



Q4 2016

EARNINGS PRESENTATION

February 1, 2017

Cautionary Note Regarding Forward-Looking Statements



The Private Securities Litigation Reform Act of 1995 ("PSLRA") provides a "safe harbor" for forward-looking statements. This presentation contains forward-looking statements that reflect XL Group Ltd's ("XL" or the "Company") current views with respect to future events and financial performance, including with respect to statements regarding our estimated integration costs related to the Catlin Group Limited ("Catlin") acquisition, estimated operating expenses, estimated synergies, and the timing of anticipated completion of the incurrence of integration costs relating to the Catlin acquisition. Such statements include forward-looking statements both with respect to us in general, and to the insurance and reinsurance sectors in particular (both as to underwriting and investment matters). 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," "target," "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 include (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 2016 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.

This document contain certain non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the Reconciliation starting on page 8 of this presentation.

Overview of 4th Quarter and FY 2016 Results

Earnings, Underwriting & Book Value



Earnings



- Net income per share of \$1.12 for Q4 2016 and \$1.56 for FY 2016
- Operating net income per share¹ of \$0.47 for Q4 2016 and \$1.63 for FY 2016 including the following items in line with previous disclosures:
 - Catlin integration costs impact of \$0.22 per share for Q4 2016 and \$0.78 per share for FY 2016
 - Natural catastrophe impact of \$246 million or \$0.90 per share for Q4 2016, principally from Hurricane Matthew and NZ Earthquake, and \$636 million or \$2.25 per share for FY 2016

Underwriting



- Total P&C gross premiums written grew by 19.3% in the quarter from Q4 2015
 - 20.7% excluding impact of foreign exchange
- Insurance accident year ex. cat combined ratio of 92.3%
 - Improvement of 3.4 points from Q4 2015
- Reinsurance accident year combined ratio of 98.1%
 - Deterioration of 6.3 points from Q4 2015 largely attributable to cat losses

Book Value Expansion



- Grew fully diluted book value per share by 3.8% in FY 2016 to \$40.33 at year end
 - Fell by 4.8% during Q4 2016 as interest rate movements impacted unrealized losses on investments available for sale
- Grew fully diluted tangible book value per share² by 2.2% in FY 2016 to \$32.21 at year end
 - Fell by 5.9% during Q4 2016 as interest rate movements impacted unrealized losses on investments available for sale

1. Operating net income per share (or "Operating EPS") is a non-GAAP financial measure. See Reconciliation of operating net income per share to net income attributable to common shareholders of \$0.25 per share starting on page 8.

2. Fully diluted tangible book value per share is a non-GAAP financial measure. Fully diluted tangible book value per share is calculated in the same manner as fully diluted book value per share except that goodwill and intangible assets of \$2.204 million as of December 31, 2016 is excluded from shareholders' equity.

Overview of 4th Quarter and FY 2016 Results

Financial Highlights



Operating Expenses



- P&C operating expense ratio of 15.0% improved by 1.9 points compared to same quarter 2015 as efficiency efforts continued
- Management's estimate of full year 2017 operating expenses¹ remains unchanged at between \$1.77 and \$1.84 billion excluding remaining Catlin-related integration costs. XL will expect to benefit if the British Pound remains at current reduced levels against the US Dollar

Capital Management



- Continued opportunistic approach to share buybacks
 - Repurchased 4.0 million shares for \$144.9 million in fourth quarter
 - Repurchased 30.2 million shares for \$1,050.1 million for the year

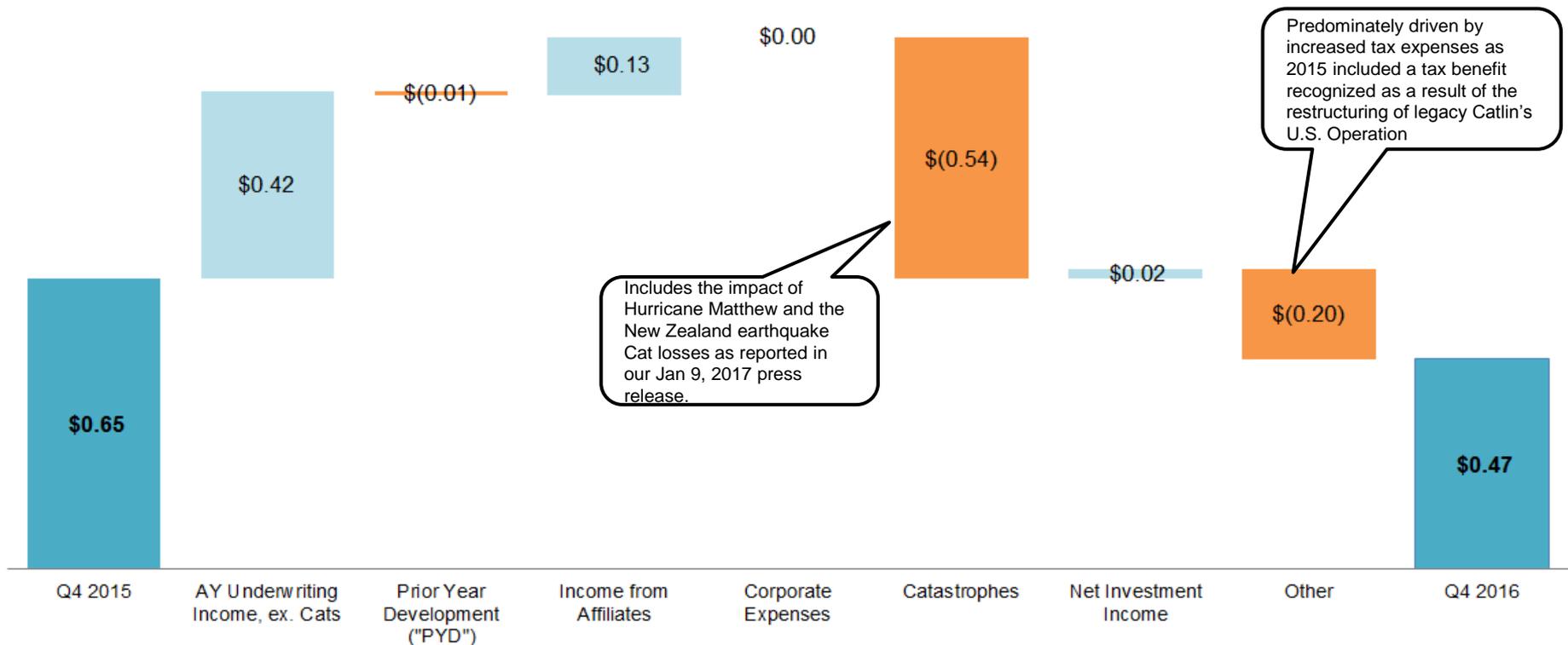
Investment Income



- Total return on investments incl. mark to market movements for the quarter was (1.1)%, attributable mainly to strong rise in rates
- Net investment income (excl. life funds withheld assets²) of \$161 million
- Income from Affiliates in Q4 2016 was \$47.9 million including:
 - Income from Investment Affiliates of \$50 million
 - Income from Operating Affiliates of \$(2.1) million
 - Includes a net \$14 million benefit resulting from the rebalancing of the investment portfolio as the Company changes concentrations in certain individual positions in the normal course partially offset by a decline in value within our Operating Affiliate portfolio.

QTD - Operating EPS¹

Core improvement offset by Catastrophe losses & Tax Expense



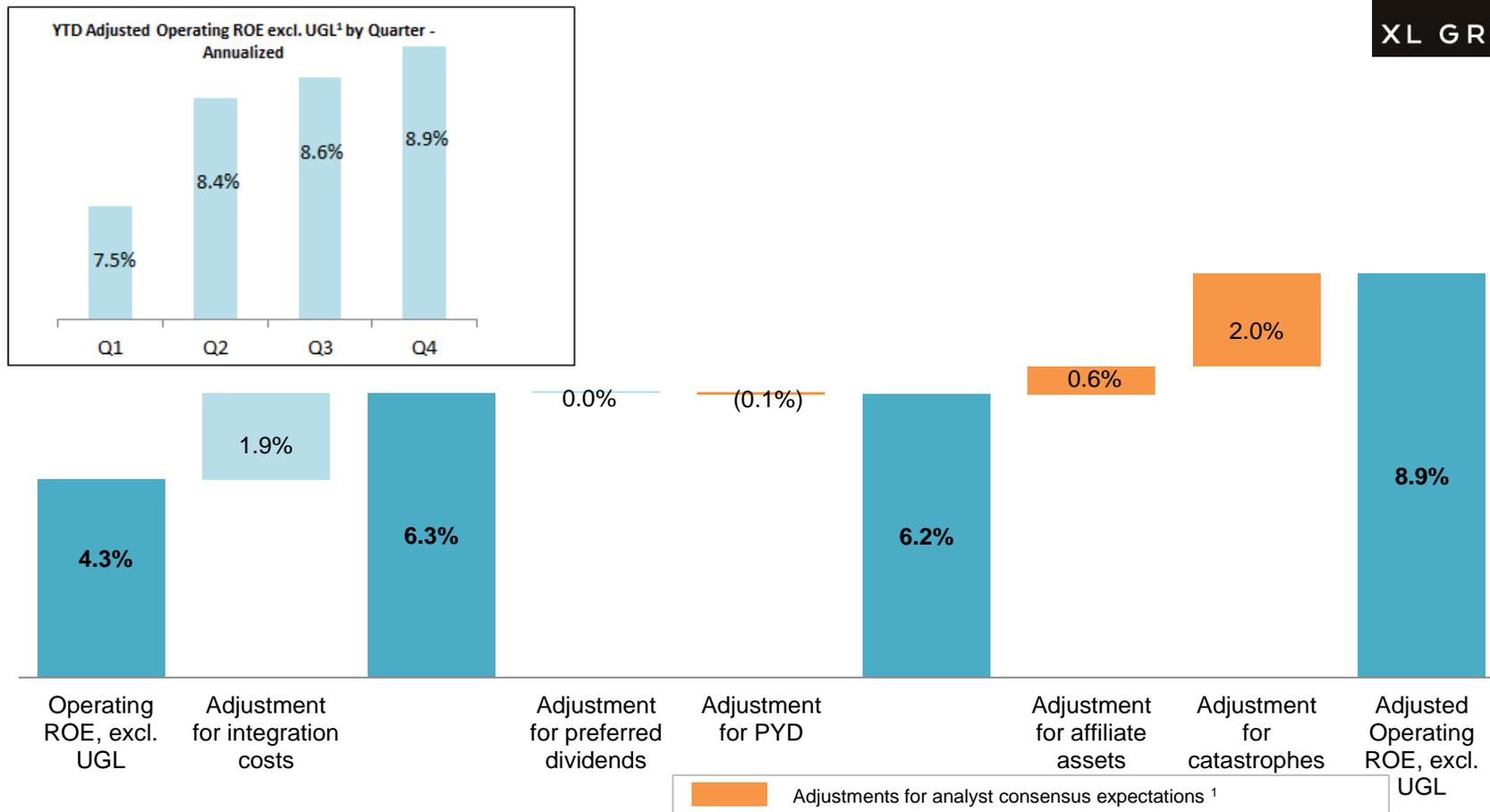
1. Operating EPS is a non-GAAP financial measure. See Reconciliation beginning on page 8.

Key assumptions

- Prior and current quarter Operating EPS as reported
- Calculated based on the weighted average diluted shares outstanding for the quarter ended December 31, 2016
- Accident year underwriting income, excl. cats includes premium, acquisition and operating expenses and losses excluding catastrophes
- "Other" includes tax, life reinsurance operations, interest expense, non-controlling interest, and share count differences between the periods

Full Year 2016 Adjusted Operating ROE, excl. UGL¹

Adjusted for timing and volatility items



1. Please see page 7 for a definition and adjustments made to calculate Adjusted Operating ROE, excl. UGL, a non-GAAP measure.

Analyst consensus expectations included above are for illustrative purposes only and are sourced from Analyst's Models. The inclusion of these analyst expectations does not reflect an endorsement by XL Group Ltd of such expectations for 2016.

Detail of adjustments made to calculate Adjusted Operating ROE, excl. UGL¹



1. Adjusted operating return on average common shareholders' equity excluding average unrealized gains and losses on investments (or "Adjusted Operating ROE, excl. UGL") is a non-GAAP financial measure. See Reconciliation beginning on page 8 for a reconciliation of "net income" to "operating net income".

Adjustments made to the Operating Net Income to calculate Adjusted Operating ROE, excl. UGL are as follows (all dollar amounts in millions of US dollars):

- (i) excludes \$202 (Q1:\$201, Q2: \$196, Q3: \$197) (post-tax effected using an effective tax rate of 8.5%) of costs incurred as part of the Catlin integration resulting in an Operating ROE excl. ULG movement of 1.9 pts (Q1: 1.9, Q2: 1.8, Q3: 1.9);
- (ii) converts preferred share dividends paid semi-annually to quarterly payments resulting in an Operating ROE excl. ULG movement of 0.0 pts (Q1: 1.0, Q2: 0.1, Q3: 0.3);
- (iii) makes adjustments to reflect analysts' consensus expectation for 2016 as of January 1, 2016 with respect to the following amounts:
 - a. PYD decreases by approximately \$6 (Q1: increases \$111, Q2: increases \$10, Q3: increases \$31) (post tax effected) from approximately \$303 (Q1: \$43, Q2: \$142, Q3: \$196) in light of analysts' consensus expectation of approximately \$295 (Q1: \$74, Q2: \$148, Q3: \$221) resulting in an Operating ROE excl. ULG movement of (0.1) pts (Q1: 1.0, Q2: 0.1, Q3: 0.3);
 - b. income from operating affiliates increases by approximately \$66 (Q1: \$142, Q2: \$93, Q3: \$89) (post-tax effected) from approximately \$115 (Q1: \$8, Q2: \$43, Q3: \$67) in light of analysts' consensus expectation of approximately \$187 (Q1: \$47, Q2: \$94, Q3: \$140) resulting in an Operating ROE excl. ULG movement of 0.6 pts (Q1: 1.3, Q2: 0.9, Q3: 0.8);
 - c. catastrophe losses decrease by approximately \$216 (Q1: \$173, Q2: \$170, Q3: \$110) (post-tax effected) from approximately \$636 (Q1: \$53, Q2: \$293, Q3: \$390) in light of analysts' consensus expectation of approximately \$400 (Q1: \$100, Q2: \$200, Q3: \$300) resulting in an Operating ROE excl. ULG movement of 2.0 pts (Q1: (1.6), Q2: 1.6, Q3: 1.0).

Analyst consensus expectations included above are for illustrative purposes only and are sourced from Analyst's Models. The inclusion of these analyst expectations does not reflect an endorsement by XL Group Ltd of such expectations for 2016.

Regulation G Reconciliation



The following is a reconciliation of XL's net income (loss) attributable to common shareholders to operating net income (loss) (Note 5) and also includes the calculation of annualized return on average common shareholders' equity and annualized return on average common shareholders' equity excluding average unrealized gains and losses on investments, in each case based on operating net income (loss) for the three and twelve months ended December 31, 2016 and 2015.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015 (Note 1)	2016	2015 (Notes 1 and 2)
Net income (loss) attributable to common shareholders	\$ 304,700	\$ 228,550	\$ 440,968	\$ 1,207,152
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets	(151,342)	35,358	540,090	151,691
Net realized (gains) losses on investments and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets	12,147	(36,668)	(259,449)	(182,181)
Net investment income - Life Funds Withheld Assets	(35,108)	(43,620)	(154,751)	(187,489)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets	14,872	(10,645)	9,142	(7,068)
Net income (loss) attributable to common shareholders excluding Contribution from Life Retrocession Arrangements (Note 3)	145,269	172,975	576,000	982,105
Net realized (gains) losses and OTTI on investments - excluding Life Funds Withheld Assets	(43,242)	(11,245)	(112,689)	(19,997)
Net realized and unrealized (gains) losses on derivatives	253	4,004	(2,521)	(53,123)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	700	1,493	2,931	2,732
Exchange (gains) losses excluding Life Funds Withheld Assets	30,164	(16,276)	(18,720)	29,572
Expenses related to Catlin acquisition	—	1,700	—	64,748
Loss (gain) on sale of subsidiary (Note 4)	(3,418)	—	(7,088)	—
Exchange (gains) losses excluding Life Funds Withheld Assets	—	—	—	(340,407)
Loss on U.S. Term Life Retro Arrangements	—	34,986	—	34,986
Extinguishment of debt	—	5,592	—	5,592
Provision (benefit) for income tax on items excluded from operating income	(1,286)	1,800	22,816	(214)
Operating net income (loss) (Note 5)	\$ 128,440	\$ 195,029	\$ 460,729	\$ 705,994
Per common share results: (Note 6)				
Net income (loss) attributable to common shareholders	\$ 1.12	\$ 0.76	\$ 1.56	\$ 4.15
Operating net income (loss) (Note 5)	\$ 0.47	\$ 0.65	\$ 1.63	\$ 2.43
Weighted average common shares outstanding:				
Basic	268,573,636	297,138,797	278,957,444	286,194,248
Diluted - Net income	272,681,106	302,298,268	282,757,804	290,998,857
Diluted - Operating net income	272,681,106	302,298,268	282,757,804	290,998,857
Return on common shareholders' equity:				
Closing common shareholders' equity (Note 7)	10,938,512	11,677,079	10,938,512	11,677,079
Closing unrealized (gain) loss on investments (Note 8)	(679,477)	(745,592)	(679,477)	(745,592)
Average common shareholders' equity excluding average unrealized gains (losses) on investments (Note 7)	10,193,238	10,932,084	10,595,261	9,725,585
Average common shareholders' equity (Note 7)	11,275,339	11,807,654	11,307,796	10,855,415
Operating net income (loss) (Note 5)	128,440	195,029	460,729	705,994
Annualized operating net income (loss) (Note 5)	513,760	780,116	460,729	705,994
Annualized operating net income (loss) (excluding integration costs) (Note 5)	728,969	1,048,394	662,359	849,100
Annualized operating return on average common shareholders' equity (Notes 5 and 7)	4.6%	6.6%	4.1%	6.5%
Annualized operating return on average common shareholders' equity excluding average unrealized gains and losses on investments (Notes 5 and 7)	5.0%	7.1%	4.3%	7.3%
Annualized operating return on average common shareholders' equity excluding integration costs (Notes 5 and 7)	6.5%	8.9%	5.9%	7.8%
Annualized operating return on average common shareholders' equity excluding integration costs and unrealized gains and losses on investments (Notes 5 and 7)	7.2%	9.6%	6.3%	8.7%

Notes can be found on Page 10.

Regulation G Reconciliation



The following is a reconciliation of XL's net income (loss) attributable to common shareholders to operating net income (loss) (Note 5) and also includes the calculation of annualized return on average common shareholders' equity and annualized return on average common shareholders' equity excluding average unrealized gains and losses on investments, in each case based on operating net income (loss) year to date as at March, 31, June 30, September 30 and December 31, 2016.

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

	Three Months Ended March 31, 2016	Six Months Ended June 30, 2016	Nine Months Ended September 30, 2016	Twelve Months Ended December 31, 2016
Net income (loss) attributable to common shareholders	21,885	65,667	136,268	440,968
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets	236,080	465,822	691,432	540,090
Net realized (gains) losses on investments and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets	(101,166)	(186,315)	(271,596)	(259,449)
Net investment income - Life Funds Withheld Assets	(41,560)	(80,706)	(119,643)	(154,751)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets	(10,973)	(4,193)	(5,729)	9,142
Net income (loss) attributable to common shareholders excluding Contribution from Life Retrocession Arrangements (Note 3)	104,266	260,275	430,732	576,000
Net realized (gains) losses and OTTI on investments - excluding Life Funds Withheld Assets	9,949	(11,052)	(69,447)	(112,689)
Net realized and unrealized (gains) losses on derivatives	3,679	2,716	(2,774)	(2,521)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	413	2,231	2,231	2,931
Exchange (gains) losses	(14,919)	(48,726)	(48,885)	(18,720)
Loss (gain) on sale of subsidiary (Note 4)	-	-	(3,670)	(7,088)
Provision (benefit) for income tax on items excluded from operating income	-	4,391	24,102	22,816
Operating net income (loss) (Note 5)	103,388	209,835	332,289	460,729
Per common share results: (Note 6)				
Net income (loss) attributable to common shareholders	0.07	0.23	0.48	1.56
Operating net income (loss) (Note 5)	0.35	0.72	1.16	1.63
Weighted average common shares outstanding:				
Basic	291,968,575	286,880,981	282,441,805	278,957,444
Diluted - Net income	296,665,595	290,929,362	286,125,400	282,757,804
Diluted - Operating net income	296,665,595	290,929,362	286,125,400	282,757,804
Return on common shareholders' equity:				
Closing common shareholders' equity (Note 7)	11,688,744	11,685,188	11,612,166	10,938,512
Closing unrealized (gain) loss on investments (Note 8)	(1,171,060)	(1,421,695)	(1,484,725)	(679,477)
Average common shareholders' equity excluding average unrealized gains (losses) on investments (Note 7)	10,724,586	10,597,490	10,529,464	10,595,261
Average common shareholders' equity (Note 7)	11,682,912	11,681,134	11,644,623	11,307,796
Operating net income (loss) (Note 5)	103,388	209,835	332,289	460,729
Annualized operating net income (loss) (Note 5)	413,552	419,670	443,052	460,729
Annualized operating net income (loss) (excluding integration costs) (Note 5)	614,852	615,664	640,159	662,359
Annualized operating return on average common shareholders' equity (Notes 5 and 7)	3.5%	3.6%	3.8%	4.1%
Annualized operating return on average common shareholders' equity excluding average unrealized gains and losses on investments (Notes 5 and 7)	3.9%	4.0%	4.2%	4.3%
Annualized operating return on average common shareholders' equity excluding integration costs (Notes 5 and 7)	5.3%	5.3%	5.5%	5.9%
Annualized operating return on average common shareholders' equity excluding integration costs and unrealized gains and losses on investments (Notes 5 and 7)	5.7%	5.8%	6.1%	6.3%

Regulation G Reconciliation



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

Note 2: The Company's results for the year ended December 31, 2015 include those of Catlin Group Limited from May 1, 2015.

Note 3: Investment results for the Life Funds Withheld 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 that is accounted for as a derivative. Changes in the fair value of the embedded derivative associated with these GreyCastle Life Retro Arrangements are reflected within "Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets" in the reconciliation above.

Note 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.

Note 5: 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, ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company ("XLLIAC") and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on 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. We believe that showing "operating net income (loss)", "annualized operating return on average common shareholders' equity" and "annualized operating return on average common shareholders' equity" excluding "average unrealized gains and losses on investments" and "integration costs" enables investors and other users of our financial information to analyze our performance in a manner similar to how we analyze our performance. In this regard, we believe that providing only a GAAP presentation of net income (loss) would make it more difficult for users of our financial information to evaluate our underlying business. We also believe that equity analysts and certain rating agencies that follow us (and the insurance industry as a whole) exclude these items from their analyses for the same reasons, and they request that we provide this non-GAAP financial information on a regular basis. A reconciliation of our net income (loss) attributable to common shareholders to operating net income (loss) is provided above.

Note 6: Diluted weighted average number of common shares outstanding is used to calculate per share data except where it is anti-dilutive to earnings per share or where there is a net loss. When it is anti-dilutive or when a net loss occurs, basic weighted average common shares outstanding is utilized in the calculation of net loss per share and net operating loss per share.

Note 7: Common shareholders' equity is defined as total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries.

Note 8: 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.