UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 1997

Commission File Number 1-10804

EXEL LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands	98-0058718
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Cumberland House, 1 Victoria Street, Hamilton, Bermuda HM 11

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (441) 292-8515

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

The number of registrant's Ordinary Shares ($0.01 par value) outstanding as of March 24, 1997 was 85,594,021 excluding 26,145,700 shares held in treasury.

EXEL LIMITED

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Part I. FINANCIAL INFORMATION

Part II. OTHER INFORMATION

EXEL LIMITED

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

	February 28, 1997 (Unaudited)	November 30, 1996
ASSETS		
Investments:		
Fixed maturities, at market value (amortized cost : 1997 - $2,575,469; 1996 - $2,812,415)	$2,580,216	$2,844,877
Equity securities, at market value (cost: 1997 - $616,239; 1996 - $595,149)	840,179	812,050
Short-term investments, at market value (amortized cost: 1997 - $180,932; 1996 - $115,791)	181,010	115,999

Total Investments	3,601,405	3,772,926
Cash and cash equivalents	436,623	252,734
Investment in affiliates (cost: 1997 - $280,748; 1996 - $280,748)	419,229	414,891
Investment in partnerships	25,573	23,803
Accrued investment income	40,305	55,729
Deferred acquisition costs	26,215	30,383
Prepaid reinsurance premiums	73,105	63,467
Premiums receivable	307,489	345,082
Reinsurance balances receivable	62,448	46,444
Other assets	25,329	26,079
Receivable for investments sold	7,608	--
Total Assets	$5,025,329	$5,031,538

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Unpaid losses and loss expenses	$2,147,689	$2,099,096
Unearned premium	646,305	679,535
Premium received in advance	36,081	24,256
Accounts payable and accrued liabilities	35,225	39,171
Reinsurance premiums payable	35,236	31,347
Payable for investments purchased	--	42,095
Total Liabilities	$2,900,536	$2,915,500

	February 28, 1997 (Unaudited)	November 30, 1996
Contingencies and commitments		
Shareholders' Equity:		
Ordinary shares (par value $0.01: authorized, 999,990,000 shares; issued and outstanding, 86,297,421 shares (excluding 25,442,300 shares held in treasury) at February 28, 1997 and 87,170,644 shares (excluding 24,205,100 shares held in treasury) at November 30, 1996	863	872
Contributed surplus	291,160	282,980
Net unrealized appreciation on investments	230,569	256,430
Deferred compensation	(13,721)	(4,169)
Retained earnings	1,615,922	1,579,925
Total shareholders' equity	$2,124,793	$2,116,038
Total liabilities and shareholders' equity	$5,025,329	$5,031,538

See accompanying notes to Consolidated Financial Statements.

EXEL LIMITED

CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars in thousands, except per share amounts)

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
	(Unaudited)	
Revenues:		
Net premiums earned	$119,837	$130,258
Net investment income	51,557	47,773
Net realized gains on sale of investments	32,613	136,059
Equity in net earnings of affiliates	13,155	16,113
Total revenues	217,162	330,203
Expenses:		
Losses and loss expenses	84,960	104,206
Acquisition costs	9,907	8,572
Administration expenses	11,584	9,099
Total expenses	106,451	121,877
Income before income tax expense	110,711	208,326
Income tax expense	2,593	1,237
Net income	$108,118	$207,089
Weighted average number of ordinary shares and ordinary share equivalents outstanding	87,835	95,604
Net income per ordinary share and ordinary share equivalent	$ 1.23	$ 2.17
Dividends declared per share	$ 0.32	$ 0.20

See accompanying notes to Consolidated Financial Statements.

EXEL LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
	(Unaudited)	
Cash flows from operating activities		
Net income................................	$ 108,118	$ 207,089
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on sale of investments.............................	(32,613)	(136,059)
Amortization of premium on fixed maturities..............................	325	1,131
Amortization of deferred compensation......	797	314
Equity in earnings of affiliate net of dividends received.......................	(6,013)	(13,705)
Unpaid losses and loss expenses...........	48,593	77,819
Unearned premiums.........................	(33,230)	70,972
Premiums received in advance..............	11,825	(3,042)
Deferred acquisition costs................	4,168	6,941
Prepaid reinsurance premiums..............	(9,638)	(37,517)
Premiums receivable.......................	37,593	(70,379)
Reinsurance balances receivable...........	(16,004)	(14,133)
Reinsurance premiums payable..............	3,889	15,958
Accrued investment income.................	15,424	7,572
Accounts payable and accrued liabilities...	(3,946)	(3,847)
Total adjustments.......................	21,170	(97,975)
Net cash provided by operating activities..............................	129,288	109,114
Cash flows provided by (used in) investing activities:		
Proceeds from sale of fixed maturities and short-term investments..............	4,030,688	2,108,284
Proceeds from redemption of fixed maturities and short-term investments.............................	25,100	40,500

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
	(Unaudited)	
Proceeds from sale of equity securities...	90,977	319,973
Purchases of fixed maturities and short-term investments..................	(3,936,390)	(2,506,587)
Purchases of equity securities............	(77,074)	(100,549)
Deferred (losses) gains on forward hedge contracts..............................	(3,381)	2,203
Investment in limited partnerships........	(1,770)	-
Other assets..............................	750	(784)
Net cash provided by (used in) investing		

activities	128,900	(136,960)
Cash flow (used in) provided by financing activities:		
Dividends paid	(27,612)	(18,856)
Issuance of shares	362	126
Proceeds from exercise of options	1,427	1,625
Repurchase of treasury shares	(48,476)	(22,155)
Net cash used in financing activities	(74,299)	(39,260)
Increase (decrease) in cash and cash equivalents	183,889	(67,106)
Cash and cash equivalents - beginning of period	252,734	673,433
Cash and cash equivalents - end of period	$ 436,623	$ 606,327

See accompanying notes to Consolidated Financial Statements.

EXEL LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of EXEL Limited (together with its subsidiaries, the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these unaudited financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations as of the end of and for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. The November 30, 1996 balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. For further information, refer to the consolidated financial statements for the fiscal year ended November 30, 1996, and footnotes thereto, included in the Company's Annual Report on Form 10-K (No. 1-10804).

All share amounts have been adjusted for one-for-one stock dividend paid to shareholders of record on July 26, 1996.

NOTE B - INVESTMENT IN AFFILIATE

Summarized condensed financial information of Mid Ocean Limited, a 26% (1996 - 28%) owned affiliate, which is accounted for by the equity method, is as follows (U.S. dollars in thousands):

Income Statement Data	Quarter ended January 31, 1997	1996
	(Unaudited)	
Net premiums earned	$ 108,077	$ 102,106
Net investment income	23,840	19,046
Net realized gains on sale of investments	2,658	9,181
Net income	$ 52,003	$ 57,814
Company's share of net income	$ 13,296	$ 16,113

Balance Sheet Data	January 31, 1997	October 31, 1996
	(Unaudited)	
Cash, investments and accrued interest	$1,619,178	$1,539,259
Other assets	637,774	483,440
Total assets	$2,256,952	$2,022,699
Reserves for losses and loss expenses	$ 438,982	$ 422,252
Reserves for unearned premiums	436,525	287,494
Other liabilities	195,636	195,754
Shareholders' equity	1,185,809	1,117,199
Total liabilities and shareholders' equity	$2,256,952	$2,022,699
Company's share of shareholders' equity	$ 303,188	$ 314,256

The Company received dividends from its affiliate of $7.3 million and $2.4 for the quarters ended January 31, 1997 and 1996, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations for the Three Months Ended February 28,1997 Compared to the Three Months Ended February 29, 1996

Table I presents an analysis of the Company's underwriting revenues for the periods indicated:

Table I

	Three Months Ended February 28, 1997	February 29, 1996	% Change
	(unaudited)		
Gross premiums written	$104,350	219,130	(52.4)%
Net premiums written	76,969	163,713	(53.0)
Net premiums earned	119,837	130,258	(8.0)

The decrease in gross premiums written in the first quarter of 1997 was impacted by the cancellation of two specialty reinsurance assumed ("SRA") contracts written in the first quarter of 1996, resulting in the return of $56.0 million in premium. Of this amount $46.8 million was unearned. In addition, in the first quarter of 1996, another SRA contract was written retroactively from June 1, 1995 resulting in a premium of $22.5 million over three years. Further discussion is provided on these matters following Table II.

Gross premiums written are also affected by the level of multi-year policies written or as in the above case, cancelled in any given year. If gross premiums were adjusted for this multi-year effect, adjusted premiums would be $135.1 million and $177.9 million for 1997 and 1996, respectively. If, in addition, the above mentioned SRA items were also excluded, gross premiums written would be $141.2 million and $150.7 million, respectively.

A discussion of the decline in net premiums written and net premiums earned can be found following Table III.

Table II presents the split of gross premiums written by X.L. Insurance Company, Ltd. (X.L.) and X.L. Europe Insurance (X.L.E.)and X.L. Reinsurance Company, Ltd. (XLRe) adjusted for the effects of multi-year premiums:

Table II
- --------

	Three Months Ended							
	February 28, 1997				February 29, 1996			
	X.L.	X.L.E.	XLRe	Total	X.L.	X.L.E.	XLRe	Total
	(Unaudited)							
General liability	$ 73,911	$16,763	-	$ 90,674	$ 83,301	$20,645	$ -	$103,946
Directors and officers liability	3,958	391	-	4,349	4,513	454	-	4,967
Professional liability	3,797	1,195	-	4,992	3,804	992	-	4,796
Employment practices liability	4,249	-	-	4,249	-	-	-	-
Property	4,332	981	-	5,313	3,787	-	-	3,787
X.L. Risk Solutions	3,260	-	-	3,260	-	-	-	-
Specialty reinsurance assumed	5,468	4,695	12,058	22,221	10,150	9,723	40,562	60,435
Annualized premiums	98,975	24,025	12,058	135,058	105,555	31,814	40,562	177,931
Multi-year								

premiums	17,254	(940)	(47,022)	(30,708)	(28,400)	77	69,522	41,199
	$116,229	$23,085	$(34,964)	$104,350	$ 77,155	$31,891	$110,084	$213,120

The decline in gross written premiums on an annual basis is largely due to anomalies in the SRA line and the continuing competitive pressures felt by the general liability product line. Directors and officers and professional liability remain relatively flat, while employment practices liability continues to grow. The other growth areas include the property and X.L. Risk Solutions product lines.

As disclosed in previous filings, some SRA policies can have significant premiums due to the nature of the risks and the multi-year coverage. These policies can be loss sensitive, providing large penalty premiums in the event of losses, and the return of significant levels of premiums where little or no losses are incurred by the end of the policy term. During the quarter, two reinsureds with XLRe cancelled and entered into new contracts, resulting in the return of $56.0 million in premium of which $9.2 million had been earned. The net expense of the $9.2 million was offset by the release of the same amount accrued in experience reserves. Because of the apparent intent of these respective reinsureds to cancel and rewrite their contracts after one year where it is loss free, only the first year of the go forward contract net of experience contributions has been recorded, resulting in premium of $3.1 million. The intent of the other existing property reinsureds will be assessed at the first anniversary of their contracts and will be accounted for in accordance with their intent at that time.

During the first quarter of 1996 X.L. wrote an SRA policy retroactively from June 1, 1995 resulting in an adjusted premium of 15.3 million and a future year premium of $7.3 million. The latter amount will not be recognized in annual premium until the third quarter of 1997.

SRA premiums assumed by X.L.E. relate mostly to reinsurance protection to a Bermuda insurer which provides certificates of responsibility to ship owners for compliance with the U.S. Oil Pollution Act of 1990. Premiums from this program have decreased by approximately $6.0 million, largely due to a recent restructuring of the facility to an excess of loss basis from a quota share basis.

X.L. Risk Solutions was introduced late in the second quarter of 1996. X.L. Risk Solutions is a coordinated initiative with CIGNA Risk Solutions, between the Company and CIGNA Property and Casualty ("CIGNA"). It provides combined limits of capacity for two or more of the Company's stand alone product lines over three or more years. In addition, the Company has commenced providing combined capacity coverage with CIGNA which is reflected in the property line, together with the continuing growth of the Company's traditional property cover.

Employment practices liability was also introduced late in the second quarter of 1996, with the first premium written during the third quarter of said fiscal year.

General liability insurance results continue to reflect the impact of competitive pressures from the U.S. domestic market and Lloyds of London. Despite these pressures, this division managed to maintain 84.5% of its business. Excluding insureds acquired by existing insureds, this ratio increased to 87.0%. The retention ratio for the same period in 1996 was 88.3%. The decline was largely caused by X.L.E. having a retention ratio of 75.6%. Average attachments on premiums written increased from $108.4 million to $129.8 million and limits increased from $84.4 million to $88.0 million for the quarters ended February 29, 1996 and February 28, 1997, respectively.

Table III presents certain underwriting information with respect to the business written by the Company for the periods indicated:

Table III

	Gross Premiums Written		Net Premiums written		Net Premiums earned	
	Three Months Ended					
	Feb. 28, 1997	Feb. 29, 1996	Feb. 28, 1997	Feb.29, 1996	Feb. 28, 1997	Feb. 29, 1996
	(Unaudited)					
General liability	$ 94,739	$104,341	$ 71,420	$ 50,168	$ 75,425	$ 82,167
Directors and officers liability	5,284	4,967	5,284	4,967	5,504	6,275
Professional liability	6,844	5,555	6,844	5,555	12,507	13,371
Employment practices liability	4,249	-	2,603	-	821	-
Property	9,480	5,810	8,206	4,566	5,321	4,897
Risk solutions	8,555	-	7,413	-	1,671	-
Reinsurance assumed	(24,801)	98,457	(24,801)	98,457	18,588	23,548
	104,350	219,130	76,969	163,713	119,837	130,258
Multi year premiums	30,708	(41,199)	21,993	(41,199)	-	-
Annual adjustment for reinsurance assumed contracts	6,180	(27,250)	6,180	(27,250)	7,729	(5,972)
Reinsurance general liability quota share of unearned premium	-	-	-	35,544	-	-
	$141,238	$150,681	$105,142	$130,808	$127,566	$124,286

Net premiums written were affected by the SRA anomalies and multi-year adjustments. In addition, the 1996 quarter reflects the cession of part of the general liability unearned premium reserve of $35.5 million on the commencement of the quota share treaty, December 1, 1995. With effect from December 1, 1996 general liability premiums written under the managed alternate rating methodology are also included which resulted in $7.0 million in premiums ceded. In addition, the employment practices liability, X.L. Risk Solutions and property business lines are all subject to reinsurance.

Net earned premiums were also impacted by the SRA volatility. As disclosed above, if these SRA premiums had been excluded, net earned premiums would have been $127.6 million and $124.3 million for 1997 and 1996, respectively.

Table IV presents an analysis of the Company's revenues from its portfolio of investments and its investment in affiliates:

Table IV

Three Months Ended

	February 28, 1997	February 29, 1996	% Change
	(unaudited)		
Net investment income	$51,557	$ 47,773	7.9%
Net realized gains	32,613	136,059	N/M
Equity in net earnings of affiliates	13,155	16,113	(18.3)

Net investment income has increased due to the higher performance of the U.S. bond market over the same quarter last year.

The significant gains realized in 1996 were the result of the liquidation of two fixed maturity portfolios and one equity portfolio due to similarities in strategies between managers. During the first quarter of 1997, the fixed maturity portfolio was extensively restructured, realizing losses of $5.2 million. The equity managers took $37.8 million in gains of which $8.9 million were gains realized by a synthetic equity portfolio. A further discussion of these derivatives is included under "Financial Condition and Liquidity below" .

The decrease in equity earnings in affiliates is attributable to Mid Ocean Limited ("MOCL") having a 10% decline in its net income. In addition the Company's ownership MOCL interest in decreased from approximately 27.9% to 25.6% compared to the prior quarter, following the exercise of options by MOCL's founding shareholders.

Table V sets forth the Company's combined ratios and the components thereof for the periods indicated using U.S. generally accepted accounting principles:

	Three Months Ended	
	February 28, 1997	February 29, 1996
	(unaudited)	
Loss and loss expense ratio	70.9%	80.0%
Underwriting expense ratio	17.9%	13.6%
Combined ratio	88.8%	93.6%

The decrease in the loss and loss expense ratio is the result of several factors. There was a net release of short-tail reserves of $3.8 million and a pull down effect caused by the release of SRA experience reserves, returned as premium in the amount of $9.2 million, as previously mentioned. After adjusting for these items the loss ratio would have been 75.9%. The decrease in the adjusted ratio reflects the reserving methodology on the SRA business, which is established on a contract by contract basis. A significant component of this business has been short tail, and due to the level of attachments involved, no incurred but not reported reserves ("IBNR") has been accrued on several contracts.

The return of the SRA premiums also affected the expense ratio. In addition, during the fourth quarter of 1996 X.L. acquired the assets of the American Excess Insurance Association ("AEIA"). X.L. is subject to a fee based upon the level of the AEIA book that binds with X.L. This fee will be expensed over five years. After adjusting for the aforementioned items, the expense ratio would have been 15.4%.

Net income was $108.1 million or $1.23 per share and $207.1 million per share or $2.17 per share for the quarters ended February 28, 1997 and February 29, 1996, respectively, representing a decrease of 43.3% per share. The decrease in per share amounts is primarily due to realized investment gains of $32.6 million compared to $136.1 million for the respective quarters.

Financial Condition and Liquidity

As a holding company, the Company's assets consist primarily of its investments in the stock of its subsidiaries and the Company's future cash flows depend on the availability of dividends or other statutorily permissible payments from its subsidiaries. In order to pay dividends, the amount of which is limited to accumulated net realized profits, X.L. must maintain certain minimum levels of share capital, solvency and liquidity pursuant to Bermuda statutes and regulations. At February 28, 1997, X.L. could have paid dividends in the amount of approximately $1.2 billion. Neither the Company nor any of its subsidiaries other than X.L. and XLRe had any other restrictions preventing them from paying dividends. No assurance, however, can be given that the Company or its subsidiaries will not be prevented from paying dividends in the future. The Company's shareholders' equity at February 28, 1997 was $2.1 billion, of which $1.6 billion was retained earnings.

At February 28, 1997, total investments and cash net of unsettled investment trades were $4.0 billion, unchanged from November 30, 1996. The Company's fixed income investments (including short-term investments and cash equivalents) at February 28, 1997 represented approximately 79% of invested assets and were managed by several outside investment management firms with different strategies. Substantially all fixed income securities are of investment grade, and approximately 66% of the portfolio is in U.S. and non-U.S. sovereign government obligations, corporate bonds and other securities rated Aa or AA or better by a nationally recognized rating agency. Cash and cash equivalents net of pending investment trades was $444.2 million at February 28, 1997, compared to $210.6 million at November 30, 1996.

In fiscal 1996 and in fiscal 1997 through February 28, the total amount of losses paid by the Company was $302.6 million and $51.4 million, respectively.

Insurance practices and regulatory guidelines suggest that property and casualty insurance companies maintain a ratio of net premiums written to statutory capital and surplus of not greater than 3 to 1, with a lower ratio considered to be more prudent for a company that insures the types of exposures written by X.L. X.L. maintained a ratio of 0.5 to 1 (calculated on an annual basis) for the three months ended February 28, 1997 and for the year ended November 30, 1996.

The Company establishes reserves to provide for the estimated expenses of settling claims, the general expenses of administering the claims adjustment process and for losses incurred but not reported. These reserves are calculated by using actuarial and other reserving techniques to project the estimated ultimate net liability for losses and loss expenses. No assurance can be given that actual claims made and payments related thereto will not be in excess of the amounts reserved.

The Company commenced its initial share buy back program in September 1993 as authorized by the Board of Directors and obtained approval for subsequent programs as each program was completed. As at February 28, 1997 the Company had repurchased 25.4 million shares in total. During the quarter then ended, the Company had purchased 1.2 million shares at a cost of $48.5 million leaving 1.6 million shares out of the 5 million shares authorized by the Board of Directors on June 28, 1996. On January 24, 1997 the Board of Directors authorized the repurchase of a further 3 million shares.

Derivative Financial Instruments

Foreign Currency Risk Management

As part of its current investment strategy, the Company invests in non-U.S. Dollar denominated fixed maturities and equities. The Company hedges the majority of the foreign currency exposure of its non-U.S. Dollar fixed maturity investments using forward foreign exchange contracts that generally have maturities of three months or less, and which are rolled over to provide continuing coverage for as long as the investments are held. When an investment is sold, the related foreign exchange sale contract is closed by entering into an offsetting purchase. At February 28, 1997 the Company had, as hedges, foreign exchange contracts for the sale of $262.7 million and the purchase of $30.8 million of foreign exchange at fixed rates, primarily Australian Dollars (15% of net contract value), German Marks (15%), Japanese Yen (13%), Canadian Dollars (12%) and Swedish Kroners (12%). No other currency was greater than 10%. The market value of non-U.S. Dollar fixed maturities held by the Company as at February 28, 1997 was $225.00 million. The balance of the hedges are being utilized to cover currency exposure on accrued interest.

Foreign Currency Risk Management (Continued)

Unrealized foreign exchange gains or losses on foreign exchange contracts hedging non-U.S. Dollar fixed maturity investments are deferred and included in shareholders' equity. As at February 28, 1997, unrealized deferred gains amounted to $1.2 million, and were offset by corresponding decreases in the dollar value of the investments. Realized gains and losses on the maturity of, these contracts are also deferred and included in shareholders equity until the corresponding investment is sold. As at February 28, 1997, realized deferred losses amounted to $0.1 million.

The Company uses foreign exchange contracts to manage the foreign exchange risk of fluctuating foreign currencies on the value of its non-U.S. Dollar equity investments. These contracts are not designated as specific hedges and, therefore realized and unrealized gains and losses recognized on them are recorded as a component of net realized gains and losses in the period in which they occur. At February 28, 1997, the Company had such forward contracts outstanding of $358.2 million, with unrealized gains of $12.6 million. Gains of $1.6 million were realized during the three month period then ended. Based on the outstanding contracts' value, a 5% appreciation or devaluation of the U.S. Dollar as compared to the level of other currencies under contract at February 28, 1997 would have resulted in approximately $22.0 million or $2.5 million in unrealized gains, respectively.

The Company also manages exchange risk for a particular non-U.S. Dollar fixed maturity portfolio in a manner similar to that of its non-U.S. Dollar equity portfolio. The Company had outstanding forward contracts for sale of $208.6 million and for purchase of $41.4 million of foreign currencies at fixed rates. A 5% appreciation or devaluation of the U.S. Dollar as compared to the other currencies under contract at February 28, 1997 would have resulted approximately in unrealized gains of $7.6 million and unrealized losses of $9.2 million. The market value of the non-U.S. Dollar fixed maturities held was $154.0 million.

Foreign Currency Risk Management (Continued)

In addition, the Company also enters into foreign exchange contracts to buy and sell foreign currencies in the course of trading its non-U.S. Dollar investments. These contracts are not designated as specific hedges, and generally have maturities of two weeks or less. As such, any realized or unrealized gains or losses are recorded in income in the period in which they occur. At February 28, 1997, the Company had $4.2 million of such contracts outstanding, and had recognized a minimal amount in realized and unrealized losses for the three month period. Based on this value, a 5% appreciation or devaluation of the U.S. Dollar as compared to the level of other currencies under contract at February 28, 1997 would have had no material effect on income.

Speculative Financial Instruments

In accordance with its current investment guidelines, the Company may invest up to 30% of its investment portfolio in equity securities. During 1996 these guidelines were amended so that this exposure could be obtained by direct holdings of publicly traded equities and by investing in a synthetic portfolio. In this synthetic equity portfolio, S&P 500 Index futures are held with an exposure approximately equal in amount to the market value of underlying assets held in this fund. As at February 28, 1997, the portfolio held $259.8 million in exposure to S&P 500 Index futures together with fixed maturities, short-term investments and cash amounting to $260.7 million. Based on this value, a 5% increase or decrease in the price of these futures would have resulted in positions of $272.7 million and $246.8 million respectively. The value of the futures is updated daily with the change recorded in income as a realized gain or loss. For the quarter ended February 28, 1997, net realized gains from index futures totalled $8.9 million.

With the introduction of the new fixed maturity managers during February 1997, certain managers may utilize derivative instruments to add value to the investments they manage where they believe market deficiencies exist. Once such manager had bond futures outstanding of $111.0 million with underlying investments having a market value of $784.1 million at February 28, 1997. (All managers are restricted from leveraging their derivative positions). A 5% appreciation or devaluation of these bond futures at this time would have resulted approximately in unrealized gains of $5.6 million and unrealized losses of $5.5 million.

Speculative Financial Instruments (Continued)

Another investment manager utilizes both stock and bond futures in the global market to take advantage of market deficiencies between countries and types of securities. All futures are collateralized by U.S. Treasury securities. The total stock and bond futures' exposure at February 28, 1997 for this manager was $27.6 million with underlying investments having a value of $51.9 million. A 5% appreciation or devaluation of these futures would have resulted approximately in unrealized gains of $1.4 million and unrealized losses of $1.4 million.

Current Outlook

The Company believes competitive pressures will continue throughout fiscal 1997 and constrain growth in the Company's traditional product lines. However, the Company believes specific opportunities will exist in 1997 for growth in the Company's property, X.L. Risk Solutions and employment practices liability product lines, XLRe's specialty reinsurance lines, further developments in non-U.S. business and selected types of political risk insurance.

The Company undertakes no lobligation to update publicly changes in its beliefs expressed herein.

EXEL LIMITED

PART II - OTHER INFORMATION

ITEM 6. - EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 11. Statement regarding Computation of Per Share Earnings.

No reports on Form 8-K were filed during the three month period ended February 28, 1997.

Exhibit 11

EXEL LIMITED

COMPUTATION OF EARNINGS PER ORDINARY SHARE AND ORDINARY SHARE EQUIVALENT

	Three Months Ended February 28, 1997	Three Months Ended February 29, 1996
	(unaudited) (U.S. dollars in thousands except per share amounts)	
(A) Earnings per ordinary share and ordinary share equivalent -- primary:		
Weighted average shares outstanding..............	86,858	94,476
Average stock options outstanding (net of repurchased shares under the treasury stock method)............	977	1,128
Weighted average ordinary shares and ordinary share equivalents outstanding..............	87,835	95,604
Net income:		
Actual net income........	$108,118	$207,089
Assumed earnings on excess option proceeds...............	-	-
Adjusted net income........	$108,118	$207,089
Earnings per ordinary share and ordinary share equivalent.........	$1.23	$2.17

	Three Months Ended February 28, 1997	February 29 1996
	(unaudited)	
	(U.S. dollars in thousands except per share amounts)	
(B) Earnings per ordinary share and ordinary share equivalent -- assuming full dilution:		
Weighted average shares outstanding..............	86,858	94,476
Average stock options outstanding (net of repurchased shares under the treasury stock method)............	1,173	1,226
Weighted average ordinary shares and ordinary share equivalents outstanding..............	88,031	95,702
Net income:		
Actual net income.........	$108,118	$207,089
Assumed earnings on excess option proceeds................	-	-
Adjusted net income.........	$108,118	$207,089
Earnings per ordinary share and ordinary share equivalent..........	$ 1.23	$ 2.16

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXEL LIMITED

(Registrant)

April 11, 1997	/s/ Brian M. O'Hara ----------------------------- Brian M. O'Hara President and Chief Executive Officer
April 11, 1997	/s/ Brian G. Walford ----------------------------- Brian G. Walford Executive Vice President and Chief Financial Officer

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This schedule contains summary financial information extracted from The consolidated balance sheets and consolidated statements of income and is qualified in its entirety by reference to such financial statements.
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