Q4 2017 Earnings Presentation

February 1, 2018

Cautionary Note Regarding Forward – Looking Statements

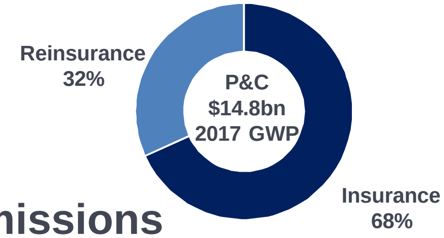
This presentation contains forward-looking statements. Statements that are not historical facts, including statements about XL's beliefs, plans, expectations or future results of operations are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Investors should consider the important risks and uncertainties that may cause actual results to differ, including in particular those discussed in our press release issued on February 1, 2018, as well as those included in our reports on Form 10-K, 10-Q and other documents on file with the Securities and Exchange Commission.

Actual results may differ materially from those included in such forward-looking statements and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the dates on which they are made. We undertake no obligation to update publicly or revise any forward looking statement, whether as a result of new information, future developments or otherwise.

This document contains 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 23 of this document.

Q4 2017 Highlights

- Excluding catastrophes losses, **underlying results continue to show progress**
- **Q4 2017 catastrophes** impacted financial results, most notably Northern and Southern California wildfires
- Evidence of **broad and more sustainable rate improvements** in both Insurance and Reinsurance



- **XL remains well positioned** with clients and brokers; **higher submissions** while maintaining **disciplined underwriting**
- **Recognition of market leadership and innovation** through a variety of industry awards
- Solid **capital surplus** position, as measured by internal, regulatory and rating agency models
- **Enhancing risk transfer program to match risk profile with profit potential and regaining a leading position in usage of alternative capital**
- **US Tax Reform not currently expected to have a material impact going forward on average global effective tax rate;** one-time decrease in Deferred Tax Asset ("DTA") in 4Q17
- **Continuous Improvements** generating operating leverage

Earnings and ROE

Results impacted by significant 2017 catastrophes

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- Net Income / (Loss) Available to Common Shareholders
  - Q4 $28.8 million compared to $304.7 million; $0.11 per share compared to $1.12
  - YTD ($560.4) million compared to $441.0 million; ($2.16) per share compared to $1.56

- Operating Net Income / (Loss)[1]
  - Q4 $116.1 million compared to $128.4 million; $0.45 Operating EPS[1] compared to $0.47
  - YTD ($521.6) million compared to $460.7 million; ($2.01) Operating EPS compared to $1.63

	4Q17		**YTD**	
	3 months 12/31/17	3 months 12/31/16	12 months 12/31/17	12 months 12/31/16
Annualized ROE	1.2%	10.8%	(5.4%)	3.9%
Annualized Operating ROE[2]	4.7%	4.6%	(5.0%)	4.1%
Annualized Operating ROE[2] excluding average AOCI	5.2%	5.1%	(5.4%)	4.3%
Annualized Operating ROE[2] excluding average AOCI and Integration Costs[3]	5.2%	7.2%	(4.8%)	6.2%

Q4 and YTD 2017 compared to corresponding prior year periods

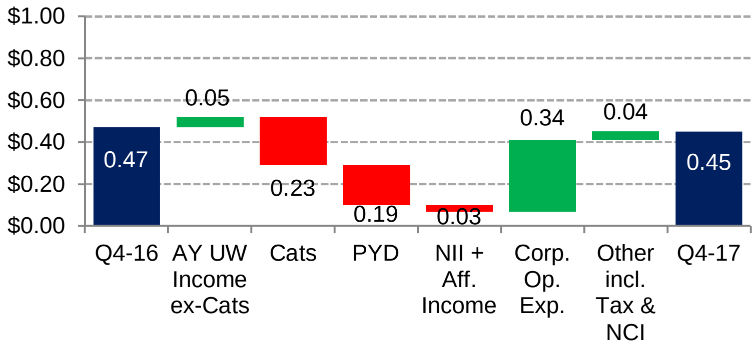
1 Operating Net Income and Operating EPS are non-GAAP financial measures. See reconciliation to Net Income (Loss) attributable to common shareholders on page 23.
2 Please see Regulation G reconciliation starting on page 23 for a definition and adjustments made to calculate Annualized Operating ROE measures, which are non-GAAP financial measures.
3 Integration costs completed June 30, 2017.

Net Income and Operating Earnings

Results impacted by significant 2017 catastrophes

Operating EPS[1]

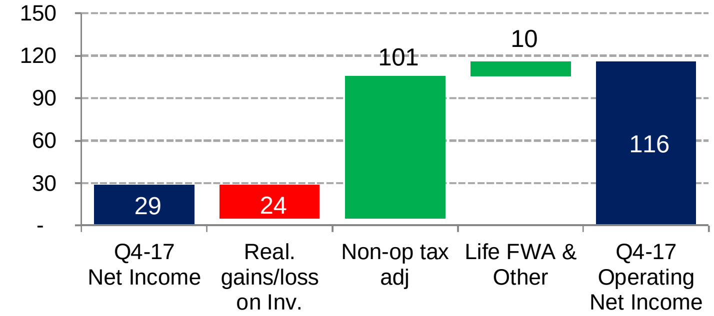
Amounts may not add up due to rounding



Abbreviations defined in the glossary on page 22

Net Income[2] vs. Operating Net Income[1]

USD million



- Q4 2017 catastrophe losses of $315 million, mostly due to Northern and Southern California wildfires
- Prior year development ("PYD") releases of $54 million including releases in North America Insurance and North America Reinsurance Casualty partially offset by strengthening in International Professional and London Wholesale Property
- Decrease in operating expenses compared to prior period due to lower variable compensation resulting from the catastrophe loss impact on Group results, ongoing efficiencies and no integration costs
- Higher Net Investment Income driven by the targeted portfolio rebalancing and active sector rotation throughout 2017, more than offset by lower Affiliates Income primarily due to lower performance in hedge fund investments
- One-time tax charge of $101 million due to the revaluation of the net Deferred Tax Asset ("DTA") as a result of the reduced US corporate income tax rate enacted as part of the Tax Cuts and Jobs Act ("US Tax Reform")

1 Operating EPS (or "Operating Net Income (Loss) Per Share") and Operating Net Income are non-GAAP financial measures. See Reconciliations starting on page 24.
2 Net Income (Loss) Attributable to Common Shareholders.

Trends in Net Income, Operating Earnings and ROE

First half of 2017 demonstrated ongoing progress and ROE on the right path; second half of the year also included solid underlying results, but were overshadowed by the significant impact of catastrophes

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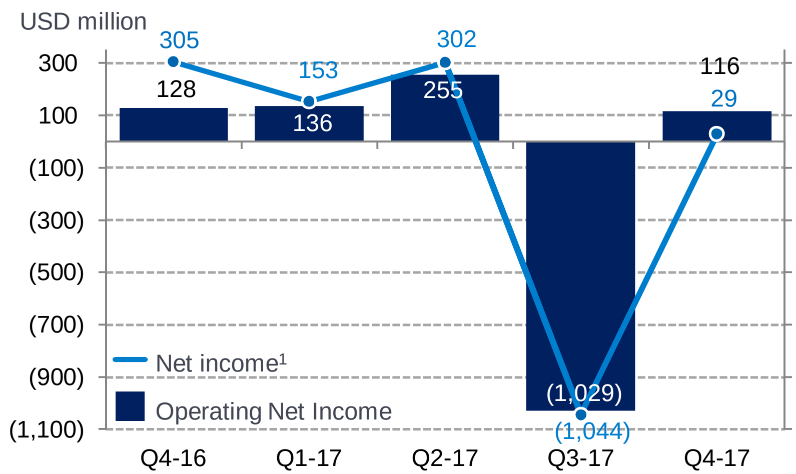
Net Income[1] & Operating Net Income[2]



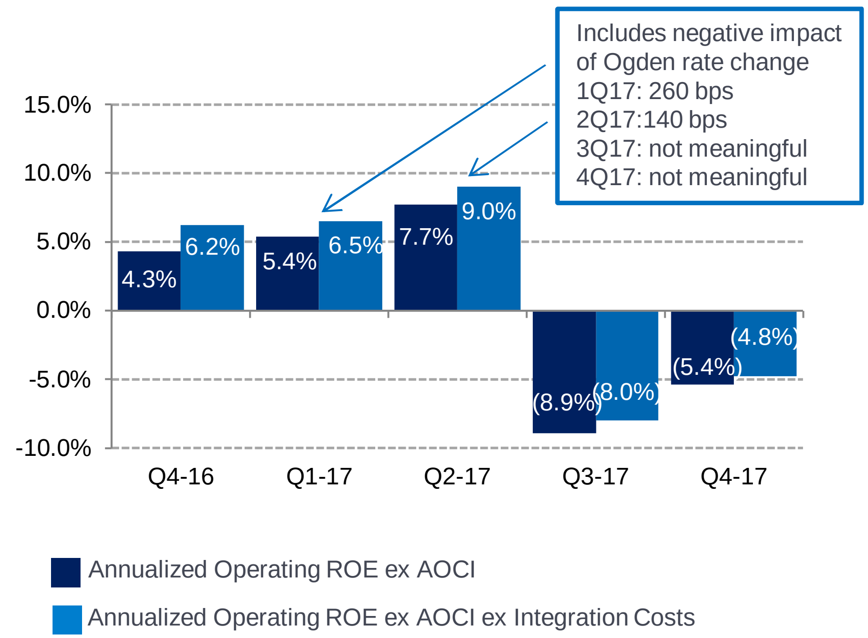
Net Inc. (Loss) attrib. to Common Shareholders per Share

1.12	0.57	1.14	(4.06)	0.11

Operating EPS[2]

0.47	0.50	0.96	(4.00)	0.45

YTD Annualized Operating ROE[3]

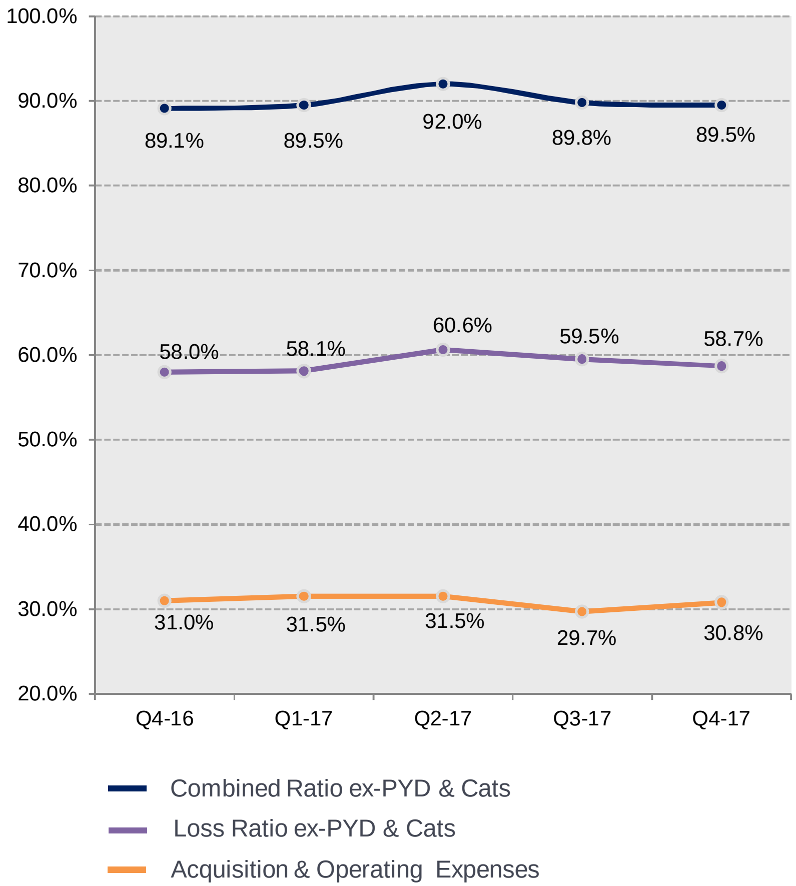


1 Net Income (Loss) Attributable to Common Shareholders.
2 Operating Net Income and Operating EPS (or "Operating Net Income (Loss) Per Share") are non-GAAP financial measures. See reconciliations starting on page 24.
3 Annualized Operating ROE based on Operating Net Income is a non-GAAP financial measure. See reconciliation on page 25.

Underwriting Profitability – Total P&C

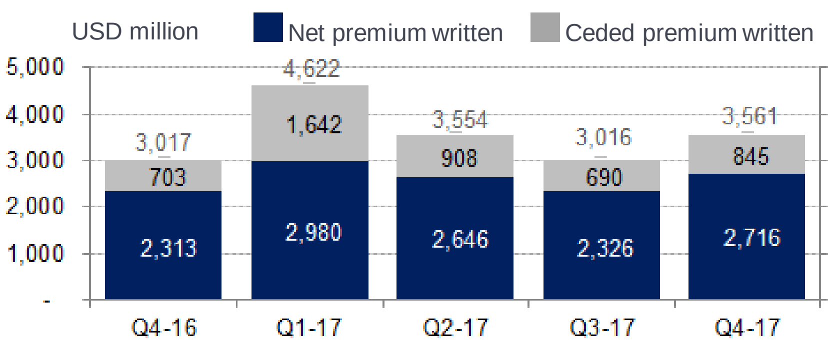
Continuing solid underlying performance, excluding catastrophes

Ratios trend Total P&C



Top line trend Total P&C

Amounts may not add up due to rounding



USD millions	QTD Q4-17	QTD Q4-16	YTD Q4-17	YTD Q4-16
Gross premium written	3,561	3,017	14,753	13,626
Net premium earned	2,673	2,454	10,324	9,766
Loss ratio	68.2%	63.8%	77.5%	62.2%
Acquisition expense ratio	17.7%	16.0%	17.3%	16.5%
Operating expense ratio	13.1%	15.0%	13.5%	15.5%
Combined ratio	99.0%	94.8%	108.3%	94.2%
Underwriting profit (loss)	*26*	*126*	*(862)*	*571*
PYD (release)/strengthen	(54)	(106)	(148)	(302)
Combined ratio ex-PYD	101.0%	99.2%	109.8%	97.2%
Combined ratio ex-PYD & Cats	89.5%	89.1%	90.2%	90.7%
UW profit (loss) ex-PYD & Cats	280	267	1,005	905

Underwriting Profitability - Insurance & Reinsurance

Insurance AY ex cat Combined Ratio improvement due to lower operating expenses and lower large loss activity in 2017; Reinsurance AY ex cat Combined Ratio deterioration primarily due to business mix and higher attritional loss activity

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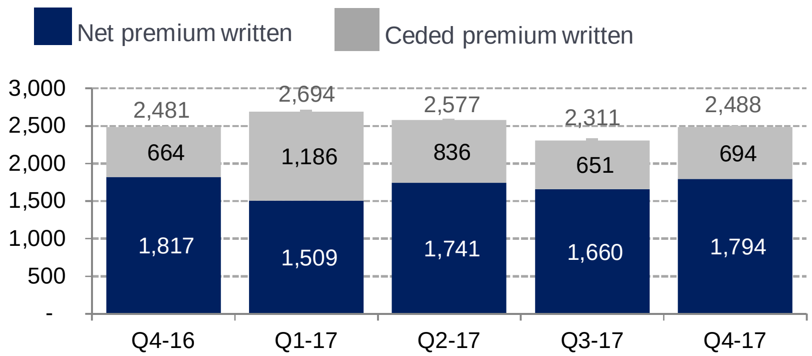
Insurance

Amounts may not add up due to rounding

USD million

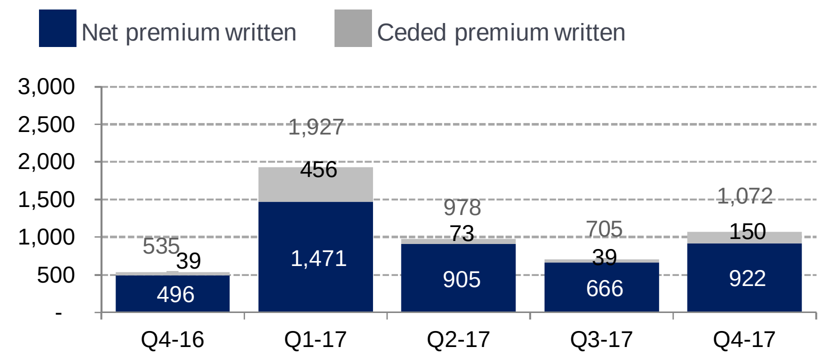


USD millions	QTD Q4-17	QTD Q4-16	YTD Q4-17	YTD Q4-16
Gross premium written	2,488	2,481	10,070	9,651
Net premium earned	1,757	1,707	6,722	6,652
Loss ratio	71.9%	67.8%	76.2%	65.0%
Acquisition expense ratio	14.3%	12.8%	13.7%	13.5%
Operating expense ratio	16.2%	17.6%	16.9%	18.4%
Combined ratio	102.4%	98.2%	106.8%	96.9%
Underwriting profit (loss)	*(42)*	*30*	*(454)*	*209*
PYD (release)/strengthen	(11)	(24)	(42)	(91)
Combined ratio ex-PYD	103.0%	99.6%	107.4%	98.2%
Combined ratio ex-PYD & Cats	91.7%	92.3%	91.6%	93.3%
UW profit (loss) ex-PYD & Cats	146	132	570	448

Reinsurance

Amounts may not add up due to rounding

USD million



USD millions	QTD Q4-17	QTD Q4-16	YTD Q4-17	YTD Q4-16
Gross premium written	1,072	535	4,682	3,975
Net premium earned	916	747	3,602	3,114
Loss ratio	61.1%	54.8%	79.9%	56.3%
Acquisition expense ratio	24.0%	23.2%	23.9%	23.0%
Operating expense ratio	7.4%	9.1%	7.5%	9.1%
Combined ratio	92.5%	87.1%	111.3%	88.4%
Underwriting profit (loss)	*68*	*96*	*(408)*	*361*
PYD (release)/strengthen	(43)	(82)	(106)	(210)
Combined ratio ex-PYD	97.2%	98.1%	114.3%	95.1%
Combined ratio ex-PYD & Cats	85.4%	81.9%	87.7%	85.2%
UW profit (loss) ex-PYD & Cats	133	134	436	458

Q4 and YTD 2017 Catastrophe Losses

California wildfires impacted Q4 2017 results

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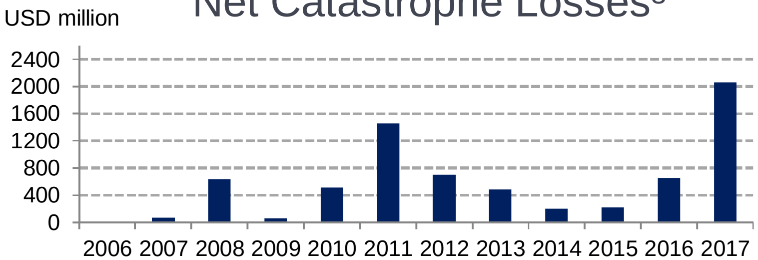
- Net catastrophe losses in Q4 2017 of $315 million from Northern and Southern California wildfires and other events
- Q3 2017 Insurance and Reinsurance net catastrophe loss movements largely offsetting
- Benefit from reinsurance recoveries ~41% for YTD 2017

$m	QTD Gross[1]	QTD Net[1]	YTD Gross[1]	YTD Net[1]
Hurricane Harvey	*75*	*22*	*(679)*	*(377)*
Insurance	*14*	*(13)*	*(429)*	*(221)*
Reinsurance	*61*	*35*	*(250)*	*(156)*
Hurricane Irma	*17*	*19*	*(1,177)*	*(655)*
Insurance	*(105)*	*(60)*	*(632)*	*(309)*
Reinsurance	*122*	*79*	*(545)*	*(346)*
Hurricane Maria	*(33)*	*(24)*	*(631)*	*(369)*
Insurance	*(40)*	*(29)*	*(316)*	*(165)*
Reinsurance	*7*	*5*	*(315)*	*(204)*
Reinst. & adj. prem.		(16)		52
Non-Controlling Interests		(10)		24
HIM[2] Net of Non-Contr. Int. (Pre-tax)		(9)		(1,325)
Northern Cal. Wildfires	*(336)*	*(234)*	*(336)*	*(234)*
Insurance	*(40)*	*(31)*	*(40)*	*(31)*
Reinsurance	*(296)*	*(202)*	*(296)*	*(202)*
All Other Events	*(96)*	*(90)*	*(538)*	*(432)*
Insurance	*(68)*	*(62)*	*(413)*	*(318)*
Reinsurance	*(28)*	*(28)*	*(125)*	*(114)*
Reinst. & adj. prem.		14		(1)
Non-Controlling Interests		3		3
Total North Cal. WF & Other Net of NCI (Pre-tax)		(306)		(663)
Total Net of Non-Contr. Int. (Pre-tax)		**(315)**		**(1,988)**

For the period 2006-2017[3]

- XL Catlin Cat Losses
    - Median $502 million; Mean $594 million
- XL Catlin Cat Losses / Net Premiums Earned
    - Range 0% to 20%; Median 5.6%; Mean 6.3%
- XL Catlin Cat Losses as Share of Industry Insured Losses[4]
    - Range 0% to 1.6%; Median 1.0%; Mean 0.9%

XL Catlin Historical Net Catastrophe Losses[3]

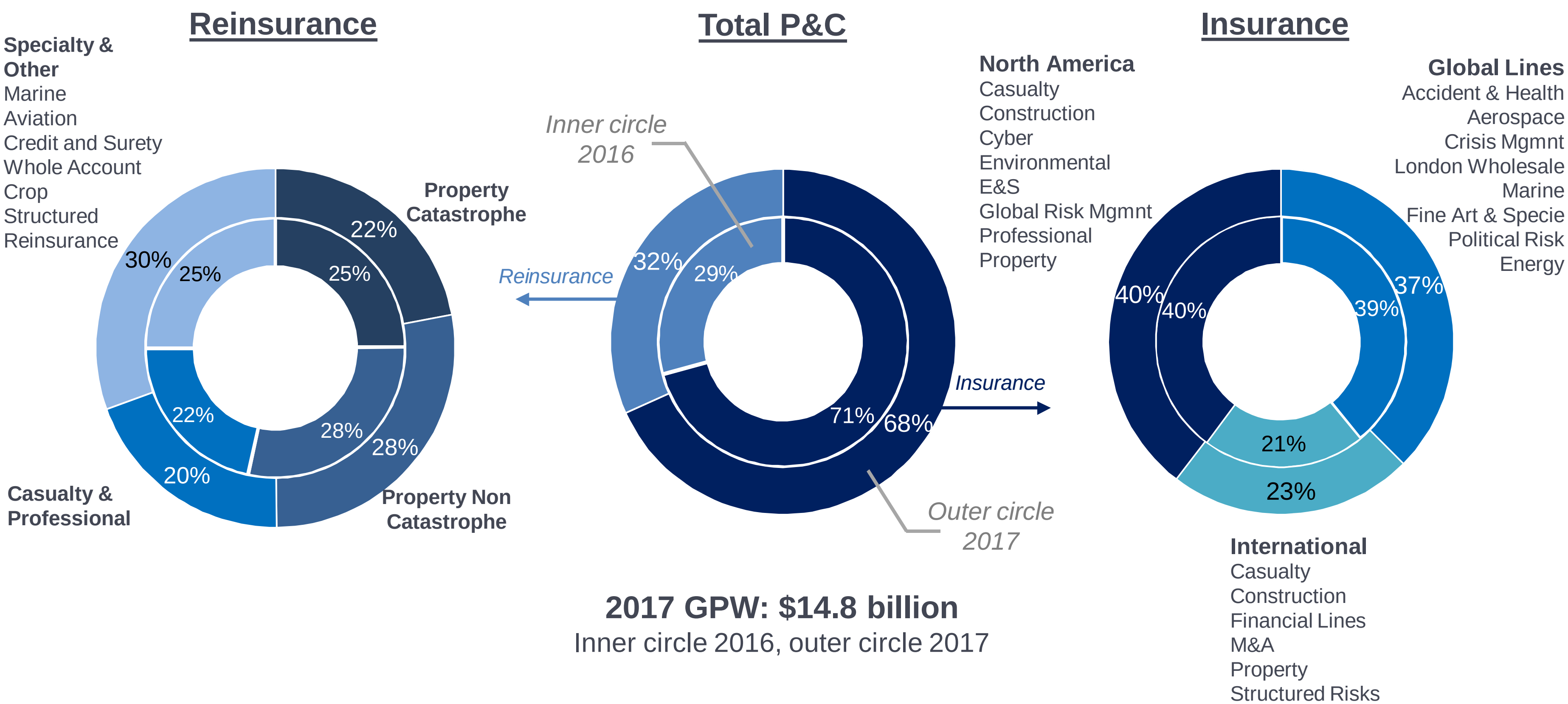


1 Amounts may not add up due to rounding
2 Hurricanes Harvey, Irma and Maria
3 Net Catastrophe Losses exclude reinstatement premiums. For 2014 and prior years, reported on a historical pro forma basis of combined net catastrophe losses of each of XL Group plc and Catlin Group Ltd ("Catlin"). For 2015, Catlin results included as of May 1, 2015. Since 2016 Insurance catastrophe losses include natural catastrophe losses regardless of event size. Prior to 2016 natural catastrophe losses were included only over various thresholds by line
4 Industry Insured Losses sourced from Swiss Re Sigma

Market Presence

XL Catlin's diversified portfolio with relevance and scale is well positioned to benefit from and lead sustainable, broad market hardening

- $14.8 billion of Gross Premium Written ("GPW") across P&C in 2017, up 8% from 2016
  - GPW increased by 9%, excluding foreign exchange



2017 GPW: $14.8 billion

Inner circle 2016, outer circle 2017

2017 Portfolio & 1/1/18 Renewals

Leading change in the market; optimistic about upcoming renewals

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2017 Market Presence and Portfolio Management

Insurance

- Increasing relevance with clients
- Seeing more business in chosen lines
- Continuing disciplined evaluation of risk

Insurance Portfolio Dynamics in 2017	
Submissions[1]	+5.3%
Quote Ratio	+ 7.3%
Hit Ratio	(3.1%)

Reinsurance

- Leveraged significant Property Catastrophe position to grow in diversifying classes of businesses
- Seeing large and complex transactions as a result of scale and relevance to clients

1 Adjusted for 2017 underwriting actions
2 Hurricanes Harvey, Irma and Maria

1/1/18 Renewals

- Leading change in the market
- Enhanced relevance with our clients and brokers
- Continued market momentum while maintaining disciplined underwriting
- Rates at January 1 somewhat dampened by pre-storm and multi-year renewals
- In Reinsurance, approximately 40% of HIM[2] impacted premium renewed at 1/1
- Expect broad and more sustainable rate increases to playout in upcoming renewals

Rate changes at 1/1/18 (includes policies with no rate change due to multi-year renewals)

Reinsurance		Insurance	
Property Catastrophe	+ 6%	Property	+5% to +15%
Loss impacted	*> 11%*	*Loss impacted*	*>15%*
Property Treaty	+5%	Casualty	0% to +3%
Loss impacted	*> 8%*	Professional	0% to +2%
Casualty	+5%	**Total Insurance**	**~3.5%**
Marine	+8%		
Total Reinsurance	**~5%**		

Strong Market Presence

Continues to lead in client excellence and innovation

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Highest in Customer Satisfaction, Large Insurers

J.D. Power 2016 & 2017
Large Commercial Insurance Study

#1 for **Industry Product Innovation**

Advisen's Pacesetter Index
2016 & 2017

Top Performer, London Market Across Nearly All Metrics

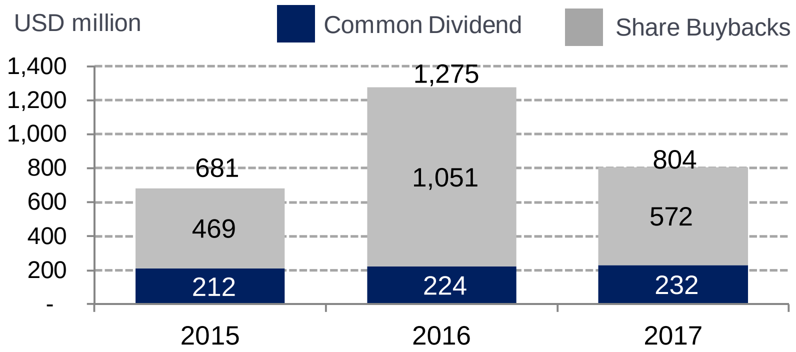
Gracechurch Survey

- Re/insurance Company of the Year – *European and UK Captive Awards 2017*
- Captive Fronting Partner & Customer Care Award – *UK Captive Services Awards 2017*
- US Captive Services Award for Re/insurance Award – *US Captive Awards 2017*
- Bermuda Insurer of the Year – *Reactions magazine 2017*

Capital Management

Solid capital position

Capital Returned to Shareholders



- Fully diluted book value per common share $38.04, decreased $2.29 or 5.7% compared to 12/31/16
- Suspended share repurchases during Q3 2017
- Repurchased 13.8 million common shares at an average price of $41.36, for a total of $572 million in 2017 through Q3 2017
- $529 million of common shares remain available for purchase under our current share buyback authorization
- No plans to resume share repurchases in the near term; will continue to evaluate as the year develops

- Capital adequacy remains solid and redundant to all stakeholder models
- Significant capital buffer allowed us to absorb net catastrophe losses in 2017
- Regulatory: XL is first and only company to have Internal Model approved by the Bermuda Monetary Authority
- Rating Agency: S&P 2017 Annual Report issued 12/8/2017
  - A+ rating affirmed, outlook Stable
  - Reiterated capital redundant at S&P AA requirement

Capital Structure and Adequacy

High quality and flexible financial leverage

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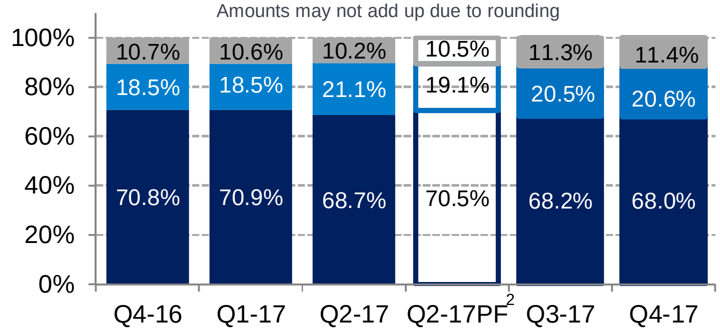
Capital Structure

Amounts may not add up due to rounding



USD million

Senior	1,665	1,665	1,665	1,665	1,666	1,667
Prefs + Hybrids	2,889	2,890	3,448	3,028	3,020	3,030
Common + MI[1]	11,054	11,094	11,196	11,197	10,053	9,985
Total	15,608	15,649	16,310	15,891	14,739	14,682
Total Fin. Lev.	29.2%	29.1%	31.4%	29.5%	31.8%	32.0%

- XL utilizes a broad toolkit of capital instruments
  - 65% preference shares and subordinated debt
  - 35% senior debt
- Elevated leverage ratio is not a binding capital constraint
  - All capital instruments are recognized as Eligible Capital by Group Regulator
  - Remains below rating agency leverage limits
- Debt Leverage (senior debt) 11.4%
- Financial Leverage 32.0%, includes preference shares and subordinated debt
- Ample flexibility through a combination of Operating Earnings, Risk Reduction and active Liability Management

1 MI = Minority Interests excluding Preference Shares
2 Q2-17 Pro-Forma including the redemption of \$420 million preference shares as part of the tender offer which concluded after 2nd quarter end on July 6, 2017

Ceded Reinsurance Protection

Continue to structure risk transfer program to balance capital protection with profit opportunity; accelerated our usage of alternative capital

	Component	Description
Cat Program	Cat Bonds	Responds to industry losses, weighted to our exposures; $1.7 billion capacity; multi-year bonds
	Cat Aggregate	General enterprise aggregate protection wrapping cat bond; $1.1 billion capacity with various attachment points
	Cat Occurrence	Protection for the Insurance Segment and Facultative Reinsurance; $250 million attaching at $450 million and new enterprise cover with $175 million of limit
	Property Catastrophe	Aligned, structured Quota Share type protection on Property Catastrophe Excess of Loss Treaty portfolio; $500 million capacity
	Property Quota Share	Focused on our most catastrophe-intensive lines of business; $225 million placed limit
Non Cat Program	Quota Share	Casualty lines dominated
	Excess of Loss	Employed for more volatile classes
	Broad based covers	Offer protection against individual losses in addition to, or in combination with, catastrophes

- In total, increased major catastrophe limit by $500 million (including per occurrence, stop loss and pro rata coverages)
- Over $3 billion of alternative capital protection in force at 1/1/18
- Ongoing assessment of ground up exposures and return metrics could lead to further property quota share placement
- Expanded 2018 catastrophe bond coverage to include US Caribbean wind and convective storms

Catastrophe Risk Management

Maintained gross exposures and reduced net catastrophe risk early in 2018; expected capital growth through earnings generation aligns with higher seasonal exposures in second half of the year

Estimated **per event** exposures net of estimated reinsurance and retrocession

Probable Maximum Loss (“PML”)[1] based on Occurrence Exceedance Probability (“OEP”)
USD million

Measurement date:		1/1/18 Pro Forma[2]	1/1/17		1/1/18 Pro Forma[2]	1/1/17	
Geographic Zone	**Peril**	**1:100 PML**	**1:100 PML**	**Change**	**1:250 PML**	**1:250 PML**	**Change**
North Atlantic	Windstorm	832	1,045	-20%	1,828	1,893	-3%
North America	Earthquake	793	944	-16%	989	1,552	-36%
Europe	Windstorm	790	840	-6%	931	1,061	-12%
Japan	Earthquake	529	751	-30%	740	1,013	-27%
Japan	Windstorm	462	537	-14%	487	698	-30%

- Changes to reinsurance have meaningfully reduced net catastrophe exposure
- “As-if” catastrophe net losses reduced by approximately 20% ($350 - $450 million)[3] assuming a repeat of 2017 catastrophes in 2018

1 Probable maximum losses, which include secondary uncertainty that incorporates variability around the expected probable maximum loss for each event, do not represent our maximum potential exposures and are pre-tax. These estimates assume that amounts due from reinsurance and retrocession purchases are 100% collectible. There may be credit or other disputes associated with these potential receivables. Please see page 21 in the Appendix for additional disclosure regarding use of PMLs
2 Pro forma applying the reinsurance programs that are in place as of January 31, 2018 against the October 1, 2017 in-force exposures
3 2018 recovery estimates based on actual in-force ($350 million) and projected ($450 million) reinsurance program for 2018

Investments[1]

Higher Net Investment Income ("NII") from targeted portfolio rebalancing and active sector rotation offset by lower performance from hedge fund affiliates

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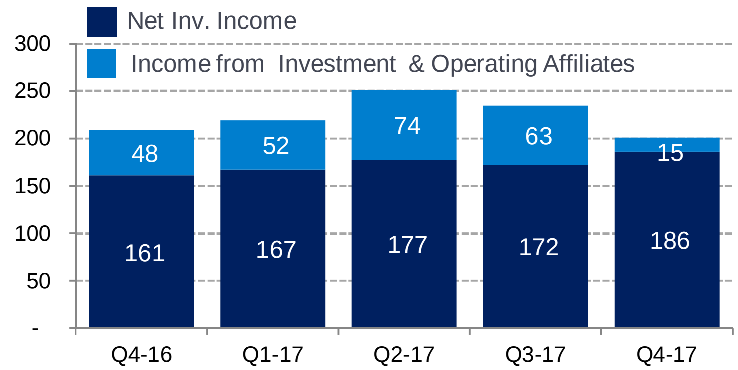
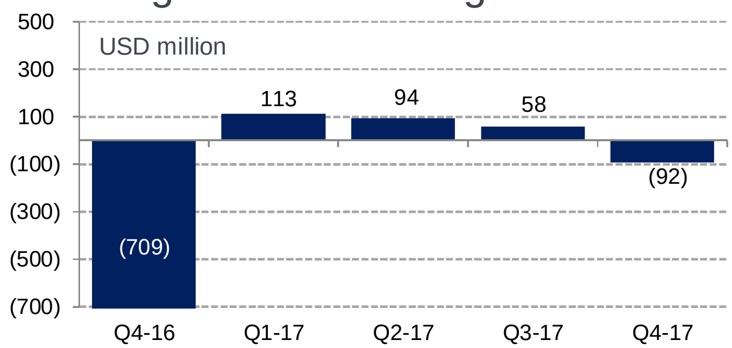
USD million

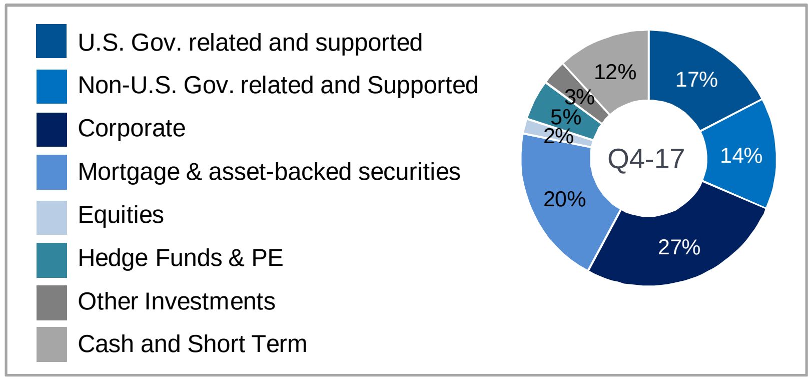
NII and Affiliate Income[2]



	Usual Accounting lag
Hedge Funds Affiliates	1 month
Private Investments & Operating Affiliates	3 month

Change in unrealized gains & losses





Portfolio Composition	Q4-17	Q4-16
Fixed Income Portfolio ($m)	29,717	28,574
Average pre-tax book yield[3]	2.6%	2.4%
Average new money yield	2.3%	2.0%
Average Fixed Income Duration	3.9	3.8
Average Credit Quality	AA	AA

- NII benefited from targeted portfolio rebalancing including the rotation out of hedge funds into a broader range of fixed income sectors and credit ratings in 2017

1 All figures based on U.S. GAAP and excluding the designated investments that support the life retrocession arrangement with GreyCastle ("Life Funds Withheld Assets")
2 Investment & Operating Affiliates
3 Gross of expenses

Continuous Improvement

Operating expense results lower than previous guidance
Expect continuing operating leverage in 2018

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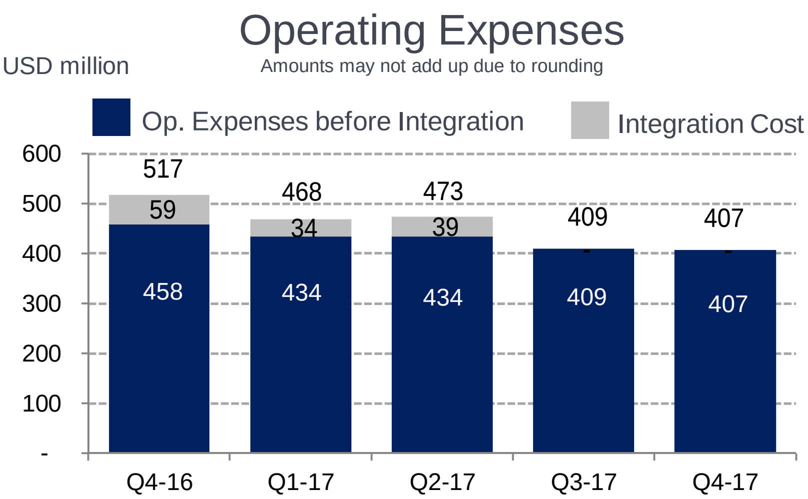

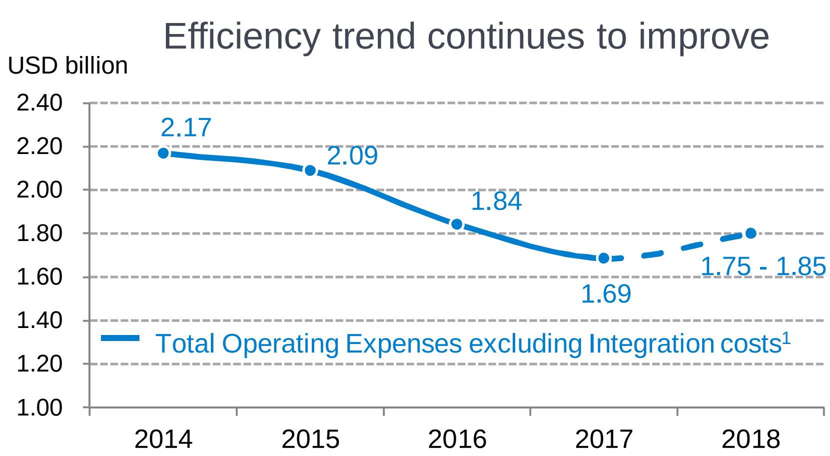

- Q4 2017 Operating expenses declined 21% compared to prior year quarter
  - Q4 2016 included $58.8 million for integration expenses, compared to nil in Q4 2017
  - $7.6 million unfavorable impact from foreign exchange
  - Lower variable compensation resulting from the catastrophe loss impact on Group results
- Total operating expenses of $1.68 billion for 2017, excluding integration expenses, an improvement compared to previous guidance
- 2018 operating expenses expected to increase at a slower rate than revenue, driving continued operating leverage
  - $1.75 - $1.85 billion
  - Investments in the business commensurate with growth in premiums

1 Total Operating Expenses for 2015 include Catlin as if the acquisition had closed on 1/1/2015. In addition to the integration costs, the Total Operating Expenses excludes costs related to the Catlin acquisition incurred in 2015 of $64.7 million. 2014 figure based on: (a) Catlin's 2014 "Administrative & other expenses" (as reported in Catlin's 2014 Annual Report), with a $100 million reclassification to reflect XL's accounting policies for certain ceding commissions, for a total of $827 million; plus (b) XL's 2014 operating expenses of $1.341 billion (as reported in XL's Form 10-K for the year ended December 31, 2014)

Q4 2017 Earnings Presentation Appendix

February 1, 2018

Coupon Interest Expenses[1] and Preference Shares Dividends

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Income Statement view[2]

USD million

Amounts may not add up due to rounding

Maturity	Struct.	Coupon	Spread	Q1 Princ. ($m)	Q1 Prefs Coupon %	Q1 Int. / Div. ($m)	Q2 Princ. ($m)	Q2 Prefs Coupon %	Q2 Int. / Div. ($m)	Q3 Princ. ($m)	Q3 Prefs Coupon %	Q3 Int. / Div. ($m)	Q4 Princ. ($m)	Q4 Prefs Coupon %	Q4 Int. / Div. ($m)	FY 2017 Int. / Div. ($m)
2018	Senior	2.30%		300.0		1.7	300.0		1.7	300.0		1.7	300.0		1.7	6.9
2021	Senior	5.75%		400.0		5.8	400.0		5.8	400.0		5.8	400.0		5.8	23.0
2024	Senior	6.38%		350.0		5.6	350.0		5.6	350.0		5.6	350.0		5.6	22.3
2027	Senior	6.25%		325.0		5.1	325.0		5.1	325.0		5.1	325.0		5.1	20.3
2043	Senior	5.25%		300.0		3.9	300.0		3.9	300.0		3.9	300.0		3.9	15.8
2025	Sub	4.45%		500.0		5.6	500.0		5.6	500.0		5.6	500.0		5.6	22.3
2045	Sub	5.50%		500.0		6.9	500.0		6.9	483.3		6.6	483.3		6.6	27.0
2047	Sub[3]	3.25%				-	568.8		0.1	587.0		4.8	597.1		4.9	9.7
Coupon Interests on Debt Securities[1]						**34.5**			**34.6**			**39.0**			**39.1**	**147.3**
(Reported within Interest Expense in the Income Statement)																
(Gain)/Loss from tender of Sub-Debt securities												**1.6**				**1.6**
(Reported within Extinguishment of Debt in the Income Statement)																
Perp.	Prefs D	Floating	3.1200%	345.0	4.14%	3.6	345.0			287.1	4.28%	3.5	287.1	4.43%	3.2	10.3
Perp.	Prefs CICL[4]	Floating	2.9750%	600.0	7.25%	21.8	600.0	4.00%	6.0	553.4	4.13%	5.8	553.4	4.28%	6.1	39.6
Perp.	Prefs E	Floating	2.4575%	999.5	6.50%	32.5	999.5			669.8	3.62%	6.2	669.8	3.76%	6.4	45.1
Preference Shares Dividends						**57.8**			**6.0**			**15.5**			**15.7**	**95.0**
(Gain)/Loss from repurchase of Preference Shares												**(14.3)**				**(14.3)**
Total[5]						**57.8**			**6.0**			**1.2**			**15.7**	**80.7**
(Reported within Non-controlling Interests in the Income Statement)																
3mth LIBOR at Determination Date[6]					1.02%			1.02%			1.16%			1.31%		

3mth LIBOR on Determination Date for Q1 and Q2, 2018 was 1.36% and 1.72%, respectively

1 Coupon expense excludes the impact of discount accretion and amortization of issuance costs associated with these bonds. It also excludes other expenses related to a capital lease and funds held liabilities that are reported as interest expense within our financial statements.

2 Accounting of Preference Shares dividends is based on the dividend declaration date with no accrual posted (this differs from the accounting of coupon interests on Debt securities for which interest accrual is posted every quarter).

3 EURO denominated Subordinated Debt converted into USD for US GAAP reporting at the respective quarter end prevailing rate.

4 CICL = Catlin Insurance Company Ltd.

5 Total represents only items related to Preference Shares and does not include the equity interest attributable to third party investors which is also reported within Non-controlling Interests.

6 LIBOR determination date is defined as two LIBOR business days prior to the first day of dividend calculation period.

Disclosure related to the estimation of Probable Maximum Loss

Loss exposure estimates for all event risks are derived from a combination of commercially available and internally developed models together with the judgment of management, as overseen by XL's Board of Directors. Actual incurred losses may vary materially from our estimates. Factors that can cause a deviation between estimated and actual incurred losses may include:

- Inaccurate assumptions of event frequency and severity;
- Inaccurate or incomplete data;
- Changing climate conditions that may add to the unpredictability of frequency and severity of natural catastrophes in certain parts of the world and create additional uncertainty as to future trends and exposures;
- Future possible increases in property values and the effects of inflation that may increase the severity of catastrophic events to levels above the modeled levels;
- Natural catastrophe models that incorporate and are critically dependent on meteorological, seismological and other earth science assumptions and related statistical relationships that may not be representative of prevailing conditions and risks, and may therefore misstate how particular events actually materialize, causing a material deviation between forecasted and actual damages associated with such events; and
- A change in the legislative, regulatory and judicial climate.

For the above and other reasons, the incidence, timing and severity of catastrophes and other event types are inherently unpredictable and it is difficult to estimate the amount of loss any given occurrence will generate. As a consequence, there is material uncertainty around our ability to measure exposures associated with individual events and combinations of events.

This uncertainty can cause actual exposures and losses to deviate from those amounts estimated, which in turn can create a material adverse effect on our financial condition and results of operations and may result in substantial liquidation of investments, possibly at a loss, and outflows of cash as losses are paid.

Glossary and definitions

AY	Accident Year
AOCI	Accumulated Other Comprehensive Income
AY UW Income ex-Cats	Accident Year Underwriting Income excluding the impact of Catastrophe Losses
Cats (Catastrophe Losses)	Natural Catastrophe Losses including the impact of Reinstatement Premiums, unless otherwise specified. For the Insurance segment since 2016 defined as natural catastrophe-driven losses, regardless of event size. Prior to 2016 natural catastrophe losses were included only over various thresholds by line. In Reinsurance, defined as natural catastrophe-driven events that generated a loss larger than $5 million to the company
Corp. Op. Exp.	Corporate Operating Expenses
DTA	Deferred Tax Assets
EPS	Earnings Per Share
GPW	Gross Premiums Written
Life FWA	Life Funds Withheld Assets, the designated investments that support the life retrocession arrangement with GreyCastle
NCI	Non Controlling Interests

NII + Aff. Income	Net Investment Income plus Affiliate Income
Non-op tax adj	Non Operating Tax Adjustment
Operating ROE ex AOCI	Operating ROE excluding average accumulated other comprehensive income
Other incl. Tax & NCI	Other including Tax and Non-Controlling Interests
PYD	Prior Year Development
Real gains/loss on inv.	Realized gains and losses on Investments

Regulation G
Reconciliation of Book Value Per Share to Tangible Book Value Per Share

XL GROUP

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. Dollars in thousands except per share amounts)	Twelve Months Ended December 31, 2017	Nine Months Ended September 30, 2017	Six Months Ended June 30, 2017	Three Months Ended March 31, 2017	Twelve Months Ended December 31, 2016	Nine Months Ended September 30, 2016	Six Months Ended June 30, 2016	Three Months Ended March 31, 2016
Closing common shares outstanding - basic	256,033,895	255,980,636	258,489,379	263,773,739	266,927,220	270,409,084	276,772,053	286,312,517
Closing common shares outstanding - diluted	258,901,212	259,717,348	262,858,782	267,007,606	271,224,790	274,054,062	280,159,516	289,817,124
Book value per common share	38.46	38.83	42.87	41.61	40.98	42.94	42.22	40.83
Fully diluted book value per common share	38.04	38.27	42.15	41.10	40.33	42.37	41.71	40.33
Goodwill and other intangible assets	2,225,751	2,227,014	2,219,390	2,208,612	2,203,653	2,234,071	2,217,973	2,233,597
Tangible book value	7,622,566	7,712,833	8,861,162	8,766,272	8,734,859	9,378,095	9,467,215	9,455,146
Fully diluted tangible book value per common share	29.44	29.70	33.71	32.83	32.21	34.22	33.79	32.62

Regulation G Reconciliation

The following is a reconciliation of XL's net income (loss) attributable to common shareholders to operating net income (loss) and also includes the calculation of annualized return on average common shareholders' equity and annualized return on average common shareholders' equity excluding average AOCI, in each case, both including and excluding integration costs and based on operating net income (loss).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. Dollars in thousands except per share amounts)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net income (loss) attributable to common shareholders	$ 28,828	$ 304,700	$ (560,398)	$ 440,968
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (1)	89,656	(151,342)	206,015	540,090
Net realized (gains) losses on investments and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets	(47,597)	12,147	(99,672)	(259,449)
Net investment income - Life Funds Withheld Assets	(31,448)	(35,108)	(127,047)	(154,751)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets	(3,893)	14,872	(30,603)	9,142
Net income (loss) attributable to common shareholders excluding Contribution from Life Retrocession Arrangements	$ 35,546	$ 145,269	$ (611,705)	$ 576,000
Net realized (gains) losses and OTTI on investments - excluding Life Funds Withheld Assets	(37,091)	(43,242)	(122,204)	(112,689)
Net realized and unrealized (gains) losses on derivatives	13,323	253	41,732	(2,521)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	1,243	700	(782)	2,931
Foreign exchange (gains) losses excluding Life Funds Withheld Assets	2,475	30,164	75,223	(18,720)
(Gain) Loss on sale of subsidiary	—	(3,418)	—	(7,088)
Extinguishment of debt	—	—	1,582	—
(Gain) loss on repurchase of preference shares	—	—	(14,290)	—
Write-down of deferred tax asset related to U.S. Tax Cuts and Jobs Act	100,500	—	100,500	—
(Provision) benefit for income tax on items excluded from operating income (2)	58	(1,286)	8,359	22,816
Operating net income (loss)	$ 116,054	$ 128,440	$ (521,585)	$ 460,729
Integration costs	—	58,789	73,067	220,355
(Provision) benefit for income tax on integration costs	—	(4,987)	(7,745)	(18,725)
Operating net income (loss) (excluding integration costs)	$ 116,054	$ 182,242	$ (456,263)	$ 662,359

1 See glossary

Regulation G Reconciliation (continued)

XL GROUP

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. Dollars in thousands except per share amounts)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Per common share results - diluted:				
Net income (loss) attributable to common shareholders	$ 0.11	$ 1.12	$ (2.16)	$ 1.56
Operating net income (loss)	$ 0.45	$ 0.47	$ (2.01)	$ 1.63
Weighted average common shares outstanding:				
Basic	256,010,421	268,573,636	259,893,823	278,957,444
Diluted (1)	259,438,654	272,681,106	263,547,636	282,757,804
Return on common shareholders' equity:				
Opening common shareholders' equity	$ 9,939,847	$ 11,612,166	$ 10,938,512	$ 11,677,079
Closing common shareholders' equity (at period end)	9,848,317	10,938,512	9,848,317	10,938,512
Average common shareholders' equity for the period	9,894,082	11,275,339	10,393,415	11,307,796
Opening AOCI	968,928	1,519,805	715,546	686,616
Closing AOCI (at period end)	889,431	715,546	889,431	715,546
Average AOCI for the period	929,180	1,117,676	802,489	701,081
Average common shareholders' equity for the period excluding average AOCI	8,964,903	10,157,664	9,590,927	10,606,715
Annualized net income (loss)	115,312	1,218,800	(560,398)	440,968
Annualized operating net income (loss)	464,216	513,760	(521,585)	460,729
Annualized operating net income (loss) (excluding integration costs)	464,216	728,969	(456,263)	662,359
Annualized return on average common shareholders' equity	1.2%	10.8%	(5.4)%	3.9%
Annualized operating return on average common shareholders' equity	4.7%	4.6%	(5.0)%	4.1%
Annualized operating return on average common shareholders' equity excluding AOCI	5.2%	5.1%	(5.4)%	4.3%
Annualized operating return on average common shareholders' equity excluding integration costs	4.7%	6.5%	(4.4)%	5.9%
Annualized operating return on average common shareholders' equity excluding integration costs and AOCI	5.2%	7.2%	(4.8)%	6.2%

1 Diluted weighted average number of common shares outstanding is used to calculate per share data except when it is antidilutive to earnings per share or when 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.

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 document 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, as defined in Note 1, "Significant Accounting Policies of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, (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 our insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the acquisition of Catlin Group Limited ("Catlin") completed on May 1, 2015 ("Catlin Acquisition"), (9) our gain on the sale of our interest in ARX Holding Corp., (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 reinsurance agreement ceding U.S. Term life reinsurance reserves ("U.S. Term Life Retro Arrangements"), (12) our net (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, (14) tax provision arising from our write-down of our deferred tax asset related to the U.S. Tax Cuts and Jobs Act, and (15) 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")including and excluding average AOCI both inclusive and exclusive of integration costs; and (iii) 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 document on pages 21 and 22.

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 recognized 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 is 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.

(continued in the next page)

Comment on Regulation G

(continued from previous page)

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 including and excluding average 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 integration costs related to the acquisition of 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.