XL Group Ltd
Q2 2018 Results

July 31, 2018

Cautionary Note Regarding Forward – Looking Statements

This presentation contains forward-looking statements. Statements that are not historical facts, including statements about XL Group Ltd's ("XL" or the "Company") 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 releases issued on July 31, 2018 and March 5, 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 19 of this document.

Q2 2018 Highlights

Compared to the same period last year unless otherwise noted

- Continued growth in line with our expectations and progress toward a **strong and diversified book**
- Benefit from market leadership with **rate increases across most lines**
- Further **enhanced volatility protection** on peak perils
- **Lower Natural Catastrophe** losses in the quarter of $77 million compared to $92 million
- Current year accident quarter loss ratio impacted by significant large loss activity in Insurance short tail lines
- Slightly positive net prior year development driven by **release in Reinsurance** largely offset by deterioration in prior years non-catastrophe large loss experience in Insurance
- **Investment returns positively impacted** by ongoing portfolio rotations capitalizing on rising interest rates and a gain on the sale of one Operating Affiliate
- Financial Conditions Report for the year ended 12/31/2017 filed with BMA showing a solvency ratio of 198%
- **Acquisition by AXA** expected to close in the second half of 2018

Earnings and ROE

Compared to the same period last year unless otherwise noted

Net Income (Loss) Available to Common Shareholders

- Q2 $319.0 million compared to $301.6 million; $1.21 per share compared to $1.14
- Includes $8.3 million, or $0.03 per share, for AXA-related transaction costs
- Includes $42.7 million related to the retrocession arrangement of our legacy Life operations. This is offset by the same item with opposite sign as part of AOCI therefore with no impact on our Balance Sheet[1]

Operating Net Income (Loss)[2]

- Q2 $220.3 million compared to $255.1 million; $0.84 Operating EPS[2] compared to $0.96

	Quarterly		**YTD**	
	3 months 6/30/18	3 months 6/30/17	6 months 6/30/18	6 months 6/30/17
Annualized ROE	13.2%	10.9%	9.7%	8.3%
Annualized Operating ROE[3]	9.1%	9.3%	8.9%	7.1%
Annualized Operating ROE[3] excluding average AOCI	9.3%	10.1%	9.4%	7.7%
Annualized Operating ROE[3] excluding average AOCI and Catlin-related Integration Costs[4]	9.3%	11.4%	9.4%	9.0%

1 For further details please see slide 16

2 Operating Net Income (Loss) and Operating EPS are non-GAAP financial measures. See reconciliation to Net Income (loss) attributable to common shareholders on page 20.

3 Please see Regulation G reconciliation starting on page 21 for a definition and adjustments made to calculate Annualized Operating ROE measures, which are non-GAAP financial measures.

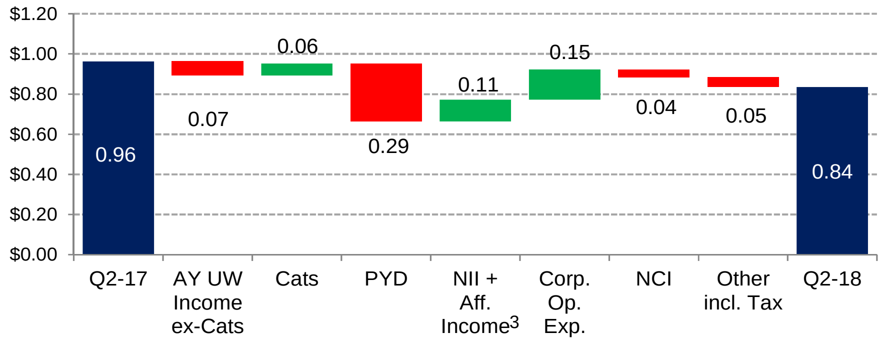
4 Catlin-related integration costs completed June 30, 2017.

Net Income and Operating Earnings

Change in Operating EPS driven by lower Accident Year UW income ex cats, lower PYD releases, partially offset by positive contributions from Investments including Affiliates

Operating EPS[1]

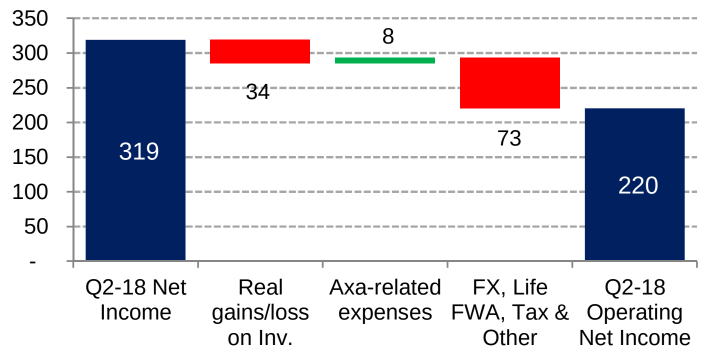
Amounts may not add up due to rounding



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

USD million

Amounts may not add up due to rounding



Abbreviations defined in the glossary on page 18

- Premium growth driven by rate increases and new business in targeted lines in both segments. Ceded premiums increased in line with gross written premiums, as well as due to additional cat-exposure covers
- AY UW income impacted by large loss emergence in short tail lines in Insurance and strategic initiatives to shift Reinsurance portfolio toward lower volatility business
- Slightly positive net prior year development driven by release in Reinsurance largely offset by deterioration in prior years non-catastrophe large loss experience in Insurance
- Investment returns positively impacted by portfolio rotations and a gain of $43 million on the sale of one Operating Affiliate
- Corporate operating expense favorable to prior year. AXA-related transaction expenses of $8.3 million included in net income and not in operating net income
- Fully diluted book value per common share $36.56, decreased by $1.48, or 3.9% compared to 12/31/17 driven primarily by unrealized losses in the investment portfolio from rising interest rates and the payment of dividends more than offsetting net income

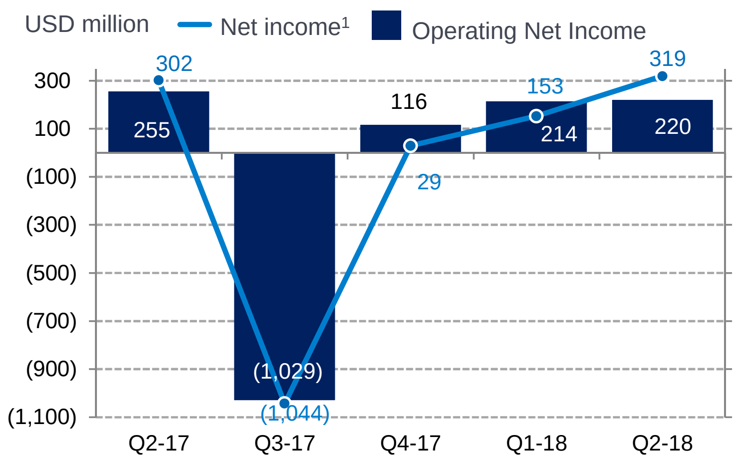
1 Operating EPS (or "Operating Net Income (Loss) Per Share") and Operating Net Income are non-GAAP financial measures. See Reconciliation on pages 20-21

2 Net Income (Loss) Attributable to Common Shareholders.

3 Includes Gain (Losses) on Other Investments

Trends in Net Income, Operating Earnings and ROE

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



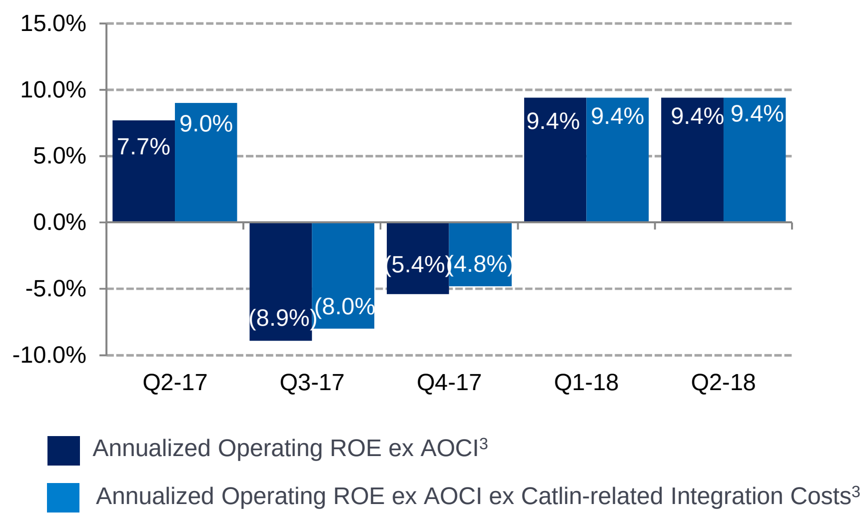
Net Inc. (Loss) attrib. to Common Shareholders per Share

1.14	(4.06)	0.11	0.58	1.21

Operating EPS[2]

0.96	(4.00)	0.45	0.82	0.84

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 reconciliation on pages 20-21.
3 Annualized Operating ROE based on Operating Net Income are a non-GAAP financial measures. See reconciliation on page 21

Underwriting - Insurance

Continued disciplined growth in selected lines partially offset by adverse development in short tail lines due to non-catastrophe large losses

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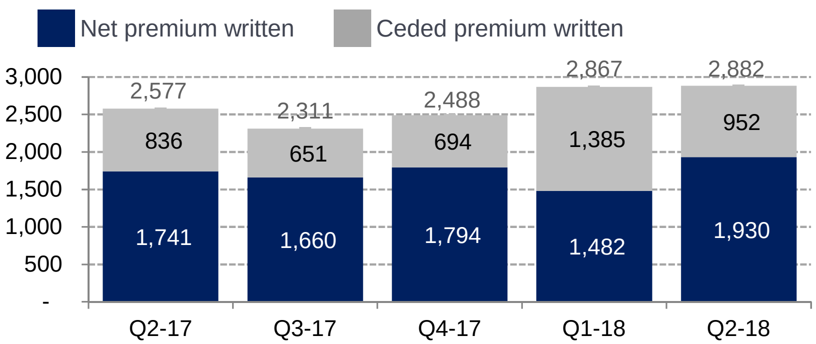
Insurance

Amounts may not add up due to rounding

USD million



	3 months		6 months	
USD millions	**2018**	**2017**	**2018**	**2017**
Gross premium written	2,882	2,577	5,748	5,271
Net premium earned	1,748	1,652	3,414	3,288
Loss ratio	70.1%	65.2%	67.1%	65.0%
Acquisition expense ratio	13.6%	14.0%	13.5%	13.5%
Operating expense ratio	17.5%	17.5%	18.2%	17.4%
Combined ratio	101.2%	96.7%	98.8%	95.9%
Underwriting profit (loss)	*(21)*	*55*	*42*	*133*
PYD (release)/strengthen	52	(17)	47	(22)
Loss ratio ex-PYD & Cats	62.6%	61.4%	61.5%	61.1%
Combined ratio ex-PYD	98.2%	97.7%	97.4%	96.6%
Combined ratio ex-PYD & Cats	93.7%	92.9%	93.2%	92.1%
UW profit (loss) ex-PYD & Cats	110	117	231	261

Top Line & Portfolio Management

Premium growth driven by rate increases and new business in Global Lines, Property and Financial Lines in International and Property and Construction in North America

Ceded premiums increased in line with gross written premiums, as well as due to additional cat-exposure covers

Prior Year Development ("PYD")

Adverse PYD included deteriorations in 2017 non-catastrophe large loss experience ($67 million) and adverse attritional experience driven by short tail lines, partially offset by more favorable development than previously anticipated in International Casualty

Natural Catastrophes

Cats included multiple US storms, Hawaii Mt Kilauea eruption, Tasmania flooding and the Papua New Guinea earthquake

Loss Ratio ex-PYD & Cats

Change to prior year primarily reflects large loss emergence in certain short tail lines across our North America and International business groups

Operating Expenses

In line with prior year quarter

Underwriting - Reinsurance

UW Income in line with prior year reflecting the strategic initiatives to shift the portfolio toward lower volatility proportional business

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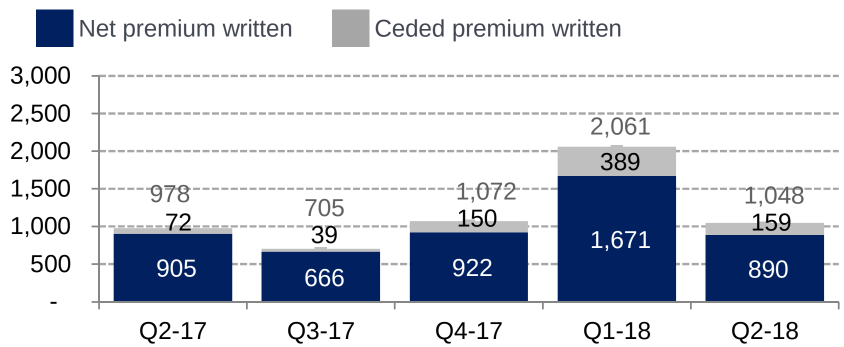
Reinsurance

Amounts may not add up due to rounding

USD million



	3 months		6 months	
USD millions	**2018**	**2017**	**2018**	**2017**
Gross premium written	1,048	978	3,109	2,905
Net premium earned	944	862	1,876	1,746
Loss ratio	52.6%	52.4%	56.2%	55.8%
Acquisition expense ratio	24.6%	23.3%	25.2%	24.3%
Operating expense ratio	8.5%	8.1%	8.2%	8.1%
Combined ratio	85.7%	83.8%	89.6%	88.2%
Underwriting profit (loss)	*135*	*140*	*195*	*205*
PYD (release)/strengthen	(61)	(70)	(65)	(41)
Loss ratio ex-PYD & Cats	59.2%	59.0%	59.2%	56.0%
Combined ratio ex-PYD	92.2%	91.8%	93.1%	90.6%
Combined ratio ex-PYD & Cats	92.4%	90.3%	92.6%	88.4%
UW profit (loss) ex-PYD & Cats	72	83	138	203

Top Line & Portfolio Management

GPW increased by 7.2% driven by new business and rate improvements. Ceded premiums increased in line with gross written premiums, as well as additional property and specific cat-exposure covers

Prior Year Development (“PYD”)

PYD included the favorable impact of the North America Casualty review and across property lines

Natural Catastrophes

No significant Catastrophe events

Loss Ratio ex-PYD & Cats

Marginally higher than prior year quarter due to change in business mix. Higher Acquisition expense ratio also resulting from change in portfolio mix toward less volatile lines

Operating Expenses

Variance to prior year due to higher corporate expenses allocated to the segment

Underwriting - Rate changes

Rate increases are slowing in reinsurance short tail lines while Insurance rates broadly are stable or gaining further momentum

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Insurance

Broad overall increase of 3.8% year to date, with Q2 slightly higher. Biggest increases in the Property books, particularly loss-affected (9% in North America and Wholesale, 4% International), with Wholesale Property rate picking up further in Q2. Other lines flat to mid single-digit increases globally

Rate changes	Q1-18	Q2-18	YTD 2018
Global Lines	4.1%	5.0%	4.4%
International	3.2%	4.3%	3.5%
North America	3.3%	3.4%	3.3%
Total Insurance	3.6%	4.1%	3.8%

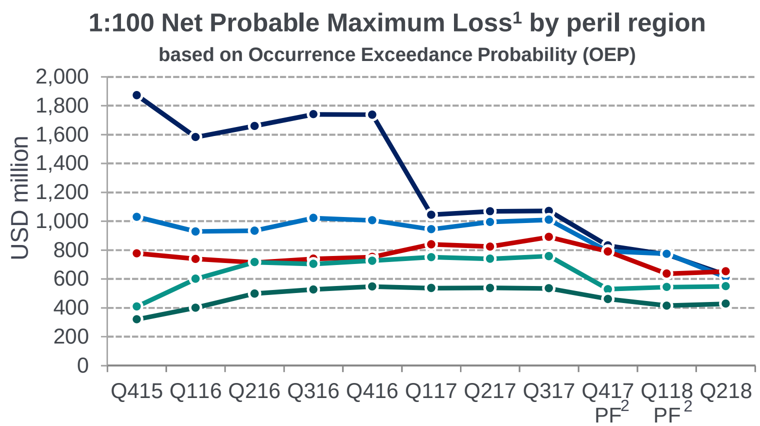
Reinsurance

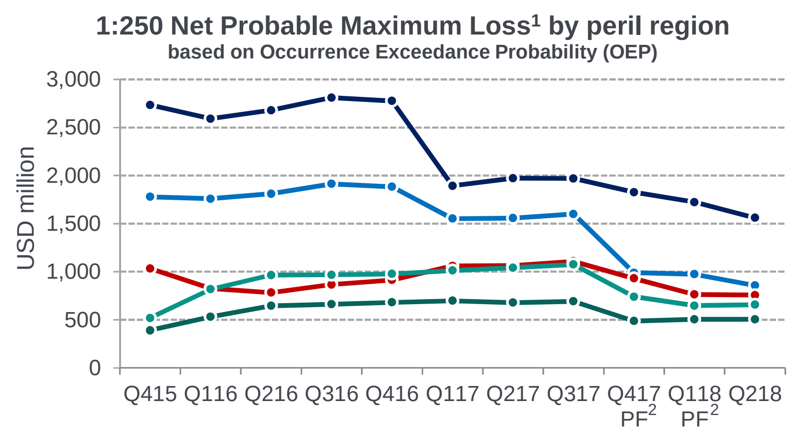
Broad year to date increase of 3.7% across all lines and regions. Property classes and International Casualty show the greatest increases. Rate increases at June and July renewals beginning to slow in property lines

Rate changes	Q1-18	Q2-18	Q3-18 (July Only)	YTD (Jan-July)
Property Catastrophe	6.3%	2.2%	1.9%	4.5%
Loss impacted	*10.5%*	*2.9%*	*3.2%*	*5.9%*
Property Treaty	4.5%	4.1%	2.5%	4.0%
Casualty	4.8%	2.5%	2.2%	3.9%
Marine & Energy	8.0%	(0.3%)	4.5%	4.5%
Other Classes	2.2%	2.2%	1.4%	2.0%
Total Reinsurance	4.7%	2.7%	2.1%	3.7%

Catastrophe Risk Management

Continued incremental reduction in natural catastrophe exposures through additional risk transfer





Zone USD million	**Peril**	Q1-17	Q2-17	Q3-17	Q4-17 PF[2]	Q1-18 PF[2]	Q2-18
N. Atlantic	Windstorm	1,045	1,069	1,071	832	770	630
N. America	Earthquake	944	995	1,010	793	774	614
Europe	Windstorm	840	824	891	790	637	653
Japan	Earthquake	751	740	758	529	545	550
Japan	Windstorm	537	538	535	462	415	429

Q1-17	Q2-17	Q3-17	Q4-17 PF[2]	Q1-18 PF[2]	Q2-18
1,893	1,973	1,970	1,828	1,723	1,561
1,552	1,557	1,600	989	974	856
1,061	1,064	1,109	931	764	756
1,013	1,042	1,076	740	647	656
698	679	692	487	505	505

North Atlantic Windstorm
North America Earthquake
Europe Windstorm
Japan Earthquake
Japan Windstorm

1 Probable maximum losses ("PML"), do not represent our maximum potential exposures and are pre-tax. Please see page 17 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 for Q4-17PF and reinsurance programs in place as of April 1, 2018 against the January 1, 2018 in-force exposures for Q1-18PF. Q4-17 1:100 PMLs applying reinsurance programs as of October 1, 2017 are $1,229 million for N. Atlantic WS, $939 million for N. America EQ, $425 million for Europe WS, $475 million for Japan EQ and $292 million for Japan WS; 1:250 PMLs are $2,382 million for N. Atlantic WS, $1,673 million for N. America EQ, $854 million for Europe WS, $780 million for Japan EQ and $391 million for Japan WS. Q1-18 1:100 PMLs applying reinsurance programs as of January 1 2018 are $864 million for N. Atlantic WS, $814 million for N. America EQ, $698 million for Europe WS, $524 million for Japan EQ and $448 million for Japan WS; 1:250 PMLs are $1,911 million for N. Atlantic WS, $1,117 million for N. America EQ, $839 million for Europe EQ, $714 million for Japan EQ and $482 million for Japan WS.

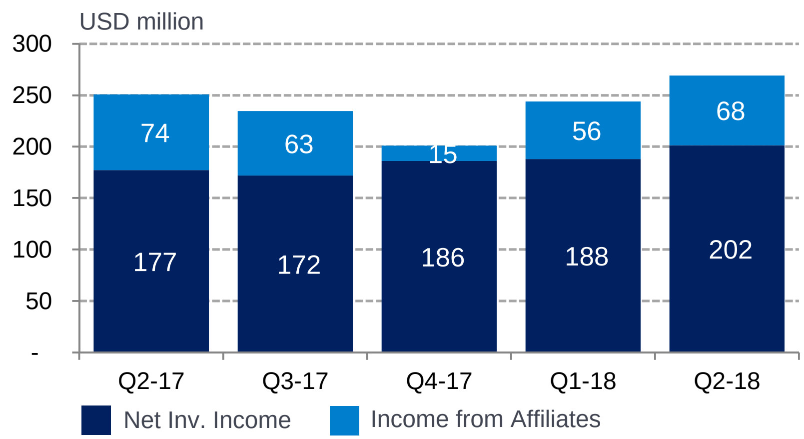
Investments[1]

Strong Net Investment Income ("NII") and Affiliate Income
Potential for future enhancement in investment returns as we continue to actively manage the portfolio

NII continues to benefit from active targeted portfolio rotations capitalizing on rising interest rates

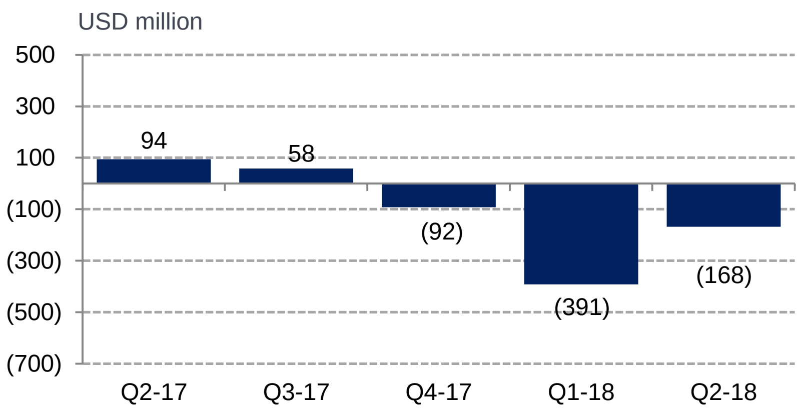
Affiliates Income driven by the sale of one Operating Affiliate resulting in a gain of $43 million

NII and Affiliate Income[2]



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

Change in unrealized gains & losses[3]

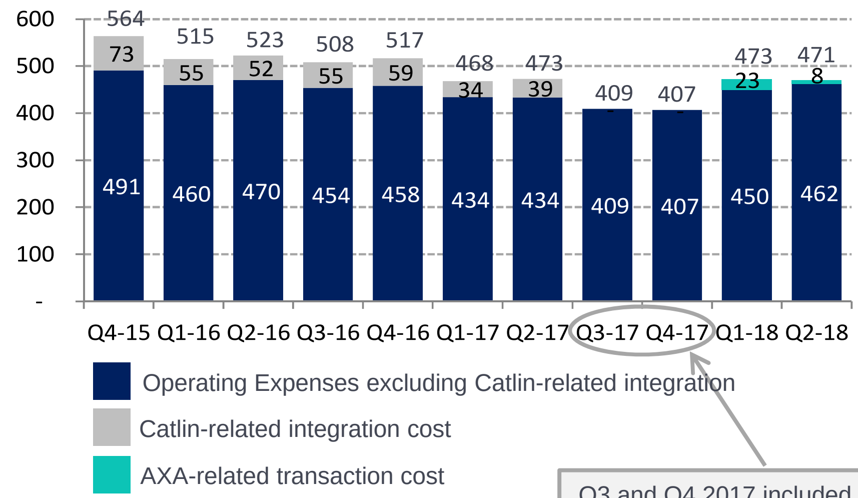


1 All figures based on U.S. GAAP and excluding the designated investments that support the life retrocession arrangement with GreyCastle ("Life Funds Withheld Assets")
2 Investment & Operating Affiliates
3 Total available-for-sale, equities and other investments

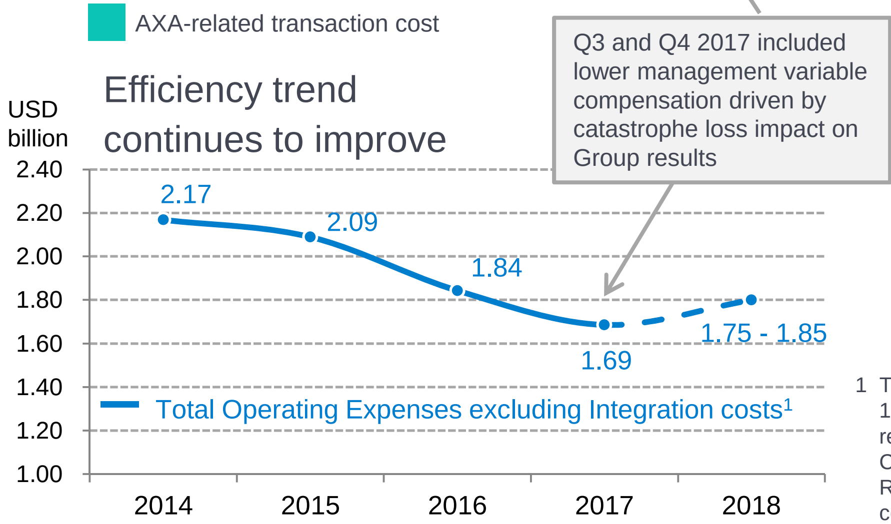
Continuous Improvement

Expect continuing operating leverage in 2018

Total Operating Expenses



Efficiency trend continues to improve



Q2 2018 Total Operating Expenses 1.6% higher (adjusted for foreign exchange) compared to prior year quarter, excluding $8.3 million AXA-related transaction expenses versus prior year period excluding Catlin-related integration costs

Q2 and year to date operating expense leverage is improving

2018 Total 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)

Capital Management

Capital position remains strong and redundant to all stakeholder models, ample flexibility through a combination of Operating Earnings and Risk Optimization

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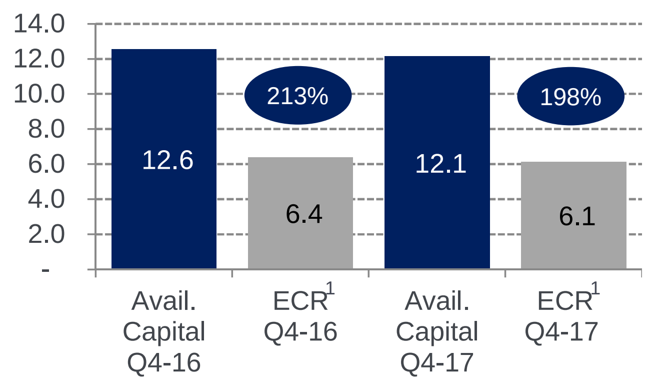
Internal Model / Regulatory

All capital instruments recognized as Eligible Capital by Group Regulator

XL first and one of the few companies to have Internal Model approved by the Bermuda Monetary Authority



Rating Agencies

No changes in second quarter of 2018

	Outlook	Financial Strength Rating	Senior Notes	Sub	Preferred
AM Best	Under Review Dev.	A	-	-	-
Fitch	Pos.	A+	BBB+	BBB-	BBB-
Moody's	Pos.	A2	Baa2	Baa3	Ba1
S&P	Sta.	A+	A-	BBB	BBB

S&P Full Analysis Report December 8th 2017

"We assess XL's capital and earnings as very strong, which we view as reflective of the company's long-term capital management…

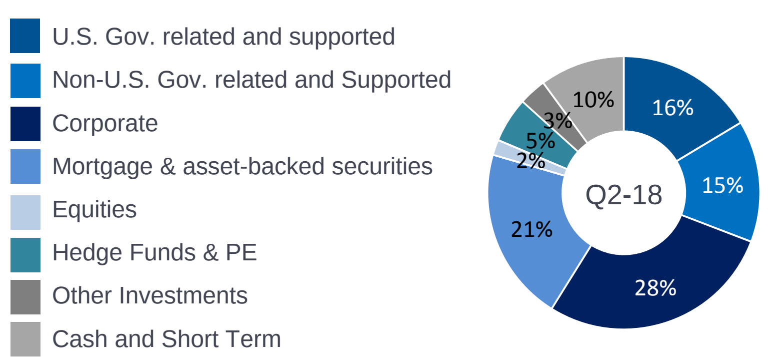
…although the company has historically maintained 'AAA' capitalization and it may be the case during certain periods, our view of the company's long-term capital management strategy is better aligned with capital redundancy at the 'AA' level"

1 Enhanced Capital Requirement

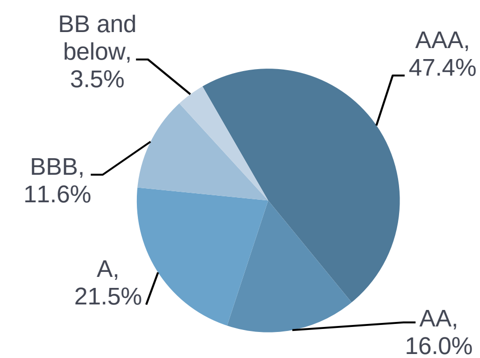
Capital Management - Investments[1]

High quality and well diversified investment portfolio with the principal objective to support (re)insurance operations while maximizing risk adjusted return on capital

Asset Allocation



Fixed Income Portfolio by credit rating



Fixed Income Portfolio Highlights

	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18
Carrying value[3] $m	29,260	29.881	29,717	29,148	28,825
Avg. pre-tax book yield[2]	2.4%	2.6%	2.6%	2.7%	2.7%
Avg. market yield	2.0%	2.1%	2.3%	2.6%	2.8%
Avg. new money yield	2.1%	2.6%	2.3%	2.7%	3.1%
Avg. duration	3.9	4.0	3.9	3.9	3.9
Avg. credit quality	AA	AA	AA	AA	AA

Our investment strategy is based on a structured investment process to maximize enterprise value subject to various considerations and constraints, including the liability profile, business needs, liquidity, and regulatory requirements

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 Gross of expenses
3 Includes Short Term Investments

Appendix

Details of Life Retrocession Arrangements

XL does not bear underwriting or investment risk

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Impact on Income Statement is offset by the same item with opposite sign within Other Comprehensive Income ("OCI") resulting in a neutral effect on our Balance Sheet and Capital

Impact of GreyCastle Life Retro Arrangements

(U.S. dollars in thousands)	**Six months ended June 30, 2018**	**Twelve months ended December 31 2017**	**Twelve months ended December 31 2016**
Underwriting profit (loss)	$ —	$ —	$ —
Net investment income - Life Funds Withheld Assets	60,650	127,047	154,751
Net realized gains (losses) on investments, trading - Life Funds Withheld Assets	75,663	115,911	152,589
Net unrealized gains (losses) on investments, trading - Life Funds Withheld Assets	(33,563)	(14,805)	109,458
OTTI - Life Funds Withheld Assets	(1,203)	(1,434)	(2,598)
Foreign exchange gains (losses)	(4,074)	30,711	(8,988)
Other income and expenses	(116)	(108)	(154)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets	(13,199)	(206,015)	(540,090)
Net income (loss)	$ 84,158	$ 51,307	$ (135,032)
Change in net unrealized gains (losses) on investments AFS - Life Funds Withheld Assets	(134,785)	(51,983)	(4,502)
Change in adjustments related to future policy benefit reserves	46,478	27,184	62,295
Change in cumulative translation adjustment - Life Funds Withheld Assets	4,149	(26,508)	77,239
Total changes to other comprehensive income as a result of GreyCastle Life Retro Arrangements	$ (84,158)	$ 51,307	$ 135,032
Comprehensive income (loss)	$ —	$ —	$ —

Movement in OCI offsets the Income Statement resulting in a net zero impact on XL's capital

Disclosure related to the estimation of Probable Maximum Loss (“PML”)

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PML includes 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.

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

AY	Accident Year
AOCI	Accumulated Other Comprehensive Income
AY UW Income ex-Cats	Accident Year Underwriting Income excluding the impact of Catastrophe Losses
Cats	Natural Catastrophe Losses
Corp. Op. Exp.	Corporate Operating Expenses
DTA	Deferred Tax Assets
EPS	Earnings Per Share
EQ	Earthquake
FX	Foreign Exchange
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
Other incl. Tax	Other including tax, refers to other residual drivers of the change in EPS year over year
Operating ROE ex AOCI	Operating ROE excluding average accumulated other comprehensive income
PYD	Prior Year Development
Real gains/loss on inv.	Realized gains and losses on Investments
WS	Windstorm

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

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. dollars in thousands, except share and per share amounts)	Six Months Ended June 30, 2018	Three Months Ended March 31, 2018	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
Closing common shares outstanding - basic	258,780,274	258,171,836	256,033,895	255,980,636	258,489,379	263,773,739	266,927,220	270,409,084
Closing common shares outstanding - diluted	264,188,936	263,605,861	258,901,212	259,717,348	262,858,782	267,007,606	271,224,790	274,054,062
Book value per common share	37.33	37.30	38.46	38.83	42.87	41.61	40.98	42.94
Fully diluted book value per common share	36.56	36.53	38.04	38.27	42.15	41.10	40.33	42.37
Goodwill and other intangible assets	2,201,085	2,230,506	2,225,751	2,227,014	2,219,390	2,208,612	2,203,653	2,234,071
Tangible book value	7,458,926	7,398,023	7,622,566	7,712,833	8,861,162	8,766,272	8,734,859	9,378,095
Fully diluted tangible book value per common share	28.23	28.06	29.44	29.70	33.71	32.83	32.21	34.22

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 Catlin-related integration costs and based on operating net income (loss).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. dollars in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss) attributable to common shareholders	$ 318,996	$ 301,620	$ 471,644	$ 454,463
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (1)	36,120	34,596	13,199	84,697
Net realized (gains) losses on investments and change in net unrealized (gains) losses on investments, trading and OTTI - Life Funds Withheld Assets	(63,409)	(7,459)	(40,897)	(40,527)
Net investment income - Life Funds Withheld Assets	(30,252)	(31,439)	(60,650)	(64,803)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets	14,874	(14,945)	4,190	(18,169)
Net income (loss) attributable to common shareholders excluding Contribution from GreyCastle Life Retro Arrangements	$ 276,329	$ 282,373	$ 387,486	$ 415,661
Net realized (gains) losses and OTTI on investments - excluding Life Funds Withheld Assets	—	(49,169)	—	(53,387)
Net realized (gains) losses on investments AFS and OTTI - excluding Life Funds Withheld Assets	17,100	—	50,578	—
Net realized (gains) losses and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets	(35,194)	—	820	—
Net realized and unrealized (gains) losses on derivatives	(16,126)	906	(20,347)	7,975
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(12)	115	(648)	(1,936)
Foreign exchange (gains) losses excluding Life Funds Withheld Assets	(27,014)	9,302	(6,489)	9,190
Expenses related to the pending acquisition by AXA SA	8,264	—	30,912	—
(Provision) benefit for income tax on items excluded from operating income	(3,006)	11,553	(7,612)	13,720
Operating net income (loss)	$ 220,341	$ 255,080	$ 434,700	$ 391,223
Catlin-related integration costs	—	39,118	—	73,067
(Provision) benefit for income tax on Catlin-related integration costs	—	(4,147)	—	(7,745)
Operating net income (loss) (excluding Catlin-related integration costs)	$ 220,341	$ 290,051	$ 434,700	$ 456,545

1 See glossary

Regulation G Reconciliation (continued)

XL GROUP

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. dollars in thousands, except share and per share amounts)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Per common share results - diluted:				
Net income (loss) attributable to common shareholders	$ 1.21	$ 1.14	$ 1.80	$ 1.70
Operating net income (loss)	$ 0.84	$ 0.96	$ 1.66	$ 1.46
Weighted average common shares outstanding:				
Basic	258,375,286	260,989,627	257,652,845	263,327,347
Diluted (1)	263,821,785	264,942,669	262,610,119	267,279,097
Diluted - For Operating net income per share	263,821,785	264,942,669	262,610,119	267,279,097
Return on common shareholders' equity:				
Opening common shareholders' equity	$ 9,628,529	$ 10,974,884	$ 9,848,317	$ 10,938,512
Closing common shareholders' equity (at period end)	9,660,011	11,080,552	9,660,011	11,080,552
Average common shareholders' equity for the period	9,644,270	11,027,718	9,754,164	11,009,532
Opening AOCI	312,255	844,974	889,431	715,546
Closing AOCI (at period end)	51,264	921,165	51,264	921,165
Average AOCI for the period	181,760	883,070	470,348	818,356
Average common shareholders' equity for the period excluding average AOCI	9,462,511	10,144,649	9,283,817	10,191,177
Annualized net income (loss)	1,275,984	1,206,480	943,288	908,926
Annualized operating net income (loss)	881,364	1,020,320	869,400	782,446
Annualized operating net income (loss) (excluding Catlin-related integration costs)	881,364	1,160,206	869,400	913,090
Annualized return on average common shareholders' equity	13.2%	10.9%	9.7%	8.3%
Annualized operating return on average common shareholders' equity	9.1%	9.3%	8.9%	7.1%
Annualized operating return on average common shareholders' equity excluding AOCI	9.3%	10.1%	9.4%	7.7%
Annualized operating return on average common shareholders' equity excluding Catlin-related integration costs	9.1%	10.5%	8.9%	8.3%
Annualized operating return on average common shareholders' equity excluding Catlin-related integration costs and AOCI	9.3%	11.4%	9.4%	9.0%

1 Diluted weighted average number of common shares outstanding is used to calculate per share data except when it is anti-dilutive 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, (2) our net realized (gains) losses on investments available for sale - excluding Life Funds Withheld Assets, (3) our net realized and change in net unrealized (gains) losses on equity securities - excluding Life Funds Withheld Assets, (4) our net realized (gains) losses on investments (including OTTI) and change in net unrealized (gains) losses on investments, trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (5) for our insurance company affiliates for the periods presented, (8) our foreign exchange (gains) losses, (9) our expenses related to the pending acquisition by AXA SA, (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 net (gains) losses on the early extinguishment of debt, (12) our net (gains) losses from the repurchase of preference shares, (13) tax provision arising from our write-down of our deferred tax asset related to the U.S. Tax Cuts and Jobs Act, and (14) 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 Catlin-related 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 20 and 21.

Although the investment of premiums to generate income (or loss) and realized capital gains (or losses) is an integral part of our operations, the determination to realize capital gains (or losses), as well as absorb the volatility associated with marking our portfolio of public equity securities to market, is independent of the underwriting process. In addition, losses as the result of other-than-temporary declines in value and goodwill impairment charges are recognized in net income without actual realization. In this regard, certain users of our financial information, including certain rating agencies, evaluate earnings before tax and realized capital gains to understand the profitability of the operational sources of income without the effects of these 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.

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.

(continued in the next page)

Comment on Regulation G

(continued from previous page)

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 Catlin-related 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 Catlin-related 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.

Fully diluted tangible book value per common share ("Fully diluted TBVPS") is a widely used non-GAAP financial measure that, much like BVPS, represents the value generated for our common shareholders excluding items such as goodwill and other intangible assets. The exclusion of these amounts allow for more meaningful comparisons between peers, specifically those that have been less acquisitive. Fully diluted TBVPS is calculated by dividing common shareholders' equity excluding intangible assets by the number of outstanding common shares at the applicable period end combined with the impact from dilution of share-based compensation and certain conversion features where dilutive.