the US and Canada Storm, Korea Snow storm, European Hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile, India Floods, Australia Brisbane Superstorm Cells and several US Wind & Thunderstorms.

PREMIUMS BY LINE OF BUSINESS

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



	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015				FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	(Unaudited) (Note 2)							
	Insurance	Reinsurance	Corporate and Other (Note 3)	Total	Insurance	Reinsurance	Corporate and Other (Note 3)	Total
P&C Operations:								
Professional	\$ 1,754,631	\$ 148,964	\$ -	\$ 1,903,595	\$ 1,550,929	\$ 126,876	\$ -	\$ 1,677,805
Casualty	2,677,828	385,779	-	3,063,607	2,150,302	302,903	-	2,453,205
Property catastrophe	-	623,291	-	623,291	-	493,646	-	493,646
Property	1,621,919	777,181	-	2,399,100	874,198	585,782	-	1,459,980
Specialty	1,934,034	106,629	-	2,040,663	1,013,592	112,039	-	1,125,631
Other (Note 4)	407,434	231,319	1	638,754	386,990	164,233	-	551,223
Total P&C operations	8,395,846	2,273,163	1	10,669,010	5,976,011	1,785,479	-	7,761,490
Corporate and Other :								
Run-Off Life Operations - Annuity	-	-	139,766	139,766	-	-	154,339	154,339
Run-Off Life Operations - Other Life	-	-	170,149	170,149	-	-	179,097	179,097
Total Corporate and Other	-	-	309,915	309,915	-	-	333,436	333,436
Total	\$ 8,395,846	\$ 2,273,163	\$ 309,916	\$ 10,978,925	\$ 5,976,011	\$ 1,785,479	\$ 333,436	\$ 8,094,926
	<u>NET PREMIUMS WRITTEN</u>				<u>NET PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 3)	Total	Insurance	Reinsurance	Corporate and Other (Note 3)	Total
P&C Operations:								
Professional	\$ 1,195,541	\$ 147,103	\$ -	\$ 1,342,644	\$ 1,076,209	\$ 126,873	\$ -	\$ 1,203,082
Casualty	1,771,705	361,435	-	2,133,140	1,437,889	301,109	-	1,738,998
Property catastrophe	-	538,803	-	538,803	-	428,723	-	428,723
Property	1,069,837	695,421	-	1,765,258	538,027	531,203	-	1,069,230
Specialty	1,514,958	93,176	-	1,608,134	791,024	104,718	-	895,742
Other (Note 4)	307,893	192,952	(2)	500,843	291,002	140,432	-	431,434
Total P&C operations	5,859,934	2,028,890	(2)	7,888,822	4,134,151	1,633,058	-	5,767,209
Corporate and Other :								
Run-Off Life Operations - Annuity	-	-	1	1	-	-	53,364	53,364
Run-Off Life Operations - Other Life	-	-	62,240	62,240	-	-	124,268	124,268
Total Corporate and Other	-	-	62,241	62,241	-	-	177,632	177,632
Total	\$ 5,859,934	\$ 2,028,890	\$ 62,239	\$ 7,951,063	\$ 4,134,151	\$ 1,633,058	\$ 177,632	\$ 5,944,841
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	Insurance	Reinsurance	Corporate and Other (Note 3)	Total	Insurance	Reinsurance	Corporate and Other (Note 3)	Total
P&C Operations:								
Professional	\$ 1,163,302	\$ 168,367	\$ -	\$ 1,331,669	\$ 1,075,420	\$ 181,223	\$ -	\$ 1,256,643
Casualty	1,685,748	468,286	-	2,154,034	1,422,684	300,223	-	1,722,907
Property catastrophe	-	663,958	-	663,958	-	433,602	-	433,602
Property	1,021,037	869,286	-	1,890,323	544,856	555,583	-	1,100,439
Specialty	1,473,929	127,797	-	1,601,726	737,281	95,745	-	833,026
Other (Note 4)	304,466	218,008	-	522,474	246,472	124,349	-	370,821
Total P&C operations	5,648,482	2,515,702	-	8,164,184	4,026,713	1,690,725	-	5,717,438
Corporate and Other :								
Run-Off Life Operations - Annuity	-	-	1	1	-	-	53,363	53,363
Run-Off Life Operations - Other Life	-	-	62,240	62,240	-	-	124,269	124,269
Total Corporate and Other	-	-	62,241	62,241	-	-	177,632	177,632
Total	\$ 5,648,482	\$ 2,515,702	\$ 62,241	\$ 8,226,425	\$ 4,026,713	\$ 1,690,725	\$ 177,632	\$ 5,895,070

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation.
2. The company's results for the twelve months ended December 31, 2015 include those of Catlin from May 1, 2015.
3. Corporate and Other includes the Company's run-off Life operations.
4. 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, credit and surety, accident and health and other lines.

SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 vs DECEMBER 31, 2014
(U.S. Dollars in thousands)



	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015					FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014				
	Including Cats & PYD	PYD	(Unaudited) (Note 1)		Excluding Cats and PYD	Including Cats & PYD	PYD	(Unaudited) (Note 3)		Excluding Cats and PYD
			Excluding PYD but incl. Cats (Note 2)	Cats				Excluding PYD but incl. Cats (Note 3)	Cats	
INSURANCE										
Gross premiums written	\$ 8,395,846		\$ 8,395,846	-	\$ 8,395,846	\$ 5,976,011		\$ 5,976,011	-	\$ 5,976,011
Net premiums written	5,859,934	-	5,859,934	-	5,859,934	4,134,151	-	4,134,151	-	4,134,151
Net premiums earned	5,648,482	-	5,648,482	-	5,648,482	4,026,713	-	4,026,713	-	4,026,713
Net losses incurred	3,614,048	(65,030)	3,679,078	150,389	3,528,689	2,543,108	(99,758)	2,642,866	68,251	2,574,615
Acquisition expenses	704,364		704,364	-	704,364	393,319		393,319	-	393,319
Operating expenses	1,154,760		1,154,760	-	1,154,760	865,592		865,592	-	865,592
Underwriting profit / (loss)	\$ 175,310	\$ 65,030	\$ 110,280	\$ (150,389)	\$ 260,669	\$ 224,694	\$ 99,758	\$ 124,936	\$ (68,251)	\$ 193,187
Loss Ratio	64.0%		65.1%		62.5%	63.2%		65.6%		63.9%
Combined Ratio	96.9%		98.0%		95.4%	94.4%		96.9%		95.2%
REINSURANCE										
Gross premiums written	\$ 2,273,163		\$ 2,273,163	6,361	\$ 2,266,802	\$ 1,785,479		\$ 1,785,479	4,385	\$ 1,781,094
Net premiums written	2,028,890	-	2,028,890	6,361	2,022,529	1,633,058	-	1,633,058	4,384	1,628,674
Net premiums earned	2,515,702	-	2,515,702	6,361	2,509,341	1,690,725	-	1,690,725	4,384	1,686,341
Net losses incurred	1,152,152	(241,600)	1,393,752	69,174	1,324,578	715,285	(155,314)	870,599	49,482	821,117
Acquisition expenses	602,290		602,290	-	602,290	330,684		330,684	-	330,684
Operating expenses	283,379		283,379	-	283,379	193,404		193,404	-	193,404
Underwriting profit / (loss)	\$ 477,881	\$ 241,600	\$ 236,281	\$ (62,813)	\$ 299,094	\$ 451,352	\$ 155,314	\$ 296,038	\$ (45,098)	\$ 341,136
Loss Ratio	45.8%		55.4%		52.8%	42.3%		51.5%		48.7%
Combined Ratio	81.0%		90.6%		88.1%	73.3%		82.5%		79.8%
TOTAL										
Gross premiums written	\$ 10,669,009		\$ 10,669,009	6,361	\$ 10,662,648	\$ 7,761,490		\$ 7,761,490	4,385	\$ 7,757,105
Net premiums written	7,888,824	-	7,888,824	6,361	7,882,463	5,767,209	-	5,767,209	4,384	5,762,825
Net premiums earned	8,164,184	-	8,164,184	6,361	8,157,823	5,717,438	-	5,717,438	4,384	5,713,054
Net losses incurred	4,766,200	(306,630)	5,072,830	219,563	4,853,267	3,258,393	(255,072)	3,513,465	117,733	3,395,732
Acquisition expenses	1,306,654		1,306,654	-	1,306,654	724,003		724,003	-	724,003
Operating expenses	1,438,139		1,438,139	-	1,438,139	1,058,996		1,058,996	-	1,058,996
Underwriting profit / (loss)	\$ 653,191	\$ 306,630	\$ 346,561	\$ (213,202)	\$ 559,763	\$ 676,046	\$ 255,072	\$ 420,974	\$ (113,349)	\$ 534,323
Loss Ratio	58.4%		62.1%		59.5%	57.0%		61.5%		59.4%
Combined Ratio	92.0%		95.8%		93.1%	88.2%		92.6%		90.6%

Notes:

- The company's results for the twelve months ended December 31, 2015 include those of Catlin from May 1, 2015.
- 2015 Natural Catastrophes include US Winterstorms, Chile Flooding, Storm Niklas, Sydney Hailstorm, Tropical Cyclone Marcia, US Storms, Mid-Atlantic Heavy Rainfall & Flooding, Chennai Flood, December UK Storm Desmond and Australia Bush Fire & Hailstorm.
- 2014 Natural Catastrophes include the US and Canada Storm, Korea Snow storm, European Hailstorm, Netherlands & Germany heavy rain and flooding, Mexico Hurricane Odile, India Floods, Australia Brisbane Superstorm Cells and several US Wind & Thunderstorms.



BALANCE SHEETS

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



	At December 31, 2015 (Unaudited)	At September 30, 2015 (Unaudited)	At June 30, 2015 (Unaudited)	At March 31, 2015 (Unaudited)	At December 31, 2014
Assets					
Fixed maturities, available for sale at fair value (amortized cost: December 31, 2015, \$31,517,654; December 31, 2014, \$27,728,771)	\$ 32,257,589	\$ 33,276,322	\$ 33,767,991	\$ 29,110,400	\$ 29,359,034
Equity securities, at fair value (cost: December 31, 2015, \$834,079; December 31, 2014, \$763,833)	878,919	969,706	1,073,470	783,471	868,292
Short-term investments, at fair value (amortized cost: December 31, 2015, \$618,851; December 31, 2014, \$257,221)	617,390	546,020	807,486	168,862	256,727
Total investments available for sale	33,753,898	34,792,048	35,648,947	30,062,733	30,484,053
Fixed maturities, at fair value (amortized cost: December 31, 2015, \$1,263,609; December 31, 2014, \$1,180)	1,235,699	914,337	748,931	139,377	1,171
Short-term investments, at fair value (amortized cost: December 31, 2015, \$60,175,855; December 31, 2014, \$0)	60,330	70,886	42,553	-	-
Total investments - trading	1,296,029	985,223	791,484	139,377	1,171
Investments in affiliates	1,708,899	1,592,841	1,663,852	1,655,394	1,637,620
Other investments	1,433,057	1,676,140	1,743,259	1,328,935	1,248,439
Total investments	38,191,883	39,046,252	39,847,542	33,186,439	33,371,283
Cash and cash equivalents	3,256,236	3,340,070	2,840,841	3,209,934	2,521,814
Restricted cash	154,992	147,810	135,638	-	-
Accrued investment income	312,667	311,679	312,856	278,714	315,964
Deferred acquisition costs and value of business acquired	890,568	1,036,260	1,121,362	417,275	354,533
Ceded unearned premiums	1,821,793	2,088,569	2,433,462	1,078,575	952,525
Premiums receivable	4,712,493	5,257,588	5,933,368	2,898,739	2,473,736
Reinsurance balances receivable	418,666	425,521	371,807	118,384	131,519
Unpaid losses and loss expenses recoverable	5,262,706	5,197,577	5,155,612	3,529,331	3,429,368
Net receivable from investments sold	231,158	95,571	118,415	19,627	92,762
Goodwill and other intangible assets	2,210,266	2,213,688	2,205,911	442,431	447,952
Deferred tax assets	282,311	252,492	204,155	192,286	204,491
Other assets	937,199	1,003,446	1,069,737	708,821	750,872
Total assets	\$ 58,682,938	\$ 60,416,523	\$ 61,750,706	\$ 46,080,556	\$ 45,046,819
Liabilities					
Unpaid losses and loss expenses	\$ 25,439,744	\$ 25,782,080	\$ 25,840,381	\$ 18,965,264	\$ 19,353,243
Deposit liabilities	1,168,376	1,194,815	1,212,206	1,211,203	1,245,367
Future policy benefit reserves	4,163,500	4,323,748	4,494,886	4,375,863	4,707,199
Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 2)	914,629	930,834	915,116	1,138,652	1,155,016
Unearned premiums	7,043,358	7,840,331	8,548,841	4,532,022	3,973,132
Notes payable and debt	2,644,970	2,726,917	2,726,455	2,643,561	1,662,580
Reinsurance balances payable	2,117,727	2,303,352	2,494,201	558,952	493,230
Net payable for investments purchased	130,060	154,342	149,249	75,145	42,291
Deferred tax liabilities	120,651	126,130	144,044	66,115	66,246
Other liabilities	1,285,460	1,133,466	1,020,222	867,356	912,749
Total liabilities	\$ 45,028,475	\$ 46,516,015	\$ 47,545,601	\$ 34,434,133	\$ 33,611,053
Commitments and contingencies					
Shareholders' equity					
Ordinary shares, 999,990,000 authorized, par value \$0.01; issued and outstanding (December 31, 2015, 294,745,045; December 31, 2014, 255,182,955)	\$ 2,947	\$ 2,993	\$ 3,039	\$ 2,567	\$ 2,552
Additional paid in capital	8,910,167	9,036,407	9,153,868	7,361,138	7,359,102
Accumulated other comprehensive income (loss)	686,616	955,082	1,076,174	1,705,170	1,484,458
Retained earnings (deficit)	2,077,349	1,943,747	2,014,217	1,175,182	1,187,639
Shareholders' equity attributable to XL Group plc	11,677,079	11,938,229	12,247,298	10,244,057	10,033,751
Non-controlling interest in equity of consolidated subsidiaries	1,977,384	1,962,279	1,957,807	1,402,366	1,402,015
Total shareholders' equity	\$ 13,654,463	\$ 13,900,508	\$ 14,205,105	\$ 11,646,423	\$ 11,435,766
Total liabilities and shareholders' equity	\$ 58,682,938	\$ 60,416,523	\$ 61,750,706	\$ 46,080,556	\$ 45,046,819

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 GreyCastle Life Retro 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, 2 and 3)



	At December 31, 2015 In Use (Unaudited)	September 30, 2015 In Use (Unaudited)	At June 30, 2015 In Use (Unaudited)	At March 31, 2015 In Use (Unaudited)	At December 31, 2014 In Use
<u>Maturity</u>	<u>Commitment</u>	<u>Commitment</u>	<u>Commitment</u>	<u>Commitment</u>	<u>Commitment</u>
Debt					
2.30% Senior Notes	300	298	298	298	297
5.75% Senior Notes	400	398	397	397	397
6.375% Senior Notes	350	349	349	349	349
4.45% Subordinated Notes	500	493	492	492	-
6.25% Senior Notes	325	323	323	323	323
Variable Rate Note, face amount €7m (Note 4)	-	-	7	-	-
Variable Rate Note, face amount \$27m (Note 4)	-	-	25	-	-
Variable Rate Note, face amount \$31m (Note 4)	-	-	29	-	-
Variable Rate Note, face amount \$10m (Note 4)	-	-	9	-	-
Variable Rate Note, face amount €11m (Note 4)	-	-	12	-	-
5.25% Senior Notes	300	296	296	296	296
5.5% Subordinated Notes	500	488	488	488	-
Total debt	\$ 2,675	\$ 2,645	\$ 2,725	\$ 2,724	\$ 1,662
Adjustment to carrying value - impact of fair value hedges and other	-	(0)	2	1	1
Total debt per consolidated balance sheet	<u>\$ 2,645</u>	<u>\$ 2,645</u>	<u>\$ 2,727</u>	<u>\$ 2,726</u>	<u>\$ 1,663</u>
Shareholders' Capital					
Ordinary shares - capital and surplus	\$ 8,913	\$ 9,039	\$ 9,157	\$ 7,364	\$ 7,362
Non-controlling interest in equity of consolidated subsidiaries	1,977	1,962	1,958	1,402	1,402
Other	2,764	2,899	3,090	2,880	2,672
Total shareholders' capital	\$ 13,654	\$ 13,901	\$ 14,205	\$ 11,646	\$ 11,436
Total capital (total debt plus total shareholders' capital)	\$ 16,299	\$ 16,626	\$ 16,929	\$ 14,289	\$ 13,098
Debt to total capital	16.2%	16.4%	16.1%	18.5%	12.7%

Notes:

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

2. "In Use" data represents accreted values.

3. Excluded from the table are revolving credit facilities of \$1.4 billion at December 31, 2015, \$1.5 billion at September 30, 2015, \$1.7 billion at June 30, 2015, \$1.6 billion at each of March 31, 2015 and December 31, 2014. The amounts utilized under these facilities to issue letters of credit were \$527.1 million at December 31, 2015, \$467.9 million at September 30, 2015, \$667.9 million at June 30, 2015, \$598.2 million at March 31, 2015, \$606.1 million at December 31, 2014, thus leaving available amounts of \$822.9 at December 31, 2015, \$1.0 billion at the end of each of September 30, 2015, June 30, 2015, March 31, 2015 and \$968.9 million at December 31, 2014.

4. These subordinated notes were acquired as a result of the combination with Catlin and were repurchased by XL at par and extinguished in December, 2015. XL has recognized a \$5.6 million loss on early extinguishment of debt for the year ended December 31, 2015.

RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

(U.S. dollars in thousands)



	At December 31, 2015 (Unaudited)	At September 30, 2015 (Unaudited)	At June 30, 2015 (Unaudited)	At March 31, 2015 (Unaudited)	At December 31, 2014
Unpaid losses and loss expenses recoverable	\$ 5,262,706	\$ 5,197,577	\$ 5,155,612	\$ 3,529,331	\$ 3,429,368
Reinsurance balances receivable	418,666	425,521	371,807	118,384	131,519
Total recoverable and reinsurance balances receivable (Note 1)	<u>\$ 5,681,372</u>	<u>\$ 5,623,098</u>	<u>\$ 5,527,419</u>	<u>\$ 3,647,715</u>	<u>\$ 3,560,887</u>

The following is an analysis at September 30, 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
Munich Reinsurance Co.	AA-/Stable	26.0%
Lloyd's Syndicates	A+/Stable	16.6%
Swiss Reinsurance Co.	AA-/Stable	6.6%
Swiss Re Europe S.A.	AA-/Stable	5.2%
Transatlantic Reinsurance Company	A+/Stable	4.6%

"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:

- Total recoverable and reinsurance balances receivable reflect the company's reserve for potential non-recoveries from reinsurers of \$56.9 million at December 31, 2015, \$59.7 million at September 30, 2015, \$62.1 million at June 30, 2015, \$54.2 million at March 31, 2015 and \$64.4 million at December 31, 2014.
- 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 GreyCastle Life Retro Arrangements. Unpaid losses and loss expense recoverables under the GreyCastle Life Retro Arrangements are excluded from the amounts above, and are included as an offset within our balance sheet "Funds withheld on GreyCastle life retrocession arrangements" liability line. These amounts were approximately \$3.7 billion at December 31, 2015 and \$4.3 billion at December 31, 2014, respectively.
- During the fourth quarter of 2015, we entered into a large reinsurance agreement ceding approximately 80% of the remaining life insurance premiums that were not included in the GreyCastle Retro Arrangements. Unpaid losses and loss expense recoverables under these Other Life Retro Arrangements are also excluded from the amounts above, and are now included as an offset within our balance sheet "Reinsurance balances payable line". These amounts were approximately \$284 million at December 31, 2015.



LOSS ANALYSIS

ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)

(Unaudited)



P&C OPERATIONS

	For the three months ended December 31, 2015				For the twelve months ended December 31, 2015			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,946	\$ (298)	\$ 1,648	119.3%	\$ 6,505	\$ (1,131)	\$ 5,374	112.8%
Change in unpaid loss reserves	(194)	(73)	(267)		(168)	(440)	(608)	
Included losses	\$ 1,752	\$ (371)	\$ 1,381		\$ 6,337	\$ (1,571)	\$ 4,766	
Prior year development (PYD)			\$ (121)				\$ (307)	
Included losses excluding PYD			1,502	109.7%			5,073	105.9%

	For the three months ended September 30, 2015				For the nine months ended September 30, 2015			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
Paid	\$ 1,796	\$ (482)	\$ 1,314	89.7%	\$ 4,559	\$ (833)	\$ 3,726	110.1%
Change in unpaid loss reserves	173	(22)	151		26	(367)	(341)	
Included losses	\$ 1,969	\$ (504)	\$ 1,465		\$ 4,585	\$ (1,200)	\$ 3,385	
PYD			\$ (28)				\$ (185)	
Included losses excluding PYD			1,493	88.0%			3,570	104.4%

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

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)



P&C OPERATIONS

	At December 31, 2015 (Unaudited)			At December 31, 2014		
	GROSS	RECOVERIES	NET	GROSS	RECOVERIES	NET
Outstanding loss reserves	\$ 10,293	\$ (1,873)	\$ 8,420	\$ 7,461	\$ (1,116)	\$ 6,345
Incurred but not reported reserves	15,008	(3,361)	11,647	11,892	(2,295)	9,597
Fair value adjustments recoverable	\$ 139	(15)	\$ 124	\$ -	-	-
Unpaid losses and loss expense reserves	<u>\$ 25,440</u>	<u>\$ (5,249)</u>	<u>\$ 20,191</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	6,337	(1,571)	4,766			
Loss and loss expenses paid	(6,505)	1,130	(5,375)			
Acquired Reserves	6,933	(1,493)	5,440			
Foreign exchange revaluation and other	(678)	96	(582)			
Balance at December 31, 2015 (Unaudited)	<u>\$ 25,440</u>	<u>\$ (5,249)</u>	<u>\$ 20,191</u>			



INVESTMENT PORTFOLIO INFORMATION

SCHEDULE 1 - SUMMARY INVESTMENT PORTFOLIO

CONSOLIDATED

(U.S. dollars in millions)



	December 31, 2015 (Unaudited)		September 30, 2015 (Unaudited)		June 30, 2015 (Unaudited) (Note 1)		March 31, 2015 (Unaudited)		December 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
INVESTMENT PORTFOLIO										
Fixed Income Portfolio (excluding Life Funds Withheld Assets)										
U.S. Government Related and Supported (Schedule 4)	\$ 7,964	22.4%	\$ 7,145	19.7%	\$ 6,581	18.1%	\$ 5,419	17.9%	\$ 4,266	14.2%
U.S. Treasuries	4,332	12.2%	3,516	9.7%	3,350	9.2%	3,169	10.5%	1,976	6.6%
U.S. Agencies	245	0.7%	251	0.7%	265	0.7%	244	0.8%	237	0.8%
U.S. Municipals	2,670	7.5%	2,691	7.4%	2,436	6.7%	1,999	6.6%	2,046	6.8%
U.S. Government Guarantee	717	2.0%	687	1.9%	530	1.5%	7	0.0%	7	0.0%
Non-U.S. Government Related and Supported (Schedule 4)	5,557	15.6%	5,385	14.9%	5,671	15.4%	4,240	14.1%	4,458	14.9%
Corporate (Schedule 5)	10,689	30.1%	10,190	28.2%	10,342	28.4%	8,243	27.4%	8,892	29.8%
Financials	3,627	10.2%	3,140	8.7%	3,201	8.8%	2,444	8.1%	2,803	9.4%
Non-Financials	7,062	19.9%	7,050	19.5%	7,141	19.6%	5,799	19.3%	6,089	20.4%
Mortgage Backed Securities	4,506	12.6%	5,154	14.3%	5,282	14.5%	5,143	17.1%	5,228	17.5%
Agency RMBS (Schedule 6)	3,770	10.6%	3,935	10.9%	3,967	10.9%	3,723	12.4%	3,740	12.5%
Non-Agency RMBS (Schedule 6)	329	0.9%	366	1.0%	375	1.0%	383	1.3%	431	1.4%
CMBS (Schedule 7)	407	1.1%	853	2.4%	940	2.6%	1,037	3.4%	1,057	3.6%
Asset Backed Securities (Schedule 8 & 9)	1,233	3.4%	2,488	6.9%	2,882	8.0%	1,681	5.6%	1,775	5.9%
CDOs (Schedule 8)	47	0.1%	411	1.1%	495	1.4%	502	1.7%	694	2.3%
Consumer ABS (Schedule 9)	255	0.7%	865	2.4%	1,017	2.8%	505	1.7%	340	1.1%
Other ABS (Schedule 9)	931	2.6%	1,212	3.4%	1,370	3.8%	674	2.2%	741	2.5%
Cash and Equivalents (net of payables/receivables)	1,599	4.5%	1,547	4.3%	1,231	3.4%	1,616	5.4%	1,511	5.1%
Total Fixed Income - Investments (Schedule 2 & 3) (Note 2)	\$ 31,548	88.6%	\$ 31,909	88.3%	\$ 31,989	87.8%	\$ 26,342	87.5%	\$ 26,130	87.4%
Equity Securities										
Public Equities	879	2.5%	969	2.7%	1,073	2.9%	782	2.6%	789	2.6%
Fixed Income Funds	-	0.0%	1	0.0%	1	0.0%	1	0.0%	79	0.3%
Total Equity Securities	\$ 879	2.5%	\$ 970	2.7%	\$ 1,073	2.9%	\$ 783	2.6%	\$ 868	2.9%
Investments in Affiliates										
Hedge Funds	1,084	3.0%	1,040	2.9%	1,024	2.8%	1,018	3.4%	1,023	3.5%
Private Investments	303	0.9%	293	0.8%	340	0.9%	205	0.7%	196	0.7%
Investment Manager Affiliates	71	0.2%	102	0.3%	101	0.3%	94	0.3%	101	0.3%
Strategic Operating Affiliates	251	0.7%	157	0.4%	199	0.5%	339	1.1%	317	1.1%
Total Investments in Affiliates	\$ 1,709	4.8%	\$ 1,592	4.4%	\$ 1,664	4.5%	\$ 1,655	5.5%	\$ 1,638	5.6%
Other Investments										
Hedge Funds	544	1.5%	690	1.9%	728	2.0%	710	2.4%	641	2.1%
Private Investments	245	0.8%	232	0.6%	206	0.6%	136	0.4%	129	0.4%
Fixed Income and Other	644	1.8%	754	2.1%	809	2.2%	483	1.6%	478	1.6%
Total Other Investments	\$ 1,433	4.1%	\$ 1,676	4.6%	\$ 1,743	4.8%	\$ 1,329	4.4%	\$ 1,248	4.1%
TOTAL INVESTMENTS	\$ 35,569	100.0%	\$ 36,147	100.0%	\$ 36,469	100.0%	\$ 30,109	100.0%	\$ 29,884	100.0%
Operating cash and Short-Term Treasury Deposits (Note 3)	1,817		1,812		1,664		1,432		948	
TOTAL INVESTMENTS AND OPERATING CASH	\$ 37,386		\$ 37,959		\$ 38,133		\$ 31,541		\$ 30,832	
Life Funds Withheld Assets (Schedule 12)										
Life Funds Withheld Assets	4,631		4,972		5,079		5,427		5,492	
Total Investments and Operating Cash including Life Funds Withheld Assets	\$ 42,017		\$ 43,106		\$ 36,620		\$ 36,259		\$ 36,550	
FIXED INCOME PORTFOLIO CREDIT QUALITY (excluding Life Funds Withheld Assets):										
AAA	\$ 14,242	45.1%	\$ 14,873	46.6%	\$ 14,744	46.1%	\$ 12,781	48.5%	\$ 11,509	44.1%
AA	7,005	22.3%	7,130	22.3%	7,139	22.4%	4,925	18.7%	5,334	20.4%
A	7,316	23.2%	6,835	21.4%	6,864	21.5%	5,688	21.6%	6,158	23.6%
BBB	2,343	7.4%	2,401	7.6%	2,446	7.6%	2,199	8.4%	2,321	8.9%
BB and Below	577	1.8%	596	1.9%	687	2.1%	724	2.7%	793	3.0%
Not Rated	65	0.2%	74	0.2%	109	0.3%	25	0.1%	15	0.0%
Total Fixed Income - Investments (Note 2)	\$ 31,548	100.0%	\$ 31,909	100.0%	\$ 31,989	100.0%	\$ 26,342	100.0%	\$ 26,130	100.0%
Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 4)		AA		AA		AA		AA		AA-

Notes:

- The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.
- "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 \$1097m, Sterling denominated \$223m, Euro denominated \$346m and Other denominated \$151m.
- The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.



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

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

TOTAL FIXED INCOME SECTOR AND RATING ALLOCATION:

	Fair Value - December 31, 2015							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated	Total		
Corporate	\$ 220	\$ 2,158	\$ 6,472	\$ 1,540	\$ 246	\$ 53	\$ 10,689	33.9%	
Agency Structured Credit	3,770	-	-	-	-	-	3,770	12.0%	
Non-Agency Structured Credit	1,445	118	62	58	282	4	1,969	6.2%	
Government Related and Supported	7,671	4,288	768	745	49	-	13,521	42.8%	
Cash and Equivalents (net of payables/receivables)	1,136	441	14	-	-	8	1,599	5.1%	
Total Fixed Income - Investments (Note 1)	\$ 14,242	\$ 7,005	\$ 7,316	\$ 2,343	\$ 577	\$ 65	\$ 31,548	100.0%	
% by Credit Rating	45.1%	22.3%	23.2%	7.4%	1.8%	0.2%	100.0%		
Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 2)								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.
- The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.

SCHEDULE 3 - FIXED INCOME PORTFOLIO CHARACTERISTICS

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

	December 31, 2015				September 30, 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
Summary by Core Currency Liabilities								
Total Fixed Income Investments (Note 1) (excluding Life Funds Withheld Assets)								
U.S. dollar denominated	\$ 23,617	2.2%	2.49%	3.7	\$ 23,649	2.0%	2.53%	3.6
Euro denominated	3,470	0.6%	1.37%	3.7	3,589	0.6%	1.36%	3.6
Sterling denominated	2,455	1.7%	1.94%	3.6	2,551	1.8%	2.09%	3.4
Other denominated	2,006	1.5%	1.68%	2.5	2,120	1.4%	2.27%	2.6
TOTAL FIXED INCOME INVESTMENTS	\$ 31,548	1.9%	2.27%	3.6	\$ 31,909	1.8%	2.35%	3.5
Life Funds Withheld Assets Fixed Income Investments (Schedule 12)	4,632	3.6%	4.00%	9.6	4,827	3.2%	4.10%	9.5
Total Fixed Income Investments including Life Funds Withheld Assets	\$ 36,180	2.1%	2.49%	4.4	\$ 36,736	2.0%	2.58%	4.3

	US Dollar Equivalent Fair Value		%	US Dollar Equivalent Fair Value		%
Summary by Maturity (excluding Life Funds Withheld Assets)						
Cash and cash equivalents	\$ 1,599		5.1%	\$ 1,547		4.8%
Short term investments	588		1.9%	520		1.7%
0-5 years	15,062		47.7%	13,851		43.4%
5-10 years	5,294		16.8%	4,992		15.6%
10+ years	3,266		10.4%	3,356		10.6%
Asset back and mortgage backed securities	5,739		18.1%	7,642		23.9%
TOTAL FIXED INCOME INVESTMENTS (Note 1)	\$ 31,548		100.0%	\$ 31,909		100.0%

	US Dollar Equivalent Fair Value		Pre-Tax Book Yield (Gross)	US Dollar Equivalent Fair Value		Pre-Tax Book Yield (Gross)
Summary of estimated total fixed income maturities and paydowns over the next 12 months excluding cash and cash equivalents (excluding Life Funds Withheld Assets)						
U.S. Government Related and Supported	\$ 743		1.47%	\$ 549		1.44%
Non U.S. Government Related and Supported	902		1.85%	1,159		1.83%
Corporate	1,028		2.73%	1,220		2.87%
Mortgage Backed Securities (Note 2)	642		3.09%	643		3.13%
Asset Backed Securities (Note 2)	354		2.83%	659		2.35%
TOTAL	\$ 3,669		2.33%	\$ 4,230		2.36%

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: December 31, 2015						
	AAA	AA	A	BBB	BB and Below	Total	%
U.S. Treasuries	4,332	-	-	-	-	\$ 4,332	32.0%
U.S. Agencies	245	-	-	-	-	245	1.8%
U.S. Municipals (Note 2)	397	1,784	478	9	2	2,670	19.7%
Revenue	141	769	344	1	-	1,255	9.3%
State & Local Government Obligation	105	341	18	7	1	472	3.5%
Pre-Refunded	67	168	23	-	1	259	1.9%
Taxable	84	506	93	1	-	684	5.0%
U.S. Agency Government Guarantee	717	-	-	-	-	717	5.2%
Non-U.S. Government and Government-Related (includes Provincials and Local Authorities)	1,312	2,166	290	730	47	4,545	33.8%
United Kingdom	-	1,224	-	-	-	1,224	9.1%
France	-	471	134	-	-	605	4.5%
Canada	404	182	7	-	-	593	4.4%
Netherlands	320	-	3	-	-	323	2.4%
Germany	219	33	7	-	-	259	1.9%
Switzerland	159	39	11	-	-	209	1.5%
Brazil	-	-	-	88	31	119	0.9%
Indonesia	-	-	-	95	8	103	0.8%
Singapore	103	-	-	-	-	103	0.8%
Mexico	-	-	-	94	-	94	0.7%
Norway	29	38	27	-	-	94	0.7%
Australia	62	9	-	-	-	71	0.5%
Colombia	-	-	-	63	-	63	0.5%
Turkey	-	-	-	56	-	56	0.4%
Hong Kong	-	55	-	-	-	55	0.4%
Sweden	3	22	5	16	-	46	0.3%
Kazakhstan	-	-	-	43	-	43	0.3%
Chile	-	21	15	5	-	41	0.3%
Slovenia	-	-	-	40	-	40	0.3%
Peru	-	-	-	40	-	40	0.3%
Belgium	-	19	16	-	-	35	0.3%
Panama	-	-	1	34	-	35	0.3%
Philippines	-	-	-	34	-	34	0.3%
China	-	29	3	1	-	33	0.2%
Spain	-	-	-	30	-	30	0.2%
South Africa	-	-	-	25	3	28	0.2%
Lithuania	-	-	23	-	-	23	0.2%
Austria	-	15	6	-	-	21	0.2%
Others (Individually under \$20 million) (Note 2)	13	9	32	66	5	125	0.9%
Non-U.S. Government Guaranteed	544	104	-	6	-	654	4.8%
Canada	311	-	-	-	-	311	2.3%
Germany	231	1	-	-	-	232	1.6%
France	-	48	-	-	-	48	0.4%
United Kingdom	-	41	-	-	-	41	0.3%
Others (Individually under \$20 million) (Note 3)	2	14	-	6	-	22	0.2%
Supranationals	124	234	-	-	-	358	2.7%
European Financial Stability Facility	-	184	-	-	-	184	1.4%
European Investment Bank	62	-	-	-	-	62	0.4%
European Stability Mechanism	-	50	-	-	-	50	0.4%
International Bank For Reconstruction & Development	25	-	-	-	-	25	0.2%
Others (Individually under \$20 million) (Note 3)	37	-	-	-	-	37	0.3%
Total Government Related and Supported	\$ 7,671	\$ 4,288	\$ 768	\$ 745	\$ 49	\$ 13,521	100.0%
% of Total	56.7%	31.7%	5.7%	5.5%	0.4%	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: December 31, 2015					Total
	Revenue	Local & State G.O.	Pre-Refunded	Taxable		
New York	\$ 154	\$ 15	\$ 5	\$ 61	\$	235
Texas	74	36	15	85		210
Washington	80	48	48	28		204
California	49	19	9	114		191
Ohio	58	25	4	37		124
Georgia	83	17	7	10		117
Massachusetts	61	13	10	11		95
Illinois	40	32	18	1		91
Arizona	49	-	11	26		86
Colorado	48	16	-	12		76
Total Top 10 Municipals by State	\$ 696	\$ 221	\$ 127	\$ 385	\$	1,429

Notes:

1. The credit rating for each asset reflected above was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.
2. Ratings shown are the higher of the rating of the underlying issuer or the insurer in the case of securities enhanced by third-party insurance for the payment of principal and interest in the event of issuer default. Included in U.S. Municipals are exposures to Puerto Rican municipals of \$6 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 \$30 million in Spain, (Nil in Portugal, Greece, Ireland and Italy).



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

(U.S. dollars in millions)

(Unaudited)

Schedule 5(a) - Corporate Sector

Fair Value by Sector and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
Financials	\$ 7	\$ 828	\$ 2,428	\$ 305	\$ 59	\$ 3,627	33.9%	
Banks	-	751	2,063	208	9	3,031	28.4%	
Insurance	7	58	11	8	32	116	1.1%	
Finance	-	19	281	7	18	325	3.0%	
REITS & Brokers	-	-	73	82	-	155	1.4%	
Non-Financials	213	1,330	4,044	1,235	240	7,062	66.1%	
Consumer, Non-Cyclical	84	447	1,099	271	26	1,927	18.0%	
Utilities	-	61	597	142	8	808	7.6%	
Communications	-	14	273	294	21	602	5.6%	
Industrial	-	172	578	160	12	922	8.6%	
Energy	25	341	417	77	31	891	8.3%	
Consumer, Cyclical	-	60	610	206	21	897	8.4%	
Technology	104	227	289	9	2	631	5.9%	
Basic Materials	-	8	155	67	-	230	2.2%	
Diversified (Note 1)	-	-	26	8	4	38	0.4%	
Other	-	-	-	1	115	116	1.1%	
Total Corporate	\$ 220	\$ 2,158	\$ 6,472	\$ 1,540	\$ 299	\$ 10,689	100.0%	
% of Total	2.1%	20.2%	60.5%	14.4%	2.8%	100.0%		

Schedule 5(b) - Corporate Capital Structure

Fair Value by Capital Structure and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
Financials	\$ 7	\$ 828	\$ 2,428	\$ 305	\$ 59	\$ 3,627	33.9%	
Senior	7	828	2,318	157	50	3,360	31.4%	
Subordinated + Lower Tier 2	-	-	110	148	9	267	2.5%	
Non-Financials	213	1,330	4,044	1,235	240	7,062	66.1%	
Senior	213	1,325	4,044	1,234	240	7,056	66.0%	
Subordinated	-	5	-	1	-	6	0.1%	
Total Corporate	\$ 220	\$ 2,158	\$ 6,472	\$ 1,540	\$ 299	\$ 10,689	100.0%	

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

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total
	AAA	AA	A	BBB	BB and Below		
Financials	\$ -	\$ 8	\$ 18	\$ 1	\$ (1)	\$ 26	
Senior	-	8	15	-	(1)	22	
Subordinated + Lower Tier 2	-	-	3	1	-	4	
Non-Financials	6	21	27	(2)	(15)	37	
Senior	6	21	27	(2)	(15)	37	
Subordinated	-	-	-	-	-	-	
Total Net Unrealized Gains (Losses)	\$ 6	\$ 29	\$ 45	\$ (1)	\$ (16)	\$ 63	

Notes:

1. Includes \$0 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)

WELLS FARGO & COMPANY
THE GOLDMAN SACHS GROUP, INC.
JPMORGAN CHASE & CO.
HSBC HOLDINGS PLC
BANK OF AMERICA CORPORATION
THE PNC FINANCIAL SERVICES GROUP, INC.
UBS GROUP AG
WESTPAC BANKING CORPORATION
THE TORONTO-DOMINION BANK
COMMONWEALTH BANK OF AUSTRALIA

	Fair Value - December 31, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 3)
\$	182	0.6%	A+
	177	0.6%	A-
	176	0.6%	A
	162	0.5%	A+
	149	0.5%	A-
	132	0.4%	A
	126	0.4%	AA-
	125	0.4%	AA+
	116	0.4%	AA+
	113	0.4%	AA

Top 10 Issuers - NON-FINANCIALS

PHILIP MORRIS INTERNATIONAL INC.
ROYAL DUTCH SHELL PLC
APPLE INC.
GENERAL ELECTRIC COMPANY
BERKSHIRE HATHAWAY INC.
ORACLE CORPORATION
MICROSOFT CORPORATION
CISCO SYSTEMS, INC.
PEPSICO, INC.
PFIZER INC.

	Fair Value - December 31, 2015		
	Fair Value	% of Total Fixed Income - Investments	Average Credit Quality (Note 3)
\$	156	0.5%	A
	143	0.5%	AA
	143	0.5%	AA+
	133	0.4%	AA-
	129	0.4%	A
	117	0.4%	A+
	104	0.3%	AAA
	102	0.3%	A+
	98	0.3%	A
	98	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 \$21 million of senior insurance debt, and \$139 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: December 31, 2015							Total	%
	AAA	AA	A	BBB	BB and Below	Not Rated			
United States	\$ 218	\$ 1,100	\$ 4,528	\$ 941	\$ 178	\$ 35	\$ 7,000	65.5%	
United Kingdom	2	34	674	198	22	-	930	8.7%	
Netherlands	-	246	172	37	6	-	461	4.3%	
Canada	-	251	137	21	1	-	410	3.8%	
France	-	99	196	59	7	-	361	3.4%	
Australia	-	192	106	27	-	-	325	3.0%	
Germany	-	4	183	88	7	-	282	2.6%	
Switzerland	-	74	165	38	-	-	277	2.6%	
Japan	-	8	117	8	2	-	135	1.3%	
Sweden	-	115	14	-	-	-	129	1.2%	
Belgium	-	-	96	1	-	-	97	0.9%	
Norway	-	-	17	28	2	-	47	0.5%	
China	-	-	29	5	-	-	34	0.3%	
Denmark	-	-	-	33	-	-	33	0.3%	
Luxembourg	-	18	-	-	11	-	29	0.3%	
Mexico	-	-	23	6	-	-	29	0.3%	
Ireland	-	-	-	23	2	-	25	0.2%	
Others (Individually under \$20 million) (Note 2)	-	17	15	27	8	18	85	0.8%	
Total Corporate	\$ 220	\$ 2,158	\$ 6,472	\$ 1,540	\$ 246	\$ 53	\$ 10,689	100.0%	
% of total	2.1%	20.2%	60.5%	14.4%	2.3%	0.5%	100.0%		

Notes:

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

2. Included in Others are Fixed Income exposures to Peripheral European corporate issues of \$4 million in Italy, \$5 million in Spain, and \$Nil in Greece and 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: December 31, 2015

Fair Value by Country Concentrations (Note 2)	Bank	Utilities	Diversified	Consumer, Non-Cyclical	Energy	Communications	Other Financial	Other	Total	%
Netherlands	\$ 207	\$ -	\$ -	\$ 35	\$ 143	\$ 14	\$ 1	\$ 61	\$ 461	26.3%
France	152	26	-	43	64	22	-	54	361	20.6%
Germany	-	35	-	28	-	14	1	204	282	16.1%
Switzerland	143	12	-	66	-	-	-	56	277	15.8%
Sweden	115	-	-	-	-	-	-	14	129	7.4%
Belgium	-	-	-	96	-	-	-	1	97	5.5%
Norway	47	-	-	-	-	-	-	-	47	2.7%
Denmark	-	-	-	-	-	-	-	33	33	1.9%
Luxembourg	-	-	-	1	18	3	8	(1)	29	1.7%
Ireland	-	-	-	-	-	-	2	23	25	1.4%
Spain	-	1	-	-	-	4	-	-	5	0.2%
Austria	-	-	-	-	4	-	-	-	4	0.2%
Italy	-	3	-	1	-	-	-	-	4	0.2%
Total Corporate	\$ 664	\$ 77	\$ -	\$ 270	\$ 229	\$ 57	\$ 12	\$ 445	\$ 1,754	100.0%
% of total	37.9%	4.4%	0.0%	15.4%	13.1%	3.2%	0.7%	25.3%	100.0%	

Notes:

- The Company also holds \$211 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.

Fair Value - December 31, 2015

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

	Fair Value	Average Credit Quality
CREDIT SUISSE GROUP AG	\$ 107	A
RABOBANK NEDERLAND	102	AA-
BNP PARIBAS	81	A+
UBS GROUP AG	80	AA
SVENSKA HANDELSBANKEN AB	76	AA-
ING GROEP N.V.	76	AA-
DNB ASA	68	A
BPCE	49	A+
GOVERNMENT OF NETHERLANDS (ABN AMRO)	48	AAA
ABN AMRO BANK N.V.	47	A

Notes:

- Includes covered bonds.

SCHEDULE 6 - RMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 6(a) - Agency RMBS

Fair Value by Government Agency and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
FNMA	\$ 1,897	\$ -	\$ -	\$ -	\$ -	\$ -	1,897	50.3%
FHLMC	992	-	-	-	-	-	992	26.4%
GNMA	865	-	-	-	-	-	865	22.9%
Other (Note 1)	16	-	-	-	-	-	16	0.4%
Total Agency RMBS	\$ 3,770	\$ -	\$ -	\$ -	\$ -	\$ -	3,770	100.0%
% of total	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Total Weighted Average Life								5.8

Schedule 6(b) - Non-Agency RMBS

Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2007	-	2	-	-	48	-	50	15.2%
2006	4	-	-	-	70	-	74	22.5%
2005	-	-	9	41	105	-	155	47.1%
2004 and prior	1	2	6	5	36	-	50	15.2%
Total Non-Agency RMBS	\$ 5	\$ 4	\$ 15	\$ 46	\$ 259	\$ 329	329	100.0%
% of total	1.5%	1.2%	4.6%	14.0%	78.7%		100.0%	

Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
U.S. Prime (Note 2)	\$ -	\$ -	\$ 3	\$ 4	\$ 20	\$ -	27	8.2%
Non-U.S. Prime (Note 2)	4	2	-	-	-	-	6	1.8%
Sub Prime First Lien (Note 3)	1	1	6	38	145	-	191	58.1%
Alt A (Note 4)	-	1	3	3	80	-	87	26.4%
Second Lien	-	-	3	1	14	-	18	5.5%
ABS CDOs	-	-	-	-	-	-	-	0.0%
Total Non-Agency RMBS	\$ 5	\$ 4	\$ 15	\$ 46	\$ 259	\$ 329	329	100.0%
% of total	1.5%	1.2%	4.6%	14.0%	78.7%		100.0%	

Par Value

Par Value	\$ 5	\$ 4	\$ 15	\$ 49	\$ 363	\$ 436
Average Price as a % of Par	100%	100%	100%	94%	71%	75%
Net Unrealized Gains (Losses)	\$ -	\$ -	\$ -	\$ (1)	\$ 10	\$ 9
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	\$ 26	\$ 1	\$ -	\$ -	\$ -	\$ -	27	8.2%
Non-U.S. Prime	6	-	-	-	-	-	6	1.8%
Sub Prime First Lien	86	88	12	4	1	-	191	58.1%
Alt A	71	3	4	1	8	-	87	26.4%
Second Lien	9	1	4	4	-	-	18	5.5%
ABS CDOs	-	-	-	-	-	-	-	0.0%
Total Non-Agency RMBS	\$ 198	\$ 93	\$ 20	\$ 9	\$ 9	\$ 329	329	100.0%
% of total	60.2%	28.3%	6.1%	2.7%	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 24% for Non-U.S. Prime. Average delinquencies > 60 days are 11% and 1% respectively.
- Sub Prime securities have an average credit support of 39% and average delinquencies > 60 days are 25%.
- Alt-A securities have an average credit support of 20% and average delinquencies > 60 days are 21%.



SCHEDULE 7 - CMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 7 - CMBS (Note 1)

Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015					Total	%
	AAA	AA	A	BBB	BB and Below		
2015	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2014	11	-	-	-	-	11	2.7%
2013	52	-	-	-	-	52	12.8%
2012	65	-	5	-	-	70	17.2%
2011	11	-	-	-	-	11	2.7%
2010	4	6	-	-	1	11	2.7%
2009	4	-	-	-	-	4	1.0%
2008	-	-	-	-	-	-	0.0%
2007	5	14	-	-	1	20	4.9%
2006	175	29	1	-	3	208	51.1%
2005	10	-	-	2	-	12	2.9%
2004 and prior	1	2	-	1	4	8	2.0%
Total CMBS	\$ 338	\$ 51	\$ 6	\$ 3	\$ 9	407	100.0%
% of total	83.0%	12.5%	1.5%	0.7%	2.3%	100.0%	
Par Value	\$ 335	\$ 50	\$ 6	\$ 3	\$ 12	406	
Average Price as a % of Par	101%	102%	100%	100%	75%	100%	
Net Unrealized Gains (Losses)	\$ 1	\$ 1	\$ -	\$ -	\$ 1	3	
Total Weighted Average Life						2.7	

Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE					Total	%
	AAA	AA	A	BBB	BB and Below		
2015	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.0%
2014	11	-	-	-	-	11	2.7%
2013	52	-	-	-	-	52	12.8%
2012	65	-	5	-	-	70	17.2%
2011	11	-	-	-	-	11	2.7%
2010	4	6	-	-	1	11	2.7%
2009	4	-	-	-	-	4	1.0%
2008	-	-	-	-	-	-	0.0%
2007	19	-	-	-	1	20	4.9%
2006	208	-	-	-	-	208	51.1%
2005	12	-	-	-	-	12	2.9%
2004 and prior	1	-	1	1	5	8	2.0%
Total CMBS	\$ 387	\$ 6	\$ 6	\$ 1	\$ 7	407	100.0%
% of total	95.1%	1.5%	1.5%	0.2%	1.7%	100.0%	

Notes:

1. CMBS have an average credit support of 35% and a debt service ratio of 1.5. Average delinquencies > 60 days are 4.1%.



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

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

Schedule 8 - CDOs (Notes 1 & 2)

Fair Value by Collateral and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
High Yield Loans	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ 12	25.5%	
Commercial Real Estate	-	-	-	5	1	6	12.8%	
Emerging Markets	-	-	-	-	-	-	0.0%	
Other	9	5	3	3	9	29	61.7%	
Total CDOs	\$ 9	\$ 17	\$ 3	\$ 8	\$ 10	\$ 47	100.0%	
% of total	19.1%	36.2%	6.4%	17.0%	21.3%	100.0%		

Fair Value by Vintage and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	
2007	-	12	-	-	-	12	25.5%	
2006	9	5	-	-	10	24	51.1%	
2005	-	-	3	8	-	11	23.4%	
2004 and prior	-	-	-	-	-	-	0.0%	
Total CDOs	\$ 9	\$ 17	\$ 3	\$ 8	\$ 10	\$ 47	100.0%	
% of total	19.1%	36.2%	6.4%	17.0%	21.3%	100.0%		

Par Value	\$ 10	\$ 18	\$ 5	\$ 9	\$ 26	\$ 68
Average Price as a % of Par	90%	94%	60%	89%	38%	69%
Net Unrealized Gains (Losses)	5	4	(2)	0	(7)	0
Total Weighted Average Life						2.0

Fair Value by Vintage and Original Rating

	FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE						Total	%
	AAA	AA	A	BBB	BB and Below			
2008-2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	
2007	-	12	-	-	-	12	25.5%	
2006	-	12	1	11	-	24	51.1%	
2005	3	5	3	-	-	11	23.4%	
2004 and prior	-	-	-	-	-	-	0.0%	
Total CDOs	\$ 3	\$ 29	\$ 4	\$ 11	\$ -	\$ 47	100.0%	
% of total	6.4%	61.7%	8.5%	23.4%	0.0%	100.0%		

Notes:

1. Cash CLOs account for 25% of the holdings, the majority of which were originally rated AAA/AA.
2. The tables above exclude \$14 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

Autos (Note 1)

	FIXED INCOME CREDIT QUALITY: December 31, 2015							
	AAA	AA	A	BBB	BB and Below	Total	%	
\$	149	\$ 5	\$ 5	\$ -	\$ -	\$ 159	62.4%	
U.S.	69	5	5	-	-	79	31.0%	
Non-U.S.	80	-	-	-	-	80	31.4%	
\$	67	\$ -	\$ -	\$ -	\$ -	\$ 67	26.3%	
U.S.	37	-	-	-	-	37	14.5%	
Non-U.S.	30	-	-	-	-	30	11.8%	
\$	15	\$ 14	\$ -	\$ -	\$ -	\$ 29	11.3%	
U.S.	11	-	-	-	-	11	4.3%	
Non-U.S.	4	14	-	-	-	18	7.0%	

Total Consumer ABS

\$	231	\$ 19	\$ 5	\$ -	\$ -	\$ 255	100.0%
% of total	90.6%	7.5%	1.9%	0.0%	0.0%	100.0%	
Net Unrealized Gains (Losses)	(2)	(2)	0	0	0	(4)	
Total Weighted Average Life							2.3

Schedule 9(b) - Other ABS

Fair Value by Collateral Type and Current Rating

	FIXED INCOME CREDIT QUALITY: December 31, 2015							
	AAA	AA	A	BBB	BB and Below	Total	%	
\$	21	\$ 6	\$ -	\$ -	\$ -	\$ 27	2.9%	
Telecoms & Utilities	6	-	-	-	-	6	0.6%	
Pfandbriefe & Covered Bonds	813	17	-	-	-	830	89.2%	
Other ABS	22	4	33	1	1	61	6.6%	
Whole Business	-	-	-	-	7	7	0.7%	
Health Care	-	-	-	-	-	-	0.0%	
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	
\$	862	\$ 27	\$ 33	\$ 1	\$ 8	\$ 931	100.0%	

% of total	92.6%	2.9%	3.5%	0.1%	0.9%	100.0%	
Net Unrealized Gains (Losses)	9	0	1	0	(1)	9	
Total Weighted Average Life							3.2

Notes:

1. Average credit support is 24% for Autos.
2. The average excess spread (net of charge offs) is 37% for credit cards.



SCHEDULE 10 - UNREALIZED GAINS (LOSSES)

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

	December 31, 2015					September 30, 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
Fixed Income, Equity, and Other Investments Portfolio										
U.S. Government Related and Supported (Schedule 4)	\$ 7,964	\$ 7,904	\$ 7,775	\$ 129	\$ (39)	\$ 7,145	\$ 7,088	\$ 6,934	\$ 154	\$ (23)
U.S. Treasuries	4,332	4,314	4,313	1	(23)	3,516	3,502	3,477	25	(12)
U.S. Agencies	245	243	221	22	(0)	251	249	225	24	-
U.S. Municipals	2,670	2,633	2,520	113	(8)	2,691	2,653	2,550	103	(9)
U.S. Government Guarantee	717	714	721	(6)	(7)	687	684	682	2	(2)
Non-U.S. Government Related and Supported (Schedule 4)	5,557	5,503	5,508	(5)	(107)	5,385	5,338	5,289	49	(86)
Corporate (Schedule 5)	10,689	10,583	10,520	63	(117)	10,190	10,089	9,928	161	(84)
Financials	3,627	3,593	3,567	26	(24)	3,140	3,112	3,070	42	(18)
Non-Financials	7,062	6,990	6,953	37	(93)	7,050	6,977	6,858	119	(66)
Mortgage Backed Securities	4,506	4,492	4,420	72	(39)	5,154	5,138	5,023	115	(31)
Agency RMBS (Schedule 6)	3,770	3,758	3,698	60	(18)	3,935	3,923	3,832	91	(9)
Non-Agency RMBS (Schedule 6)	329	329	320	9	(17)	366	365	354	11	(17)
CMBS (Schedule 7)	407	405	402	3	(4)	853	850	837	13	(5)
Asset Backed Securities (Schedule 8 & 9)	1,233	1,223	1,218	5	(23)	2,488	2,479	2,464	15	(21)
CDOs (Schedule 8)	47	47	47	-	(9)	411	410	418	(8)	(10)
Consumer ABS (Schedule 9)	255	255	259	(4)	(5)	865	865	864	1	(4)
Other ABS (Schedule 9)	931	921	912	9	(9)	1,212	1,204	1,182	22	(7)
Cash and Equivalents (net of payables/receivables)	1,599	1,599	1,599	-	-	1,547	1,547	1,547	-	-
Total Fixed Income - Investments	\$ 31,548	\$ 31,304	\$ 31,041	\$ 263	\$ (325)	\$ 31,909	\$ 31,680	\$ 31,186	\$ 494	\$ (245)
Equity Securities	879	879	834	45	(45)	970	970	984	(14)	(81)
Other Investments	1,433	1,433	1,219	214	(2)	1,676	1,676	1,409	267	(5)
Total Fixed Income, Equity Securities and Other Investments (Excluding Life Funds Withheld Assets)	\$ 33,860	\$ 33,616	\$ 33,094	\$ 522	\$ (372)	\$ 34,555	\$ 34,325	\$ 33,579	\$ 746	\$ (331)
Life Funds Withheld Assets (Schedule 12)	4,632	4,562	4,115	447	-	4,827	4,745	4,189	556	-
Total Fixed Income, Equity Securities and Other Investments (including Life Funds Withheld Assets)	\$ 38,492	\$ 38,178	\$ 37,209	\$ 969	\$ (372)	\$ 39,382	\$ 39,070	\$ 37,768	\$ 1,303	\$ (331)

SCHEDULE 11 - INVESTMENT INCOME STATEMENT ANALYSIS

(U.S. dollars in thousands)

(Unaudited)

	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015	Three months ended December 31, 2014
Net Investment Income - Total excluding Structured and Life Funds Withheld Assets					
Gross Investment Income	\$ 179,813	\$ 180,537	\$ 179,059	\$ 158,419	\$ 174,433
Investment expenses (Note 1)	(21,675)	(17,545)	(18,767)	(15,401)	(17,636)
Net Investment Income - Total excluding Structured and Life Funds Withheld Assets	\$ 158,138	\$ 162,992	\$ 160,292	\$ 143,018	\$ 156,797
Book Yield (Net of Expenses)	2.05%	2.16%	2.16%	2.30%	2.37%
Net Investment Income - Structured (Excluding Life Funds Withheld Assets)					
Gross Investment Income	\$ 15,633	\$ 17,244	\$ 17,927	\$ 16,699	\$ 17,243
Investment expenses (Note 1)	(1,884)	(1,676)	(1,879)	(1,623)	(1,743)
Net Investment Income - Structured (Excluding Life Funds Withheld Assets)	\$ 13,749	\$ 15,568	\$ 16,048	\$ 15,076	\$ 15,500
Book Yield (Net of Expenses)	4.25%	4.86%	4.97%	4.68%	4.77%
Interest Expense - Deposit Liability Accretion	(10,477)	(11,131)	(10,629)	(9,957)	(9,155)
Operating and Investment Expenses - P&C Structured	-	-	(162)	(94)	(265)
Net Investment Income - Structured (Excluding Life Funds Withheld Assets)	\$ 3,272	\$ 4,437	\$ 5,257	\$ 5,025	\$ 6,080
Net Investment Income - Total (Excluding Life Funds Withheld Assets)	\$ 171,887	\$ 178,560	\$ 176,340	\$ 158,094	\$ 172,297
Book Yield (Net of Expenses)	2.15%	2.27%	2.29%	2.42%	2.51%
Net Investment Income - Life Funds Withheld Assets	\$ 43,620	\$ 46,586	\$ 46,864	\$ 50,419	\$ 53,936
Net Income (Loss) from Investment Affiliates (Note 2)					
Alternative Funds	\$ 3,750	\$ (11,471)	\$ 19,489	\$ 30,901	\$ 9,710
Private Investment Fund Affiliates	6,579	7,757	11,888	4,428	10,620
\$ 10,329	\$ (3,714)	\$ 31,377	\$ 35,329	\$ 20,330	
Net Income (Loss) from Operating Affiliates (Note 3)					
Investment Manager Affiliates	\$ (7,074)	\$ 5,943	\$ 8,524	\$ 3,739	\$ 1,056
Strategic Operating Affiliates	11,487	2,253	938	18,929	12,118
\$ 4,413	\$ 8,196	\$ 9,462	\$ 22,668	\$ 13,174	

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)

	December 31, 2015 (Unaudited)		September 30, 2015 (Unaudited)		June 30, 2015 (Unaudited)		March 31, 2015 (Unaudited)		December 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS										
Fixed Income Portfolio										
U.S. Government Related and Supported	\$ 18	0.4%	\$ 18	0.4%	\$ 17	0.3%	\$ 18	0.4%	\$ 19	0.4%
Non-U.S. Government Related and Supported	1,383	29.9%	1,505	31.2%	1,503	30.2%	1,525	30.0%	1,817	33.6%
Corporate	2,790	60.2%	2,821	58.4%	2,962	59.6%	2,937	57.8%	2,873	53.2%
Mortgage Backed Securities	130	2.8%	148	3.1%	148	3.0%	163	3.2%	199	3.7%
Asset Backed Securities	205	4.4%	213	4.4%	235	4.7%	287	5.7%	364	6.7%
Cash and Equivalents (net of payables/receivables)	106	2.3%	122	2.5%	107	2.2%	149	2.9%	133	2.5%
Total Fixed Income - Investments (Note 1)	\$ 4,632	100.0%	\$ 4,827	100.0%	\$ 4,972	100.0%	\$ 5,079	100.0%	\$ 5,405	100.0%
Other Investments										
Hedge Funds	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Equity Securities	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other Investments	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other Investments	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
TOTAL LIFE FUNDS WITHHELD ASSETS	\$ 4,632	100.0%	\$ 4,827	100.0%	\$ 4,972	100.0%	\$ 5,079	100.0%	\$ 5,405	100.0%
FIXED INCOME PORTFOLIO CREDIT QUALITY :										
AAA	\$ 616	13.3%	\$ 603	12.5%	\$ 572	11.5%	\$ 668	13.2%	\$ 912	16.9%
AA	1,389	30.0%	1,556	32.2%	1,543	31.0%	1,509	29.7%	1,528	28.3%
A	1,519	32.8%	1,458	30.2%	1,545	31.1%	1,615	31.8%	1,623	30.0%
BBB	1,073	23.2%	1,166	24.2%	1,253	25.2%	1,214	23.9%	1,323	24.5%
BB and Below	35	0.7%	44	0.9%	59	1.2%	73	1.4%	19	0.4%
Not Rated	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Fixed Income - Investments (Note 1)	\$ 4,632	100.0%	\$ 4,827	100.0%	\$ 4,972	100.0%	\$ 5,079	100.0%	\$ 5,405	100.0%
Average credit quality (Note 2)		A+		A+		A+		A+		A+
Summary by Core Currency Liabilities										
	US Dollar Equivalent Fair Value	Duration	US Dollar Equivalent Fair Value	Duration	US Dollar Equivalent Fair Value	Duration	US Dollar Equivalent Fair Value	Duration	US Dollar Equivalent Fair Value	Duration
Sterling denominated	\$ 3,268	8.7	\$ 3,425	8.7	\$ 3,568	8.9	\$ 3,588	9.4	\$ 3,683	9.1
Euro denominated	1,364	11.3	1,402	11.2	1,388	10.6	1,472	10.4	1,696	9.9
U.S. Dollar denominated	-	-	-	-	16	5.0	19	5.6	26	5.4
Total Duration	\$ 4,632	9.5	\$ 4,827	9.4	\$ 4,972	9.4	\$ 5,079	9.6	\$ 5,405	9.4
Net Investment Income - Life Funds Withheld Assets (in thousands)	\$ 43,620		\$ 46,586		\$ 46,864		\$ 50,419		\$ 53,936	

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.

COMMENT ON REGULATION G

XL presents its operations in the way it believes will be most meaningful and useful to investors, analysts, rating agencies and others who use XL's financial information in evaluating XL's performance. This document contains the presentation of (i) operating net income (loss) ("Operating Net Income"), which is defined as net income (loss) attributable to ordinary shareholders excluding: (1) 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 (10) our loss on the GreyCastle Life Retro Arrangement, net of tax, (11) our loss on the Other Life Retro Arrangements, net of tax, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition; (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 GreyCastle Life Retro 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 GreyCastle Life Retro Arrangement, XL no longer shares in the risks and rewards of the underlying performance of the Life Funds Withheld Assets that support these retro 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 GreyCastle life retro 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.