



FINANCIAL SUPPLEMENT

March 31, 2017

Updated on April 28, 2017 *

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

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* Page 16 was revised to reflect a reclassification between the Premiums receivable and Reinsurance balances receivable financial statement line items for the period ending March 31, 2017.

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Forward-Looking Statement



Cautionary Note Regarding Forward-Looking Statements

This financial supplement contains forward-looking statements. Statements that are not historical facts, including statements about XL's beliefs, plans or expectations, are forward-looking statements. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Statements that include the words "expect," "estimate," "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) the continuation of downward trends in rates for property and casualty insurance and reinsurance; (b) changes in the size of our claims relating to unpredictable natural or man-made catastrophe losses due to the preliminary nature of some reports and estimates of loss and damage to date; (c) changes in the number of insureds and ceding companies impacted or the ultimate number and value of individual claims relating to natural catastrophe events due to the preliminary nature of reports and estimates of loss and damage to date; (d) changes in the amount or type of business that we write, whether due to our actions, changes in market conditions or other factors, and the amount of premium attributable to such business; (e) the availability, cost or quality of ceded reinsurance, and the timely and full recoverability of such reinsurance, or other amounts due to us, or changes to our projections related to such recoverables; (f) 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 we anticipated; (g) 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 our ability to maintain or increase its business volumes or profitability; (h) greater frequency or severity of claims and loss activity than our underwriting, reserving or investment practices anticipate based on historical experience or industry data; (i) the impact of changes in the global financial markets, such as the effects of inflation on our business, including on pricing and reserving, 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 our investments, future financing activities and access to such markets, our ability to pay claims or general financial condition; (j) our ability to successfully implement our business strategy; (k) our ability to successfully attract and raise additional third party capital for existing or new investment vehicles; (l) changes in credit ratings and rating agency policies or practices, which could trigger cancellation provisions in our assumed reinsurance agreements or impact the availability of our credit facilities; (m) the potential for changes to methodologies, estimations and assumptions that underlie the valuation of our financial instruments that could result in changes to investment valuations; (n) changes to our assessment as to whether it is more likely than not that we will be required to sell, or have the intent to sell, available-for-sale fixed maturity securities before their anticipated recovery; (o) unanticipated constraints on our liquidity, including the availability of borrowings and letters of credit under credit facilities that inhibit our ability to support our operations, including our ability to underwrite policies and pay claims; (p) the ability of our subsidiaries to pay dividends to XL Group Ltd, XLIT Ltd. and Catlin Insurance Company Ltd; (q) changes in regulators or regulation applicable to us, including as a result of the completion of our redomestication from Ireland to Bermuda, such as changes in regulatory capital balances that our operating subsidiaries must maintain, or to our brokers or customers; (r) the effects of business disruption, economic contraction or economic sanctions due to unpredictable global political and social conditions such as war, terrorism or other hostilities, or pandemics; (s) the actual amount of new and renewal business and acceptance of our products and services, including new products and services and the materialization of risks related to such products and services; (t) changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; (u) bankruptcies or other financial concerns of companies insofar as they affect P&C insurance and reinsurance coverages or claims that we may have as a counterparty; (v) the loss of key personnel; (w) the effects of mergers, acquisitions and divestitures, including our ability to modify our internal controls over financial reporting, changes to our risk appetite and our ability to realize the value or benefits expected, in each case, as a result of such transactions; (x) changes in general economic conditions, including the political, monetary, economic and operational impacts of the "Brexit" referendum held on June 23, 2016 in which the UK electorate voted to withdraw from the EU, new or continued sovereign debt concerns in Euro-Zone countries or emerging markets such as Brazil or China, or governmental actions for the purposes of stabilizing financial markets; (y) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (z) judicial decisions and rulings, new theories of liability or emerging claims coverage issues, legal tactics and settlement terms; (aa) the effects of climate change (such as changes to weather patterns, sea levels or temperatures) on our business, which our modeling or risk management practices may not adequately address due to the uncertain nature of climate change; and (bb) the other factors set forth in our reports on Form 10-K and 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.

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



STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME AND RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

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



	Three Months Ended March 31, 2017 (Unaudited)	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016 (Unaudited)	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended March 31, 2016 (Unaudited)
Revenues					
Gross premiums written	\$ 4,678,417	\$ 3,079,772	\$ 2,783,603	\$ 3,599,323	\$ 4,428,226
Net premiums written	2,983,070	2,316,147	2,135,658	2,726,119	3,064,759
Net premiums earned - P&C operations	2,519,481	2,454,060	2,431,677	2,528,704	2,351,446
Net premiums earned - run-off Life operations	3,310	3,015	2,360	3,508	3,164
Net investment income - Life Funds Withheld Assets (Note 2)	33,364	35,108	38,937	39,146	41,560
Net investment income - excluding Life Funds Withheld Assets (Note 2)	167,168	160,980	170,834	176,242	164,326
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	34,474	44,048	44,011	30,114	34,416
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	4,218	43,242	58,395	19,468	(8,416)
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	-	-	-	(252)	(2,346)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(1,406)	(56,195)	41,270	55,287	69,096
Net realized and unrealized gains (losses) on derivative instruments	(7,069)	(253)	5,490	906	(3,622)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(50,101)	151,342	(225,610)	(229,742)	(236,080)
Net income (loss) from investment fund affiliates (Note 3)	38,261	50,002	12,156	13,179	(4,579)
Fee income and other	13,661	7,968	8,600	10,862	8,262
Total revenues	\$ 2,755,361	\$ 2,893,317	\$ 2,588,120	\$ 2,647,422	\$ 2,417,227
Expenses					
Net losses and loss expenses incurred - P&C operations	\$ 1,583,456	\$ 1,566,161	\$ 1,491,803	\$ 1,632,386	\$ 1,382,485
Claims and policy benefits - run-off Life operations	7,291	11,950	5,875	5,482	4,937
Acquisition costs	435,869	392,996	403,888	420,520	403,267
Operating expenses	468,038	517,002	508,458	522,521	515,381
Foreign exchange losses (gains)	(3,336)	45,036	(1,695)	(19,100)	(33,819)
Loss (Gain) on sale of subsidiary (Note 4)	-	(3,418)	(3,670)	-	-
Interest expense - debt and other	40,250	41,687	43,025	43,733	41,613
Interest expense - deposit liability accretion	10,461	10,590	6,420	12,005	10,690
Total expenses	\$ 2,542,029	\$ 2,582,004	\$ 2,454,104	\$ 2,617,547	\$ 2,324,554
Income (loss) before income (loss) from operating affiliates and income tax	\$ 213,332	\$ 311,313	\$ 134,016	\$ 29,875	\$ 92,673
Income (loss) from operating affiliates (Note 3)	13,609	(2,081)	12,410	12,410	12,650
Provision (benefit) for income taxes	13,092	(382)	17,749	2,467	22,295
Net income (loss)	\$ 213,849	\$ 309,614	\$ 128,677	\$ 48,826	\$ 83,028
Non-controlling interests	(61,006)	(4,914)	(58,076)	(5,044)	(61,143)
Net income (loss) attributable to common shareholders	\$ 152,843	\$ 304,700	\$ 70,601	\$ 43,782	\$ 21,885
Reconciliation of Non-GAAP Financial Information:					
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(34,474)	(44,048)	(44,011)	(30,114)	(34,416)
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets (Note 2)	(4,218)	(43,242)	(58,395)	(19,468)	8,416
OTTI on investments - Life Funds Withheld Assets (Note 2)	-	-	-	252	2,346
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	1,406	56,195	(41,270)	(55,287)	(69,096)
Net realized and unrealized (gains) losses on derivatives	7,069	253	(5,490)	(906)	3,622
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance	(2,051)	700	-	1,818	413
Net investment income - Life Funds Withheld Assets (Note 2)	(33,364)	(35,108)	(38,937)	(39,146)	(41,560)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	50,101	(151,342)	225,610	229,742	236,080
Loss (gain) on sale of subsidiary (Note 4)	-	(3,418)	(3,670)	-	-
Foreign exchange (gains) losses	(3,336)	45,036	(1,695)	(19,100)	(33,819)
Provision (benefit) for income tax on items excluded from operating income	2,167	(1,286)	19,711	(5,126)	9,517
Operating Net Income (Note 5)	\$ 136,143	\$ 128,440	\$ 122,454	\$ 106,447	\$ 103,388

Notes:

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

2. On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), 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.

3. Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.

4. On September 30, 2016, the Company completed the sale of its wholly-owned subsidiary, XL Life Insurance and Annuity Company ("XLLIAC") and, as a result, recorded a \$3.7 million gain and during Q4 2016 the Company recognized a \$3.4 million gain on the partial sale of its holdings in New Ocean Capital Management.

5. Operating net income is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (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, (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 The Company's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin Acquisition, (9) our gain on the sale of our interest in our former operating affiliate, (10) our gain on the sale of our wholly-owned subsidiary XLLIAC and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin Acquisition, and (13) a provision (benefit) for income tax on items excluded from operating income. "Operating net income" is a non-GAAP financial measure. For further information see page 31 for Comment on Regulation G.

RETURN ON COMMON SHAREHOLDERS' EQUITY AND RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

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



	Three Months Ended March 31, 2017 (Unaudited)	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016 (Unaudited)	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended March 31, 2016 (Unaudited)
Return on Common Shareholders' Equity					
Opening shareholders' equity	\$ 12,960,679	\$ 13,592,880	\$ 13,663,932	\$ 13,667,718	\$ 13,654,463
Less: Non-controlling interest in equity of consolidated subsidiaries	(2,022,167)	(1,980,714)	(1,978,744)	(1,978,974)	(1,977,384)
Opening common shareholders' equity	10,938,512	11,612,166	11,685,188	11,688,744	11,677,079
Closing shareholders' equity	13,000,626	12,960,679	13,592,880	13,663,932	13,667,718
Less: Non-controlling interest in equity of consolidated subsidiaries	(2,025,742)	(2,022,167)	(1,980,714)	(1,978,744)	(1,978,974)
Closing common shareholders' equity	10,974,884	10,938,512	11,612,166	11,685,188	11,688,744
Average common shareholders' equity	10,956,698	11,275,339	11,648,677	11,686,966	11,682,912
Opening accumulated other comprehensive income (AOCI), net of tax	715,546	1,519,805	1,408,587	1,094,557	686,616
Closing AOCI, net of tax	844,974	715,546	1,519,805	1,408,587	1,094,557
Average AOCI, net of tax (Note 2)	780,260	1,117,676	1,464,196	1,251,572	890,587
Average common shareholders' equity excluding AOCI	10,176,438	10,157,664	10,184,481	10,435,394	10,792,325
Integration costs	33,949	58,800	54,461	53,264	56,545
Provision (benefit) for income tax on integration costs	(3,768)	(4,998)	(4,629)	(5,593)	(6,220)
Net income (loss) attributable to common shareholders	152,843	304,700	70,601	43,782	21,885
Annualized net income (loss) attributable to common shareholders	611,372	1,218,800	282,404	175,128	87,540
Operating Net Income (excluding integration costs) (Note 3)	136,143	128,440	122,454	106,447	103,388
Annualized Operating Net Income (Note 3)	544,572	513,760	489,816	425,788	413,552
Annualized operating return on average common shareholders' equity (Note 3)	5.0%	4.6%	4.2%	3.6%	3.5%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	5.4%	5.1%	4.8%	4.1%	3.8%
Annualized operating return on common shareholders' equity excluding integration costs (Note 3)	6.1%	6.5%	5.9%	5.3%	5.3%
Annualized operating return on common shareholders' equity excluding integration costs and AOCI (Note 3)	6.5%	7.2%	6.8%	5.9%	5.7%

	At March 31, 2017	At December 31, 2016	At September 30, 2016	At June 30, 2016	At March 31, 2016
Book Value per Common Share					
Closing common shareholders' equity	\$ 10,974,884	\$ 10,938,512	\$ 11,612,166	\$ 11,685,191	\$ 11,688,746
Common shares outstanding (Note 4)	263,773,739	266,927,220	270,409,084	276,772,053	286,312,517
Dilutive impact of stock and options	3,233,867	4,297,570	3,644,978	3,387,463	3,504,607
Diluted shares outstanding	267,007,606	271,224,790	274,054,062	280,159,516	289,817,124
Book value per common share	\$ 41.61	\$ 40.98	\$ 42.94	\$ 42.22	\$ 40.83
Fully diluted book value per common share	\$ 41.10	\$ 40.33	\$ 42.37	\$ 41.71	\$ 40.33
Fully diluted tangible book value per common share (Note 5)	\$ 32.83	\$ 32.21	\$ 34.22	\$ 33.79	\$ 32.62

Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- Unrealized (gain) loss on investments, net of tax is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.
- Operating net income is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (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, (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 The Company's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin Acquisition, (9) our gain on the sale of our interest in our former operating affiliate, (10) our gain on the sale of our wholly-owned subsidiary XLLIAC and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin Acquisition, and (13) a provision (benefit) for income tax on items excluded from operating income. "Operating net income," "annualized operating net income" and "annualized operating return on average common shareholders' equity" including and excluding average AOCI, both inclusive and exclusive of integration costs are non-GAAP financial measures. For further information see page 31 for Comment on Regulation G.
- Common shares outstanding include all common shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Fully diluted tangible book value per common share is a non-GAAP financial measure which represents book value per common share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding common shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2017

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

(Unaudited)



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,694,216	\$ 1,927,390	\$ 4,621,606	\$ 56,811	\$ 4,678,417
Net premiums written	1,508,591	1,471,169	2,979,760	3,310	2,983,070
Net premiums earned	1,635,315	884,166	2,519,481	3,310	2,522,791
Net losses and loss expenses incurred	(1,060,363)	(523,093)	(1,583,456)	(7,291)	(1,590,747)
Acquisition expenses	(210,483)	(224,079)	(434,562)	(1,307)	(435,869)
Operating expenses (Note 2)	(285,729)	(71,757)	(357,486)	(233)	(357,719)
Underwriting (loss) profit	<u>\$ 78,740</u>	<u>\$ 65,237</u>	<u>\$ 143,977</u>	<u>\$ (5,521)</u>	<u>\$ 138,456</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	33,364	33,364
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	146,566	7,227	153,793
Net investment results structured products (Note 4)	2,269	645	2,914	-	2,914
Net fee income and other (Note 5)	1,967	686	2,653	(438)	2,215
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	33,068	33,068
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			4,831	(613)	4,218
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(50,101)	(50,101)
Net realized and unrealized gains (losses) on derivative instruments				(7,069)	(7,069)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				51,870	51,870
Foreign exchange (gains) losses				(3,336)	(3,336)
Corporate operating expenses (Note 7)				98,873	98,873
Contribution from P&C and Corporate and other			<u>\$ 300,941</u>	<u>\$ (33,750)</u>	<u>\$ 267,191</u>
Interest expense					(40,250)
Non-controlling interests					(61,006)
Income taxes					(13,092)
Net (loss) income attributable to XL Group Ltd					<u>\$ 152,843</u>
Ratios - P&C operations:					
Loss and loss expense ratio	64.8%	59.2%	62.8%		
Underwriting expense ratio	30.4%	33.4%	31.5%		
Combined ratio	95.2%	92.6%	94.3%		
Total net prior year development	(4,642)	28,646	24,004		
Natural catastrophe losses (Note 9)	70,330	25,745	96,075		
Loss and loss expense ratio excluding net prior year development	65.1%	55.9%	61.9%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	60.8%	53.0%	58.1%		

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 (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), 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 \$13.4 million and \$10.5 million, respectively.
- Net fee income and other includes operating expenses of \$11.4 million from the Company's loss prevention consulting services business.
- 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 \$33.9 million of integration costs resulting from the Catlin acquisition.
- Represents the gain on our partial sale of our New Ocean Capital Management holdings.
- Natural Catastrophes include Cyclone Debbie, US Storms and Peru Flooding

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,481,140	\$ 535,456	\$ 3,016,596	\$ 63,176	\$ 3,079,772
Net premiums written	1,816,711	496,421	2,313,132	3,015	2,316,147
Net premiums earned	1,707,440	746,620	2,454,060	3,015	2,457,075
Net losses and loss expenses incurred	(1,157,138)	(409,023)	(1,566,161)	(11,950)	(1,578,111)
Acquisition expenses	(218,299)	(173,208)	(391,507)	(1,489)	(392,996)
Operating expenses (Note 2)	(301,960)	(68,012)	(369,972)	(591)	(370,563)
Underwriting (loss) profit	<u>\$ 30,043</u>	<u>\$ 96,377</u>	<u>\$ 126,420</u>	<u>\$ (11,015)</u>	<u>\$ 115,405</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	35,108	35,108
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	140,306	7,541	147,847
Net investment results structured products (Note 4)	2,155	388	2,543	-	2,543
Net fee income and other (Note 5)	(6,409)	575	(5,834)	843	(4,991)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	(12,147)	(12,147)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			50,344	(7,102)	43,242
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				151,342	151,342
Net realized and unrealized gains (losses) on derivative instruments				(253)	(253)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				47,921	47,921
Foreign exchange (gains) losses				45,036	45,036
Corporate operating expenses (Note 7)				133,480	133,480
Loss (Gain) on sale of subsidiary (Note 8)				(3,418)	(3,418)
Contribution from P&C and Corporate and other			<u>\$ 313,779</u>	<u>\$ 37,140</u>	<u>\$ 350,919</u>
Interest expense (Note 9)					(41,687)
Non-controlling interests					(4,914)
Income taxes					382
Net (loss) income attributable to XL Group Ltd					<u>\$ 304,700</u>
Ratios - P&C operations:					
Loss and loss expense ratio	67.8%	54.8%	63.8%		
Underwriting expense ratio	30.4%	32.3%	31.0%		
Combined ratio	98.2%	87.1%	94.8%		
Total net prior year development	(23,961)	(81,934)	(105,895)		
Natural catastrophe losses (Note 10)	126,208	123,746	249,954		
Reinstatement premium	-	3,856	3,856		
Loss and loss expense ratio excluding net prior year development	69.2%	65.8%	68.1%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.8%	49.4%	58.0%		

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 (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), 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 \$13.1 million and \$10.6 million, respectively.
- Net fee income and other includes operating expenses of \$13.0 million from the Company's loss prevention consulting services business.
- 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 \$58.8 million of integration costs resulting from the Catlin acquisition.
- Represents the gain on our partial sale of our New Ocean Capital Management holdings.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- Natural Catastrophes include Hurricane Matthew, New Zealand Earthquake and Tennessee Wildfires.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016

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

(Unaudited)
(Note 1)



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 2,503,972	\$ 1,855,343	\$ 4,359,315	\$ 68,911	\$ 4,428,226
Net premiums written	1,503,934	1,557,661	3,061,595	3,164	3,064,759
Net premiums earned	1,593,874	757,572	2,351,446	3,164	2,354,610
Net losses and loss expenses incurred	(999,592)	(382,893)	(1,382,485)	(4,937)	(1,387,422)
Acquisition expenses	(225,458)	(176,348)	(401,806)	(1,461)	(403,267)
Operating expenses (Note 3)	(312,432)	(79,234)	(391,666)	(218)	(391,884)
Underwriting (loss) profit	<u>\$ 56,392</u>	<u>\$ 119,097</u>	<u>\$ 175,489</u>	<u>\$ (3,452)</u>	<u>\$ 172,037</u>
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	41,560	41,560
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	143,131	8,533	151,664
Net investment results structured products (Note 5)	1,222	748	1,970	-	1,970
Net fee income and other (Note 6)	(3,862)	837	(3,025)	302	(2,723)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				101,166	101,166
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4)			(11,160)	2,744	(8,416)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 4)				(236,080)	(236,080)
Net realized and unrealized gains (losses) on derivative instruments				(3,622)	(3,622)
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				8,071	8,071
Foreign exchange (gains) losses				(33,819)	(33,819)
Corporate operating expenses (Note 8)				112,510	112,510
Contribution from P&C and Corporate and other			<u>\$ 306,405</u>	<u>\$ (159,469)</u>	<u>\$ 146,936</u>
Interest expense					(41,613)
Non-controlling interests					(61,143)
Income taxes					(22,295)
Net (loss) income attributable to XL Group Ltd					<u>\$ 21,885</u>
Ratios - P&C operations:					
Loss and loss expense ratio	62.7%	50.5%	58.8%		
Underwriting expense ratio	33.8%	33.8%	33.7%		
Combined ratio	96.5%	84.3%	92.5%		
Total net prior year development	(11,358)	(32,054)	(43,412)		
Natural catastrophe losses (Note 9)	35,283	19,493	54,776		
Reinstatement premium	-	2,000	2,000		
Loss and loss expense ratio excluding net prior year development	63.4%	54.8%	60.6%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.2%	52.3%	58.4%		

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 (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), 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 \$12.7 million and \$10.7 million, respectively.
- Net fee income and other includes operating expenses of \$11.0 million from the Company's loss prevention consulting services business.
- 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.
- Natural Catastrophes include US Storms and Taiwan Earthquake.

PREMIUMS BY LINE OF BUSINESS

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



	FOR THE THREE MONTHS ENDED MARCH 31, 2017				FOR THE THREE MONTHS ENDED MARCH 31, 2016			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	(Note 1)				(Note 1)			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:								
Professional	\$ 415,940	\$ 151,188		\$ 567,128	\$ 424,707	\$ 48,188	\$ -	\$ 472,895
Casualty	868,393	310,214		1,178,607	753,916	365,365	-	1,119,281
Property catastrophe	-	482,918		482,918	-	509,588	-	509,588
Property	744,116	602,026		1,346,142	672,992	564,105	-	1,237,097
Specialty	654,587	109,525		764,112	649,520	118,711	-	768,231
Other (Note 3)	11,180	271,519		282,699	2,837	249,386	-	252,223
Total P&C operations	2,694,216	1,927,390	-	4,621,606	2,503,972	1,855,343	-	4,359,315
Corporate and Other :								
Run-Off Life Operations - Annuity			26,941	26,941			31,935	31,935
Run-Off Life Operations - Other Life			29,870	29,870			36,976	36,976
Total Corporate and Other	-	-	56,811	56,811	-	-	68,911	68,911
Total	\$ 2,694,216	\$ 1,927,390	\$ 56,811	\$ 4,678,417	\$ 2,503,972	\$ 1,855,343	\$ 68,911	\$ 4,428,226
	<u>NET PREMIUMS WRITTEN</u>				<u>NET PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:								
Professional	\$ 238,539	\$ 142,894		\$ 381,433	\$ 276,014	\$ 49,330	\$ -	\$ 325,344
Casualty	486,840	289,213		776,053	468,047	344,844	-	812,891
Property catastrophe	-	187,061		187,061	-	365,928	-	365,928
Property	337,470	510,896		848,366	320,284	464,997	-	785,281
Specialty	442,057	91,057		533,114	439,528	106,323	-	545,851
Other (Note 3)	3,685	250,048		253,733	61	226,239	-	226,300
Total P&C operations	1,508,591	1,471,169	-	2,979,760	1,503,934	1,557,661	-	3,061,595
Corporate and Other :								
Run-Off Life Operations - Annuity			-	-			-	-
Run-Off Life Operations - Other Life			3,310	3,310			3,164	3,164
Total Corporate and Other	-	-	3,310	3,310	-	-	3,164	3,164
Total	\$ 1,508,591	\$ 1,471,169	\$ 3,310	\$ 2,983,070	\$ 1,503,934	\$ 1,557,661	\$ 3,164	\$ 3,064,759
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
P&C Operations:								
Professional	\$ 320,253	\$ 52,926		\$ 373,179	\$ 332,708	\$ 43,155	\$ -	\$ 375,863
Casualty	482,589	156,634		639,223	468,602	154,739	-	623,341
Property catastrophe	-	148,406		148,406	-	205,301	-	205,301
Property	422,531	272,346		694,877	366,860	254,399	-	621,259
Specialty	399,793	36,626		436,419	424,068	36,193	-	460,261
Other (Note 3)	10,149	217,228		227,377	1,636	63,785	-	65,421
Total P&C operations	1,635,315	884,166	-	2,519,481	1,593,874	757,572	-	2,351,446
Corporate and Other :								
Run-Off Life Operations - Annuity			-	-			-	-
Run-Off Life Operations - Other Life			3,310	3,310			3,164	3,164
Total Corporate and Other	-	-	3,310	3,310	-	-	3,164	3,164
Total	\$ 1,635,315	\$ 884,166	\$ 3,310	\$ 2,522,791	\$ 1,593,874	\$ 757,572	\$ 3,164	\$ 2,354,610

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: 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)

(Note 1)



	Three Months Ended March 31, 2017 (Unaudited)	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016 (Unaudited)	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended March 31, 2016 (Unaudited)	% Change Q1 17 vs. Q4 16 vs. Q1 16
Gross premiums written	\$ 2,694,216	\$ 2,481,140	\$ 2,153,379	\$ 2,512,012	\$ 2,503,972	8.6% 7.6%
Net premiums written	1,508,591	1,816,711	1,615,132	1,780,192	1,503,934	-17.0% 0.3%
Net premiums earned	1,635,315	1,707,440	1,653,461	1,696,720	1,593,874	-4.2% 2.6%
Net losses incurred	(1,060,363)	(1,157,138)	(1,068,268)	(1,095,739)	(999,592)	-8.4% 6.1%
Acquisition expenses	(210,483)	(218,299)	(221,137)	(232,414)	(225,458)	-3.6% -6.6%
Operating expenses (Note 2)	(285,729)	(301,960)	(302,373)	(307,468)	(312,432)	-5.4% -8.5%
Underwriting profit (loss)	\$ 78,740	\$ 30,043	\$ 61,683	\$ 61,099	\$ 56,392	NM 39.6%
RATIOS						
Loss and loss expense ratio	64.8%	67.8%	64.6%	64.6%	62.7%	
Acquisition expense ratio	12.9%	12.8%	13.4%	13.7%	14.1%	
Operating expense ratio	17.5%	17.6%	18.3%	18.1%	19.7%	
Combined ratio	95.2%	98.2%	96.3%	96.4%	96.5%	
Total net prior year development, strengthening (release)	\$ (4,642)	\$ (23,961)	\$ (22,685)	\$ (33,455)	\$ (11,358)	
Natural catastrophe losses	70,330	126,208	71,157	97,230	35,283	
Loss and loss expense ratio excluding net prior year development	65.1%	69.2%	66.0%	66.6%	63.4%	
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	60.8%	61.8%	61.7%	60.8%	61.2%	
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	91.2%	92.3%	93.3%	92.6%	95.0%	

Notes:

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

2. Operating expenses exclude corporate operating expenses.

NM = Not meaningful

REINSURANCE SEGMENT

(U.S. dollars in thousands)

(Unaudited)

(Note 1, 2)



	Three Months Ended March 31, 2017 (Unaudited)	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016 (Unaudited)	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended March 31, 2016 (Unaudited)	% Change Q1 17 vs. Q4 16 vs. Q1 16
Gross premiums written	\$ 1,927,390	\$ 535,456	\$ 565,541	\$ 1,018,766	\$ 1,855,343	NM 3.9%
Net premiums written	1,471,169	496,421	518,166	942,419	1,557,661	NM -5.6%
Net premiums earned	884,166	746,620	778,216	831,984	757,572	18.4% 16.7%
Net losses incurred	(523,093)	(409,023)	(423,535)	(536,647)	(382,893)	27.9% 36.6%
Acquisition expenses	(224,079)	(173,208)	(181,749)	(186,283)	(176,348)	29.4% 27.1%
Operating expenses (Note 3)	(71,757)	(68,012)	(67,764)	(68,260)	(79,234)	5.5% -9.4%
Underwriting profit (loss)	\$ 65,237	\$ 96,377	\$ 105,168	\$ 40,794	\$ 119,097	-32.3% -45.2%
RATIOS						
Loss and loss expense ratio	59.2%	54.8%	54.4%	64.5%	50.5%	
Acquisition expense ratio	25.3%	23.2%	23.4%	22.4%	23.3%	
Operating expense ratio	8.1%	9.1%	8.7%	8.2%	10.5%	
Combined ratio	92.6%	87.1%	86.5%	95.1%	84.3%	
Total net prior year development, strengthening (release)	\$ 28,646	\$ (81,934)	\$ (30,920)	\$ (65,175)	\$ (32,054)	
Natural catastrophe losses	25,745	123,746	27,986	157,045	19,493	
Reinstatement premium	0	3,856	1,777	14,179	2,000	
Loss and loss expense ratio excluding net prior year development	55.9%	65.8%	58.4%	72.3%	54.8%	
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	53.0%	49.4%	54.9%	54.4%	52.3%	
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	86.5%	81.9%	87.1%	85.5%	86.2%	

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

3. Operating expenses exclude corporate operating expenses.

NM = Not meaningful

SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES
THREE MONTHS ENDED MARCH 31, 2017 vs MARCH 31, 2016
(U.S. dollars in thousands)
(Unaudited)



	FOR THE THREE MONTHS ENDED MARCH 31, 2017					FOR THE THREE MONTHS ENDED MARCH 31, 2016				
	Including Cats & PYD	PYD	Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD	Including Cats & PYD	PYD	Excluding PYD but incl. Cats	Cats	Excluding Cats and PYD
(Note 1)										
INSURANCE										
Gross premiums written	\$ 2,694,216		\$ 2,694,216	-	\$ 2,694,216	\$ 2,503,972		\$ 2,503,972	-	\$ 2,503,972
Net premiums written	1,508,591	-	1,508,591	-	1,508,591	1,503,934	-	1,503,934	-	1,503,934
Net premiums earned	1,635,315	-	1,635,315	-	1,635,315	1,593,874	-	1,593,874	-	1,593,874
Net losses incurred	1,060,363	(4,642)	1,065,005	70,330	994,675	999,592	(11,358)	1,010,950	35,283	975,667
Acquisition expenses	210,483		210,483	-	210,483	225,458		225,458	-	225,458
Operating expenses	285,729		285,729	-	285,729	312,432		312,432	-	312,432
Underwriting profit / (loss)	\$ 78,740	\$ 4,642	\$ 74,098	\$ (70,330)	\$ 144,428	\$ 56,392	\$ 11,358	\$ 45,034	\$ (35,283)	\$ 80,317
Loss Ratio	64.8%		65.1%		60.8%	62.7%		63.4%		61.2%
Combined Ratio	95.2%		95.5%		91.2%	96.5%		97.2%		95.0%
(Note 2)										
REINSURANCE										
Gross premiums written	\$ 1,927,390		\$ 1,927,390	-	\$ 1,927,390	\$ 1,855,343		\$ 1,855,343	2,000	\$ 1,853,343
Net premiums written	1,471,169	-	1,471,169	-	1,471,169	1,557,661	-	1,557,661	2,000	1,555,661
Net premiums earned	884,166	-	884,166	-	884,166	757,572	-	757,572	2,000	755,572
Net losses incurred	523,093	28,646	494,447	25,745	468,702	382,893	(32,054)	414,947	19,493	395,454
Acquisition expenses	224,079		224,079	-	224,079	176,348		176,348	-	176,348
Operating expenses	71,757		71,757	-	71,757	79,234		79,234	-	79,234
Underwriting profit / (loss)	\$ 65,237	\$ (28,646)	\$ 93,883	\$ (25,745)	\$ 119,628	\$ 119,097	\$ 32,054	\$ 87,043	\$ (17,493)	\$ 104,536
Loss Ratio	59.2%		55.9%		53.0%	50.5%		54.8%		52.3%
Combined Ratio	92.6%		89.4%		86.5%	84.3%		88.5%		86.2%
TOTAL										
Gross premiums written	\$ 4,621,606		\$ 4,621,606	-	\$ 4,621,606	\$ 4,359,315		\$ 4,359,315	2,000	\$ 4,357,315
Net premiums written	2,979,760	-	2,979,760	-	2,979,760	3,061,595	-	3,061,595	2,000	3,059,595
Net premiums earned	2,519,481	-	2,519,481	-	2,519,481	2,351,446	-	2,351,446	2,000	2,349,446
Net losses incurred	1,583,456	24,004	1,559,452	96,075	1,463,377	1,382,485	(43,412)	1,425,897	54,776	1,371,121
Acquisition expenses	434,562		434,562	-	434,562	401,806		401,806	-	401,806
Operating expenses	357,486		357,486	-	357,486	391,666		391,666	-	391,666
Underwriting profit / (loss)	\$ 143,977	\$ (24,004)	\$ 167,981	\$ (96,075)	\$ 264,056	\$ 175,489	\$ 43,412	\$ 132,077	\$ (52,776)	\$ 184,853
Loss Ratio	62.8%		61.9%		58.1%	58.8%		60.6%		58.4%
Combined Ratio	94.3%		93.3%		89.5%	92.5%		94.4%		92.1%

Notes:

- 2017 Natural Catastrophes include Cyclone Debbie, US Storms and Peru Flooding
- 2016 Natural Catastrophes include US Storms and Taiwan Earthquake.

EFFECTIVE TAX RATE ANALYSIS

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



	FOR THE THREE MONTHS ENDED MARCH 31, 2017				FOR THE THREE MONTHS ENDED MARCH 31, 2016			
	Profit/(loss) before tax	Tax Expense /(Benefit)	Net Income/ (Loss)	Effective Tax Rate	Profit/(loss) before tax	Tax Expense /(Benefit)	Net Income/ (Loss)	Effective Tax Rate
Net Income/(Loss) - before non-controlling interest	\$ 226,941	\$ 13,092	\$ 213,849	5.8%	\$ 105,323	\$ 22,295	\$ 83,028	21.2%
Non-controlling interest expense	(61,006)		(61,006)		(61,143)		(61,143)	
Net Income/(Loss) attributable to common shareholders (Note 1)	<u>165,935</u>	<u>13,092</u>	<u>152,843</u>	<u>7.9%</u>	<u>44,180</u>	<u>22,295</u>	<u>21,885</u>	<u>50.5%</u>
Adjustments to Net Income (Note 2)	(18,867)	3,233	(22,100)	-17.1%	71,986	(9,517)	81,503	-13.2%
Operating Net Income, excluding impact of discrete tax adj (Note 3)	<u>147,068</u>	<u>16,325</u>	<u>130,743</u>	<u>11.1%</u>	<u>116,166</u>	<u>12,778</u>	<u>103,388</u>	<u>11.0%</u>
Discrete Tax Expense/(Benefit) Adjustments		(5,400)	5,400			-	-	
Operating Net Income, including impact of discrete tax adj (Note 3)	<u>\$ 147,068</u>	<u>\$ 10,925</u>	<u>\$ 136,143</u>	<u>7.4%</u>	<u>\$ 116,166</u>	<u>\$ 12,778</u>	<u>\$ 103,388</u>	<u>11.0%</u>

Note:

1. After reduction for non-controlling interest expense
2. Adjustments to Net Income represents the reconciliation of non-GAAP financial information
3. Operating net income is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (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, (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 The Company's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin Acquisition, (9) our gain on the sale of our interest in our former operating affiliate, (10) our gain on the sale of our wholly-owned subsidiary XLLIAC and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin Acquisition, and (13) a provision (benefit) for income tax on items excluded from operating income. "Operating net income" is a non-GAAP financial measure. For further information see page 31 for Comment on Regulation G.



BALANCE SHEETS

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



	At March 31, 2017 (Unaudited)	At December 31, 2016	At September 30, 2016 (Unaudited)	At June 30, 2016 (Unaudited)	At March 31, 2016 (Unaudited)
Assets					
Fixed maturities, available for sale at fair value (Note 2)	\$ 30,651,790	\$ 30,256,602	\$ 31,934,135	\$ 31,858,724	\$ 32,647,573
Equity securities, at fair value (Note 3)	1,094,509	1,037,331	1,038,165	1,039,793	878,407
Short-term investments, at fair value (Note 4)	260,153	625,193	652,772	444,301	317,304
Total investments available for sale	32,006,452	31,919,126	33,625,072	33,342,818	33,843,284
Fixed maturities, at fair value (Note 5)	1,700,108	1,617,014	1,608,882	1,478,407	1,409,583
Short-term investments, at fair value (Note 6)	754	9,563	24,169	18,499	26,959
Total investments - trading	1,700,862	1,626,577	1,633,051	1,496,906	1,436,542
Investments in affiliates	2,172,611	2,177,645	2,118,489	1,968,801	1,953,711
Other investments	1,150,492	1,164,564	1,260,938	1,297,704	1,453,890
Total investments	37,030,417	36,887,912	38,637,550	38,106,229	38,687,427
Cash and cash equivalents	3,352,651	3,426,988	3,393,277	3,316,749	2,820,897
Restricted cash	160,523	153,504	150,118	181,858	161,019
Accrued investment income	262,237	284,366	285,504	289,911	291,016
Deferred acquisition costs and value of business acquired	1,161,159	946,721	989,733	1,050,653	1,057,941
Ceded unearned premiums	2,501,294	1,687,864	1,917,127	2,174,219	2,255,664
Premiums receivable	6,746,116	5,522,976	5,925,969	6,469,371	6,041,000
Reinsurance balances receivable	641,720	577,479	524,343	563,673	469,009
Unpaid losses and loss expenses recoverable	5,685,623	5,491,297	5,481,882	5,426,773	5,374,604
Net receivable from investments sold	95,344	128,411	105,781	222,558	65,471
Goodwill and other intangible assets	2,208,612	2,203,653	2,234,071	2,217,973	2,233,597
Deferred tax assets	302,301	310,542	219,995	224,786	245,927
Other assets	876,622	812,389	906,790	953,487	942,120
Total assets	\$ 61,024,619	\$ 58,434,102	\$ 60,772,050	\$ 61,198,240	\$ 60,645,692
Liabilities					
Unpaid losses and loss expenses	\$ 26,445,123	\$ 25,939,571	\$ 26,170,383	\$ 26,020,564	\$ 25,913,484
Deposit liabilities	1,121,194	1,116,233	1,138,789	1,178,113	1,170,595
Future policy benefit reserves	3,520,069	3,506,047	3,721,451	3,798,278	4,020,602
Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 7)	954,327	998,968	1,283,055	1,145,314	998,391
Unearned premiums	8,581,973	7,293,028	7,724,957	8,274,300	8,217,539
Notes payable and debt	2,648,353	2,647,677	2,647,000	2,646,324	2,653,895
Reinsurance balances payable	3,325,748	2,451,717	2,698,185	2,911,974	2,583,962
Net payable for investments purchased	211,880	226,009	370,456	175,153	74,476
Deferred tax liabilities	89,862	77,271	108,996	107,778	105,589
Other liabilities	1,125,463	1,216,902	1,315,898	1,276,510	1,239,441
Total liabilities	\$ 48,023,993	\$ 45,473,423	\$ 47,179,170	\$ 47,534,308	\$ 46,977,974
Commitments and contingencies					
Shareholders' equity					
Common shares, 999,990,000 authorized, par value \$0.01 (Note 8)	\$ 2,637	\$ 2,669	\$ 2,704	\$ 2,768	\$ 2,863
Additional paid in capital	7,934,161	8,068,503	8,165,141	8,341,882	8,608,726
Accumulated other comprehensive income (loss)	844,974	715,546	1,519,805	1,408,587	1,094,557
Retained earnings (deficit)	2,193,112	2,151,794	1,924,516	1,931,951	1,982,598
Shareholders' equity attributable to XL Group Ltd	10,974,884	10,938,512	11,612,166	11,685,188	11,688,744
Non-controlling interest in equity of consolidated subsidiaries	2,025,742	2,022,167	1,980,714	1,978,744	1,978,974
Total shareholders' equity	\$ 13,000,626	\$ 12,960,679	\$ 13,592,880	\$ 13,663,932	\$ 13,667,718
Total liabilities and shareholders' equity	\$ 61,024,619	\$ 58,434,102	\$ 60,772,050	\$ 61,198,240	\$ 60,645,692

Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- Fixed maturities, available for sale at amortized cost: March 31, 2017 - \$29,923,912; December 31, 2016 - \$29,587,656; September 30, 2016 - \$30,402,019; June 30, 2016 - \$30,389,600; March 31, 2016 - \$31,444,747
- Equity securities at cost: March 31, 2017 - \$1,017,172; December 31, 2016 - \$996,610; September 30, 2016 - \$968,040; June 30, 2016 - \$955,231; March 31, 2016 - \$831,543
- Short-term investments at amortized cost: March 31, 2017 - \$260,407; December 31, 2016 - \$626,142; September 30, 2016 - \$655,792; June 30, 2016 - \$446,469; March 31, 2016 - \$317,939
- Fixed maturities at amortized cost: March 31, 2017 - \$1,631,045; December 31, 2016 - \$1,548,178; September 30, 2016 - \$1,480,434; June 30, 2016 - \$1,385,588; March 31, 2016 - \$1,367,908
- Short-term trading investments at amortized cost: March 31, 2017 - \$742; December 31, 2016 - \$9,536; September 30, 2016 - \$24,179; June 30, 2016 - \$18,495; March 31, 2016 - \$26,949
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), 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.
- Common Shares issued and outstanding : March 31, 2017 - 263,735,436; December 31, 2016 - 266,889,127; September 30, 2016 - 270,371,192; June 30, 2016 - 276,732,659; March 31, 2016 - 286,273,358

SUPPLEMENTARY CAPITAL INFORMATION

(U.S. dollars in millions)
(Notes 1, 2 and 3)



		At March 31, 2017 In Use (Unaudited)	At December 31, 2016 In Use	At September 30, 2016 In Use (Unaudited)	At June 30, 2016 In Use (Unaudited)	At March 31, 2016 In Use (Unaudited)
<u>Maturity</u>	<u>Commitment</u>					
Debt						
2.30% Senior Notes	2018	300	299	299	298	298
5.75% Senior Notes	2021	400	398	398	398	398
6.375% Senior Notes	2024	350	349	349	349	349
4.45% Subordinated Notes	2025	500	494	493	493	493
6.25% Senior Notes	2027	325	323	323	323	323
Trust Preferred Securities, face amount \$8m (Note 4)	2035	-	-	-	-	8
5.25% Senior Notes	2043	300	296	296	296	296
5.5% Subordinated Notes	2045	500	489	489	489	488
Total debt		\$ 2,675	\$ 2,648	\$ 2,647	\$ 2,646	\$ 2,653
Adjustment to carrying value - impact of fair value hedges and other		0	1	-	0	1
Total debt per consolidated balance sheet		\$ 2,648	\$ 2,648	\$ 2,647	\$ 2,646	\$ 2,654
Shareholders' Capital						
Common shares - capital and surplus		\$ 7,937	\$ 8,071	\$ 8,168	\$ 8,345	\$ 8,612
Non-controlling interest in equity of consolidated subsidiaries		2,026	2,022	1,981	1,979	1,979
Other		3,038	2,867	3,444	3,341	3,077
Total shareholders' capital		\$ 13,001	\$ 12,961	\$ 13,593	\$ 13,664	\$ 13,668
Total capital (total debt plus total shareholders' capital)		\$ 15,649	\$ 15,608	\$ 16,240	\$ 16,310	\$ 16,321
Debt to total capital		16.9%	17.0%	16.3%	16.2%	16.3%

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 capacity of \$1.0 billion at March 31, 2017, \$1.0 billion at December 31, 2016, \$1.1 billion at September 30, 2016, \$1.4 billion at June 30, 2016 and \$1.4 billion at March 31, 2016. The amounts of this capacity for revolving loans utilized to issue letters of credit were \$287.7 million at March 31, 2017, \$245.0 million at December 31, 2016, \$501.5 million at September 30, 2016, \$501.2 million at June 30, 2016 and \$526.5 million at March 31, thus leaving available amounts of \$712.3 million at March 31, 2017, \$755.0 million at December 31, 2016, \$598.5 million at September 30, 2016, \$848.8 million at June 30, 2016, and \$823.5 million at March 31, 2016.

4. As a result of the acquisition of Allied International Holdings, Inc., the Company assumed \$8.2 million of trust preferred securities, due in 2035, that it redeemed on June 15, 2016.

RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

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



	At March 31, 2017 (Unaudited)	At December 31, 2016	At September 30, 2016 (Unaudited)	At June 30, 2016 (Unaudited)	At March 31, 2016 (Unaudited)
Unpaid losses and loss expenses recoverable	\$ 5,685,623	\$ 5,491,297	\$ 5,481,882	\$ 5,426,773	\$ 5,374,604
Reinsurance balances receivable	800,463	577,479	524,343	563,673	469,009
Total recoverable and reinsurance balances receivable (Note 2)	<u>\$ 6,486,086</u>	<u>\$ 6,068,776</u>	<u>\$ 6,006,225</u>	<u>\$ 5,990,446</u>	<u>\$ 5,843,613</u>

The following is an analysis at December 31, 2016 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	25.6%
Lloyd's Syndicates	A+/Stable	15.9%
Swiss Reinsurance Co.	AA-/Stable	7.2%
Transatlantic Reinsurance Company	A+/Stable	4.1%
Arch Reinsurance Company	A+/Negative	3.7%
AXIS Reinsurance Company	A+/Stable	3.0%

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

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

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

Notes:

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

2. XL had a reserve for potential non-recoveries from reinsurers of \$50.5 million at March 31, 2017, \$51.2 million at December 31, 2016, \$53.4 million at September 30, 2016, \$57.3 million at June 30, 2016 and \$57.2 million at March 31, 2016.



LOSS ANALYSIS

ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)

(Unaudited)

(Note 1)



P&C OPERATIONS

For the three months ended

March 31, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,646	\$ (318)	\$ 1,328	83.9%
Change in unpaid loss reserves	435	(180)	255	
Included losses	\$ 2,081	\$ (498)	\$ 1,583	
Prior year development (PYD)			\$ 24	
Included losses excluding PYD			1,559	85.2%

For the three months ended

March 31, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,646	\$ (318)	\$ 1,328	83.9%
Change in unpaid loss reserves	435	(180)	255	
Included losses	\$ 2,081	\$ (498)	\$ 1,583	
Prior year development (PYD)			\$ 24	
Included losses excluding PYD			1,559	85.2%

For the three months ended

December 31, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,866	\$ (367)	\$ 1,499	95.7%
Change in unpaid loss reserves	128	(61)	67	
Included losses	\$ 1,994	\$ (428)	\$ 1,566	
PYD			\$ (106)	
Included losses excluding PYD			1,672	89.7%

For the twelve months ended

December 31, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 6,828	\$ (1,494)	\$ 5,334	87.8%
Change in unpaid loss reserves	976	(238)	738	
Included losses	\$ 7,804	\$ (1,732)	\$ 6,072	
PYD			\$ (302)	
Included losses excluding PYD			6,374	83.7%

For the three months ended

March 31, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,575	\$ (402)	\$ 1,173	84.8%
Change in unpaid loss reserves	276	(66)	210	
Included losses	\$ 1,851	\$ (468)	\$ 1,383	
PYD			\$ (43)	
Included losses excluding PYD			1,426	82.3%

For the three months ended

March 31, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,575	\$ (402)	\$ 1,173	84.8%
Change in unpaid loss reserves	276	(66)	210	
Included losses	\$ 1,851	\$ (468)	\$ 1,383	
PYD			\$ (43)	
Included losses excluding PYD			1,426	82.3%

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

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)

(Note 1)



P&C OPERATIONS

	At March 31, 2017 (Unaudited)			At December 31, 2016 (Unaudited)		
	GROSS	RECOVERIES	NET	GROSS	RECOVERIES	NET
Outstanding loss reserves	\$ 10,602	\$ (1,945)	\$ 8,657	\$ 10,343	\$ (1,851)	\$ 8,492
Incurred but not reported reserves	15,764	(3,724)	12,040	15,508	(3,622)	11,886
Fair value adjustments recoverable	\$ 79	(5)	\$ 74	\$ 89	(7)	\$ 82
Unpaid losses and loss expense reserves	<u>\$ 26,445</u>	<u>\$ (5,674)</u>	<u>\$ 20,771</u>	<u>\$ 25,940</u>	<u>\$ (5,480)</u>	<u>\$ 20,460</u>

	GROSS	RECOVERIES	NET
Balance at December 31, 2016	\$ 25,940	\$ (5,480)	\$ 20,460
Losses and loss expenses incurred	2,081	(498)	1,583
Loss and loss expenses paid	(1,647)	318	(1,329)
Foreign exchange revaluation and other (Note 2)	71	(14)	57
Balance at March 31, 2017 (Unaudited)	<u>\$ 26,445</u>	<u>\$ (5,674)</u>	<u>\$ 20,771</u>

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Other includes acquired loss reserves



INVESTMENT PORTFOLIO INFORMATION

SCHEDULE 1 - Summary Investments Consolidated

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

	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
Investments (excluding life funds withheld assets)										
Fixed income investments (Note 1)										
Fixed maturities										
U.S. Government and government agencies	\$ 4,203	11.5%	\$ 3,895	10.6%	\$ 3,933	10.4%	\$ 4,134	11.1%	\$ 4,577	12.2%
U.S. States, municipalities and political subdivisions	2,351	6.4%	2,478	6.8%	2,599	6.9%	2,635	7.0%	2,585	6.9%
Non-U.S. Governments	4,980	13.6%	5,030	13.8%	5,642	15.0%	5,608	15.0%	5,546	14.8%
Corporate	10,579	28.9%	10,135	27.7%	10,677	28.4%	10,554	28.2%	10,796	28.9%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	4,378	12.0%	4,493	12.3%	4,878	13.0%	4,745	12.7%	4,670	12.5%
Commercial mortgage-backed securities	700	1.9%	665	1.8%	296	0.8%	278	0.7%	325	0.9%
Other asset-backed securities	1,250	3.4%	1,253	3.4%	1,115	3.0%	1,061	2.8%	1,185	3.2%
Total fixed maturities	28,441	77.7%	27,949	76.4%	29,140	77.5%	29,015	77.5%	29,684	79.4%
Short-term investments	260	0.7%	625	1.7%	653	1.7%	444	1.2%	317	0.8%
Total fixed income investments	\$ 28,701	78.4%	\$ 28,574	78.1%	\$ 29,793	79.2%	\$ 29,459	78.7%	\$ 30,001	80.2%
Equity securities										
Common stocks	\$ 155	0.4%	\$ 166	0.4%	\$ 245	0.7%	\$ 507	1.4%	\$ 550	1.5%
Equity funds	788	2.2%	736	2.0%	646	1.7%	389	1.0%	328	0.9%
Fixed income funds	152	0.4%	135	0.4%	147	0.4%	144	0.4%	-	0.0%
Total equity securities	\$ 1,095	3.0%	\$ 1,037	2.8%	\$ 1,038	2.8%	\$ 1,040	2.8%	\$ 878	2.4%
Other investments										
Hedge funds	\$ 291	0.8%	\$ 332	0.9%	\$ 383	1.0%	\$ 435	1.2%	\$ 543	1.5%
Private investments	174	0.5%	176	0.5%	195	0.5%	190	0.5%	243	0.6%
Fixed income and other	685	1.8%	657	1.8%	683	1.8%	673	1.8%	668	1.8%
Total other investments	\$ 1,150	3.1%	\$ 1,165	3.2%	\$ 1,261	3.3%	\$ 1,298	3.5%	\$ 1,454	3.9%
Investment in affiliates										
Hedge funds	\$ 1,414	3.9%	\$ 1,317	3.6%	\$ 1,269	3.3%	\$ 1,137	3.0%	\$ 1,212	3.3%
Private investments	359	1.0%	358	1.0%	329	0.9%	311	0.8%	240	0.6%
Investment manager affiliates	58	0.1%	56	0.2%	79	0.2%	78	0.2%	79	0.2%
Strategic and other operating affiliates	342	0.9%	447	1.2%	442	1.2%	443	1.2%	423	1.1%
Total investment in affiliates	\$ 2,173	5.9%	\$ 2,178	6.0%	\$ 2,119	5.6%	\$ 1,969	5.2%	\$ 1,954	5.2%
Total investments	\$ 33,119	90.4%	\$ 32,953	90.1%	\$ 34,211	90.9%	\$ 33,766	90.2%	\$ 34,287	91.7%
Cash and cash equivalents	\$ 3,418	9.3%	\$ 3,490	9.5%	\$ 3,455	9.2%	\$ 3,381	9.0%	\$ 2,878	7.7%
Accrued investment income	212	0.6%	230	0.6%	221	0.6%	231	0.6%	229	0.6%
Net receivable and payable for securities sold/purchased	(116)	-0.3%	(97)	-0.2%	(256)	-0.7%	47	0.1%	(9)	0.0%
Total investments and cash (excluding life funds withheld assets) (Note 2)	\$ 36,633	100.0%	\$ 36,576	100.0%	\$ 37,631	100.0%	\$ 37,425	100.0%	\$ 37,385	100.0%
Investments - life funds withheld assets (Schedule 8)										
Total fixed income investments	\$ 3,912		\$ 3,935		\$ 4,427		\$ 4,341		\$ 4,400	
Cash and cash equivalents	95		91		88		118		104	
Accrued investment income	50		54		65		59		62	
Net receivable and payable for securities sold/purchased	-		-		(9)		-		-	
Total investments and cash - life funds withheld assets	\$ 4,057		\$ 4,080		\$ 4,571		\$ 4,518		\$ 4,566	
Total investments and cash including life funds withheld assets	\$ 40,690		\$ 40,656		\$ 42,202		\$ 41,943		\$ 41,951	

Notes:

- The classification of fixed income investments has been simplified to align internal and external reporting processes. U.S. Treasuries, U.S. Agencies and U.S. Government Guarantee have been merged into a single classification. Corporate securities and Residential mortgage-backed securities previously separated into two classifications have been merged into one. Collateralized debt obligations are now reported under Other asset-backed securities. Comparative period amounts have been re-presented to conform to this new classification system.
- Total investments and cash (excluding life funds withheld assets) includes operating cash and short-term treasury deposits of \$1.6 billion.

SCHEDULE 2 - Fixed Income Investments - Credit Rating and Portfolio Characteristics (excluding life funds withheld assets)

Consolidated

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

	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)
Fixed income investments										
Summary by core currency denomination										
Total fixed income investments										
U.S. dollar denominated	21,749	2.7%	\$ 21,799	2.7%	\$ 22,531	2.7%	\$ 22,118	2.7%	\$ 22,446	2.6%
Euro denominated	2,790	1.3%	2,796	1.5%	3,036	1.4%	3,274	1.4%	3,510	1.4%
Sterling denominated	2,152	1.8%	2,117	1.8%	2,279	1.8%	2,241	2.0%	2,267	2.2%
Other denominated	2,010	1.7%	1,862	1.6%	1,947	1.5%	1,826	1.4%	1,778	1.9%
Total Fixed Income Investments	\$ 28,701	2.4%	\$ 28,574	2.4%	\$ 29,793	2.4%	\$ 29,459	2.4%	\$ 30,001	2.4%
Credit rating (Note 1)	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
AAA	\$ 12,630	44.0%	\$ 12,859	45.0%	\$ 12,965	43.5%	\$ 12,657	43.0%	\$ 13,097	43.7%
AA	5,759	20.1%	5,913	20.7%	6,522	21.9%	6,624	22.5%	6,637	22.1%
A	6,948	24.2%	7,029	24.6%	7,395	24.8%	7,297	24.8%	7,415	24.7%
BBB	2,592	9.0%	2,045	7.2%	2,220	7.5%	2,246	7.6%	2,203	7.3%
BB and below/not rated	772	2.7%	728	2.5%	691	2.3%	635	2.1%	649	2.2%
Total Fixed income investments	\$ 28,701	100.0%	\$ 28,574	100.0%	\$ 29,793	100.0%	\$ 29,459	100.0%	\$ 30,001	100.0%
Average credit rating	AA		AA		AA		AA		AA	
Portfolio characteristics (Note 2)										
Expected average duration	3.8	Yrs	3.8	Yrs	3.6	Yrs	3.6	Yrs	3.6	Yrs
Weighted average market yield to maturity	2.0	%	2.0	%	1.5	%	1.5	%	1.6	%
Summary of estimated total fixed income maturities and paydowns over the next 12 months excluding cash and cash equivalents										
U.S. dollar equivalent fair value (Note 3)	3,458		3,688		3,548		3,089		3,577	
Average pre-tax book yield, gross of expenses	2.4	%	2.5	%	2.4	%	2.4	%	2.4	%
Average new money rate (Note 4)	2.1	%	2.0	%	1.9	%	1.7	%	1.7	%

Notes:

- The credit rating for each asset reflected above and included in the following schedules 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.
- Includes fixed maturities, short-term investments, funds holding fixed income securities, cash & cash equivalents and net receivables/(payables) for investments sold/(purchased), 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 three month period to project future paydowns. Actual paydowns may vary materially from estimates.
- Average new money rate is weighted average book yield of fixed income purchases in the quarter excluding cash and cash equivalents.

SCHEDULE 3 - Government (excluding life funds withheld assets)

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

Government bonds by credit rating

Fair value by credit rating

	March 31, 2017					
	AAA	AA	A	BBB	BB and below	Total
U.S. Government and government agencies	\$ 4,203	\$ -	\$ -	\$ -	\$ -	4,203
U.S. States, municipalities and political subdivisions (Note 1)	367	1,535	433	16	-	2,351
Non-U.S. Governments	1,888	2,010	298	571	213	4,980
Total government bonds	\$ 6,458	\$ 3,545	\$ 731	\$ 587	\$ 213	\$ 11,534
% of total	56.0%	30.7%	6.3%	5.1%	1.9%	100.0%

Non-U.S. Government

E.U. exposure

	March 31, 2017		
	Sovereign	Govt. agencies & others	Total
U.K.	\$ 1,058	\$ 33	\$ 1,091
France	196	149	345
Supranational	-	289	289
Netherlands	135	152	287
Germany	112	155	267
Others (less than \$100M per country)	226	35	261
E.U. exposure	\$ 1,727	\$ 813	\$ 2,540

Non-E.U. exposure

Canada	\$ 378	\$ 690	\$ 1,068
Switzerland	128	77	205
Brazil	184	-	184
Australia	157	9	166
Singapore	122	-	122
Indonesia	85	20	105
Others (less than \$100M per country)	364	226	590
Non-E.U. exposure	\$ 1,418	\$ 1,022	\$ 2,440

Total Non-U.S. Government

Total Non-U.S. Government	\$ 3,145	\$ 1,835	\$ 4,980
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Notes:

1. Credit 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 Nil.

SCHEDULE 4 - Corporate (excluding life funds withheld assets)

(U.S. dollars in millions)

(Unaudited)

Corporate bonds by sector and credit rating

Fair value by sector and credit rating

	March 31, 2017					Total
	AAA	AA	A	BBB	BB and Below	
Industrial	\$ 213	\$ 1,021	\$ 3,052	\$ 1,412	\$ 273	\$ 5,971
Financials	-	835	2,488	350	40	3,713
Utilities	-	110	582	201	2	895
Total corporate	\$ 213	\$ 1,966	\$ 6,122	\$ 1,963	\$ 315	\$ 10,579
% of total	2.0%	18.6%	57.9%	18.6%	2.9%	100.0%

Fair value by country concentration and credit rating (Note 1)

	March 31, 2017					Total
	AAA	AA	A	BBB	BB and Below	
U.S.	\$ 211	\$ 1,064	\$ 4,296	\$ 1,183	\$ 260	\$ 7,014
U.K.	2	15	634	324	4	979
Canada	-	315	143	61	3	522
Netherlands	-	207	161	40	-	408
France	-	67	168	57	5	297
Australia	-	127	124	43	-	294
Germany	-	-	143	45	5	193
Switzerland	-	35	123	28	-	186
Japan	-	5	132	5	-	142
Sweden	-	102	1	9	-	112
Others (less than \$100M per country) (Note 2)	-	29	197	168	38	432
Total corporate	\$ 213	\$ 1,966	\$ 6,122	\$ 1,963	\$ 315	\$ 10,579

Top Ten exposure to fixed income corporate issuers

Issuer (Notes 3 & 4)	March 31, 2017		
	Fair Value	% of total corporates	% of Aggregate Fixed Income Portfolio
Wells Fargo & Company	\$ 198	1.9%	0.7%
JPMorgan Chase & Co.	191	1.8%	0.7%
HSBC Holdings PLC	184	1.7%	0.6%
The Goldman Sachs Group, Inc.	177	1.7%	0.6%
Morgan Stanley	175	1.6%	0.6%
Berkshire Hathaway Inc.	165	1.6%	0.6%
Apple Inc.	156	1.5%	0.6%
Anheuser-Busch Inbev SA	155	1.5%	0.5%
Bank Of America Corporation	149	1.4%	0.5%
Royal Dutch Shell PLC	132	1.2%	0.5%
Total	\$ 1,682	15.9%	5.9%

Notes:

- Country concentration is defined as the country of the issuer's main operations, i.e., a United Kingdom company's subsidiary operating in the United States and issuing debt in the United States would be classified under United States in the table above. Similarly a United Kingdom company with main operations in the United Kingdom and issuing U.S. denominated debt in the United Kingdom would be classified under the United Kingdom in the above table.
- Included in Others are Fixed Income exposures to Peripheral European corporate issues of \$30 million in Ireland, \$19 million in Spain, \$9 million in Italy and \$Nil in Greece and Portugal.
- Corporate issuers represent only direct exposure to fixed maturities investments of the parent issuer and its subsidiaries. These exposures exclude covered bonds and exclude mortgage and asset-backed securities that were issued, sponsored or serviced by the parent and government-guaranteed issues.
- This table does not include \$140 million of financial exposure to Berkshire Hathaway Inc. which is made up of payment obligation from National Indemnity Company, an insurance company subsidiary of Berkshire Hathaway Inc.



SCHEDULE 5 - Mortgage-backed and Asset-backed securities (excluding life funds withheld assets)

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

Mortgage and asset-backed securities by type and credit rating

March 31, 2017

		AAA		AA		A		BBB	BB and Below	Total		
U.S. Residential mortgage-backed securities - agency	\$	4,109	\$	-	\$	-	\$	-	\$	4,109		
U.S. Residential mortgage-backed securities - non-agency		1		4		34		12	214	265		
U.S. Commercial mortgage-backed securities - agency		144		-		-		-	-	144		
U.S. Commercial mortgage-backed securities - non-agency		492		12		38		2	2	546		
U.S. Other asset-backed securities		307		30		17		19	5	378		
Total U.S.	\$	5,053	\$	46	\$	89	\$	33	\$	221	\$	5,442
Non-U.S. Residential mortgage-backed securities	\$	3	\$	1	\$	-	\$	-	\$	-	\$	4
Non-U.S. Commercial mortgage-backed securities		3		-		1		-	6	10		
Non-U.S. Other asset-backed securities (Note 1)		767		90		3		7	5	872		
Total Non-U.S.	\$	773	\$	91	\$	4	\$	7	\$	11	\$	886
Total Mortgage and asset-backed Securities	\$	5,826	\$	137	\$	93	\$	40	\$	232	\$	6,328
% of total		92.1%		2.2%		1.4%		0.6%		3.7%		100.0%

Notes:

1. Non-U.S. Other asset-backed securities include covered bonds of \$553 million. Covered bonds are debt obligations of the issuer secured by a designated pool of assets.

SCHEDULE 6 - Unrealized Gains (Losses)

Consolidated

(U.S. dollars in millions)

(unaudited)

	March 31, 2017				December 31, 2016			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value
Investments (excluding life funds withheld assets)								
Fixed income investments								
Fixed maturities								
U.S. Government and government agencies	\$ 4,176	\$ 53	\$ (26)	\$ 4,203	\$ 3,874	\$ 53	\$ (32)	\$ 3,895
U.S. States, municipalities and political subdivisions	2,260	96	(5)	2,351	2,400	86	(8)	2,478
Non-U.S. Governments	4,962	114	(96)	4,980	5,037	113	(120)	5,030
Corporate	10,466	214	(101)	10,579	10,056	198	(119)	10,135
Mortgage & asset-backed securities								
Residential mortgage-backed securities	4,370	66	(58)	4,378	4,480	71	(58)	4,493
Commercial mortgage-backed securities	705	6	(11)	700	670	6	(11)	665
Other asset-backed securities	1,244	14	(8)	1,250	1,252	13	(12)	1,253
Total fixed maturities	28,183	563	(305)	28,441	27,769	540	(360)	27,949
Short-term investments	260	-	-	260	626	-	(1)	625
Total fixed income investments	\$ 28,443	\$ 563	\$ (305)	\$ 28,701	\$ 28,395	\$ 540	\$ (361)	\$ 28,574
Equity securities								
Common stocks	\$ 151	\$ 10	\$ (6)	\$ 155	\$ 159	\$ 13	\$ (6)	\$ 166
Equity funds	715	74	(1)	788	704	35	(3)	736
Fixed income funds	152	-	-	152	134	1	-	135
Total equity securities	\$ 1,018	\$ 84	\$ (7)	\$ 1,095	\$ 997	\$ 49	\$ (9)	\$ 1,037
Other investments	980	171	(1)	1,150	992	175	(2)	1,165
Total available-for-sale and other investments	\$ 30,441	\$ 818	\$ (313)	\$ 30,946	\$ 30,384	\$ 764	\$ (372)	\$ 30,776
Investment in affiliates (Note 1)				2,173				2,178
Cash and cash equivalents				3,418				3,490
Accrued investment income				212				230
Net receivable and payable for securities sold/purchased				(116)				(97)
Total investments and cash (excluding life funds withheld assets)				\$ 36,633				\$ 36,576
Investments - life funds withheld assets (Schedule 8)								
Total fixed income investments				\$ 3,912				\$ 3,935
Cash and cash equivalents				95				91
Accrued investment income				50				54
Net receivable and payable for securities sold/purchased				-				-
Total investment and cash - life funds withheld assets				\$ 4,057				\$ 4,080
Total investments and cash including life funds withheld assets				\$ 40,690				\$ 40,656

Notes:

1. The carrying value of "Investment in affiliates" represents cost plus the Company's proportionate share of income or loss from such investments.

SCHEDULE 7 - Investment Income Statement Analysis

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

	Three months ended March 31, 2017	Three months ended December 31, 2016	Three months ended September 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016
Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets					
Gross Investment Income	\$ 173,894	\$ 170,013	\$ 174,539	\$ 182,143	\$ 170,552
Investment expenses (Note 1)	(20,101)	(22,166)	(17,833)	(19,976)	(18,888)
Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets	\$ 153,793	\$ 147,847	\$ 156,706	\$ 162,167	\$ 151,664
Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)					
Gross Investment Income	\$ 15,123	\$ 15,102	\$ 15,736	\$ 15,809	\$ 14,239
Investment expenses (Note 1)	(1,748)	(1,969)	(1,608)	(1,734)	(1,577)
Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)	\$ 13,375	\$ 13,133	\$ 14,128	\$ 14,075	\$ 12,662
Interest Expense - Deposit Liability Accretion	(10,461)	(10,590)	(6,420)	(12,005)	(10,690)
Operating and Investment Expenses - P&C Structured	-	-	-	(11)	(2)
Net results from Structured Products	\$ 2,914	\$ 2,543	\$ 7,708	\$ 2,059	\$ 1,970
Net Investment Income - Total (Excluding Life Funds Withheld Assets)	\$ 167,168	\$ 160,980	\$ 170,834	\$ 176,242	\$ 164,326
Net Investment Income - Life Funds Withheld Assets	\$ 33,364	\$ 35,108	\$ 38,937	\$ 39,146	\$ 41,560
Net Income (Loss) from Investment Affiliates (Note 2)					
Hedge funds	\$ 34,811	\$ 45,421	\$ 4,406	\$ 2,423	\$ (10,580)
Private investments	3,450	4,581	7,750	10,756	6,001
Net Income (Loss) from Investment Affiliates (Note 2)	\$ 38,261	\$ 50,002	\$ 12,156	\$ 13,179	\$ (4,579)
Net Income (Loss) from Operating Affiliates (Note 3)					
Investment manager affiliates	\$ 3,297	\$ (2,649)	\$ 6,753	\$ 15,142	\$ 12,529
Strategic and other operating affiliates	10,312	568	5,657	6,276	121
Net Income (Loss) from Operating Affiliates (Note 3)	\$ 13,609	\$ (2,081)	\$ 12,410	\$ 21,418	\$ 12,650

Notes:

1. Includes management fees, custody fees, and direct and allocated general and administrative expenses.
2. The Company records the income related to the hedge 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 8 - Summary Investments - Life Funds Withheld Assets

Consolidated

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

Investments	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
Fixed income investments (Note 1)										
Fixed maturities										
U.S. Government and government agencies	\$ 27	0.7%	\$ 25	0.6%	\$ 29	0.6%	\$ 31	0.7%	\$ 28	0.6%
U.S. States, municipalities and political subdivisions	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-U.S. Governments	1,058	26.1%	1,070	26.2%	1,248	27.3%	1,268	28.1%	1,298	28.5%
Corporate	2,563	63.2%	2,566	62.9%	2,846	62.3%	2,742	60.7%	2,758	60.4%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	23	0.6%	23	0.6%	2	0.0%	27	0.6%	28	0.6%
Commercial mortgage-backed securities	100	2.5%	100	2.4%	112	2.5%	110	2.4%	114	2.5%
Other asset-backed securities	140	3.5%	141	3.5%	166	3.6%	144	3.2%	147	3.2%
Total fixed maturities	3,911	96.6%	3,925	96.2%	4,403	96.3%	4,322	95.7%	4,373	95.8%
Short-term investments	1	0.0%	10	0.2%	24	0.6%	19	0.4%	27	0.6%
Total fixed income investments	\$ 3,912	96.6%	\$ 3,935	96.4%	\$ 4,427	96.9%	\$ 4,341	96.1%	\$ 4,400	96.4%
Total investment and cash										
Cash and cash equivalents	\$ 95	2.2%	\$ 91	2.2%	88	1.9%	\$ 118	2.6%	\$ 104	2.3%
Accrued investment income	50	1.2%	54	1.4%	65	1.4%	59	1.3%	62	1.3%
Net receivable and payable for securities sold/purchased	-	0.0%	-	0.0%	(9)	-0.2%	-	0.0%	-	0.0%
Total investment and cash	\$ 4,057	100.0%	\$ 4,080	100.0%	\$ 4,571	100.0%	\$ 4,518	100.0%	\$ 4,566	100.0%
Credit rating										
AAA	\$ 405	10.4%	\$ 391	9.9%	\$ 428	9.7%	\$ 412	9.5%	469	10.7%
AA	1,154	29.5%	1,180	30.0%	1,378	31.1%	1,364	31.4%	1,352	30.7%
A	1,407	35.9%	1,395	35.5%	1,543	34.8%	1,502	34.6%	1,513	34.4%
BBB	912	23.3%	932	23.7%	1,035	23.4%	1,016	23.4%	1,026	23.3%
BB and below/not rated	34	0.9%	37	0.9%	43	1.0%	47	1.1%	40	0.9%
Total Fixed income investments	\$ 3,912	100.0%	\$ 3,935	100.0%	\$ 4,427	100.0%	\$ 4,341	100.0%	\$ 4,400	100.0%
Average credit quality	A+		A+		A+		A+		A+	
Portfolio characteristics										
Average pre-tax book yield, gross of expenses	3.5 %		3.5 %		3.7 %		3.8 %		3.9 %	
Expected average duration (Note 2)	9.2 Yrs		9.3 Yrs		9.8 Yrs		9.4 Yrs		9.7 Yrs	
Weighted average market yield to maturity (Note 2)	2.0 %		2.3 %		1.7 %		2.4 %		2.7 %	

Notes:

- The classification of fixed income investments has been simplified to align internal and external reporting processes. U.S. Treasuries, U.S. Agencies and U.S. Government Guarantee have been merged into a single classification. Corporate securities and Residential mortgage-backed securities previously separated into two classifications have been merged into one. Collateralized debt obligations are now reported under Other asset-backed securities. Comparative period amounts have been re-presented to conform to this new classification system.
- Includes fixed maturities and short-term investments, and excludes cash and cash equivalents.

COMMENT ON REGULATION G

XL presents its operations in ways 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 financial supplement contains the presentation of (i) operating net income (loss) ("Operating Net Income"), which is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (defined below) (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (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, (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 The Company's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin Acquisition, (9) our gain on the sale of our interest in our former operating affiliate, (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin Acquisition, and (13) a provision (benefit) for income tax on items excluded from operating income.; (ii) annualized return on average common shareholders' equity ("ROE") based on operating net income (loss) ("Operating ROE"); (iii) Operating ROE excluding average AOCI, both inclusive and exclusive of integration costs; and (iv) Fully diluted tangible book value per common share (common shareholders' equity excluding goodwill and intangible assets divided by the number of shares outstanding at the period end date combined with the dilutive impact of potential future share issues at any period end). These items are "non-GAAP financial measures" as defined in Regulation G. The reconciliation of such measures to the most directly comparable GAAP financial measures in accordance with Regulation G is included in this financial supplement on pages 5-9.

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 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, and net realized (gains) losses on the life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, 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 retrocession arrangements. The returns on the Life Funds Withheld Assets are passed directly to the reinsurer pursuant to a contractual arrangement that is accounted for as a derivative. Therefore, net investment income from the Life Funds Withheld Assets and changes in the fair value of the embedded derivative associated with these GreyCastle Life Retro Arrangements are not relevant to XL's underlying business performance.

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 common 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 and including AOCI, both inclusive and exclusive of integration costs, are additional measures of Company profitability. The most significant component of this exclusion is the mark to market fluctuations on XL's investment portfolio that have not been realized through sales, and/or distortions to XL's performance from temporary integration costs related to the combination with Catlin. By providing these additional measures, users of our financial statements have the ability to include or exclude these items when considering our performance either on a standalone basis or for purposes of peer performance comparison.

XL believes that fully diluted tangible book value per common 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.