Insurance Rating Presentation

Company: XL Capital Ltd.
Lead Analyst: Tana Higman
Backup Analyst: Jim Auden
Date: Aug. 4, 2008

	Recommendation										Prior				
Entity & Security	Action	Issue Rating	*	IDR	*	Out / (RW)	Loc. In Range	Fund. Trend	Strat. Cat.	Group Rating	Issue Rating	*	IDR	*	Out / (RW)
Holding Company(s)															
XL Capital Ltd.	Aff			A	P	S	M	S					A	P	(N)
Senior Notes	Aff	A-	P			S	M	S			A-	P			(N)
Preferred Stock	Aff	BBB+	P			S	M	S			BBB+	P			(N)
Series E Preference Shares	Aff	BBB+	P			S	M	S			BBB+	P			(N)
XL Capital Finance (Europe) PLC	Aff			A	P	S	M	S					A	P	(N)
Senior Notes	Aff	A-	P			S	M	S			A-	P			(N)
XL America Inc.															
Senior Notes	Aff	A-	P			S	M	S			A-	P			(N)
Operating Company(s)															
XL Insurance (Bermuda) Ltd.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Re Ltd.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Re Europe Limited	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Insurance Switzerland	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Re Latin America Ltd.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Europe Ltd.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Insurance Co. Ltd.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL America Pool:	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Reinsurance America Inc.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Insurance Co. of NY	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Specialty Ins. Co.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
Indian Harbor Ins. Co.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
Greenwich Ins. Co.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Insurance America Inc.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)
XL Select Ins. Co.	Aff	A+	P	A	NP	S	M	S	C	G	A+	P	A	NP	(N)

Notes: (RW)=Rating Watch, show in parentheses; * P = Public, NP=Non Public, CA=Credit Assessment

Reason for Rating Review: Periodic review and completion of XL's capital raise.

Recommendation: Assign A- rating to $575M of newly issued equity security units and BBB+ rating to $500 million newly issued preference ordinary shares. Remove Rating Watch Negative and affirm all ratings with a Stable Outlook.

Rationale for Rating Action: XL's core insurance operations continue to post reasonably good results despite softening market conditions, and the company is taking a number of steps to reduce earnings volatility going forward. Extinguishing its exposure to SCA removes a large uncertainty and the ability to raise a significant amount of capital in a short period of time demonstrates XL's continued franchise value.

Actual vs. Prior Expectations & Assumptions. (June 25, 2007):

Management Expectations/Forecasts:

- Net income of $1.65 billion in 2007. – **NOT MET –NI totaled $206M driven by a charge of $1.66 billion, net of tax, related to credit market conditions:**
    - **$1.05B related to XL's 46% stake SCA.**
    - **$145M to reduce the carrying value of XL's publicly traded financial affiliate, Primus Guaranty**
    - **$471M due to realized and unrealized losses, including OTTI.**
- ROE of 16.3% – **NOT MET – 2.2%.**
- Combined ratio of 90.0% with loss ratio of 61.9% and expense ratio of 28.1%. Low 90's CR for insurance and high 80's for reinsurance. Cat load of $270M. – **MET – 2007 CR of 88.8% with LR of 59.8% and ER of 29.0%. Insurance = 91.4% and reinsurance = 83.9%.**
- Growth in US is #1 focus - areas include E&S business ($250-500M over next 5 years) and professional lines ($500M). Expect some growth from joint venture in Brazil. – **NOT MET – due to market conditions E&S premium totaled $75M in 2007; Professional lines prem reduced from $368M to plan of $127M in 2008.**
- General Ops' earned premium down 5% relative to 2006 driven by softening rates, reduction in cat exposure and increased reinsurance expenses. Insurance NEP flat to down low single digits and reinsurance down low teens. – **MET – General P/C Ops NEP down 4.6% in 2007. Insurance down 1.6% and reinsurance down 10.5%.**

Analyst Expectations:

- Earnings commensurate with the current rating level. Would like to see solid double digit ROE in 15% range. – **NOT MET –2.2%.**
- Continued reduction in catastrophe exposure. – **MET**
- Expect any reported reserve development to be modest. – **MET – Favorable development totaled $425M. Insurance = $158M and reinsurance = $267M.**
- Adjusted debt to capital ratio will remain at around 20% – **MET – 18.9% at 12/31/07.**
- Coverage favorable in 2007. – **MET – Interest coverage dropped to 3.5x and fixed charge coverage dropped to 2.6X in 2007.**
- Continued growth of life and annuity operations. – **Somewhat MET – NWP increased 8% but NI decreased 12% during 2007.**

Rating Change Triggers

Debt:

- Any change in IFS would lead to change in Debt to maintain two tick spread. – **NO**
- Leverage increase to over 30% could lead to widening of gapping. – **NO**

IFS:

- After delivering solid results in 2006, XL needs to demonstrate consistent operating profitability. – **While core insurance operations produced solid results in 2007, XL again took a large charge, this time related to credit market conditions that caused the January 2008 downgrade.**
- Further large charges due to significant reserve development would lead to rating actions due to loss of confidence in management projections and overall earnings potential. – **NO**

- Sharp losses due to cats, investment losses that adversely impair capital position for longer than short term period. – **XL's charges over the past 5 years have hurt the company's ability to grow its business and capital position as much as other competitors have during the recent hard market.**

Peer and Normative Data Comparison: Page 14

Industry Review: For Fitch's view of the North American property casualty insurance industry fundamentals, please refer to Review and Outlook dated Dec. 3, 2007. For Fitch's view of the reinsurance industry fundamentals, please refer to Review and Outlook dated Aug. 31, 2007. For a discussion about the Bermuda insurance market please see "Bermuda Market Overview" special report dated March 3, 2008.

Key Rating Issues:

Key Issue # 1 – Resolution of SCA Exposure and Concurrent Capital Raise

Three-party negotiations between XL, SCA and NY Insurance Dept. have resulted in an agreement to absolve XL of any ongoing exposure to SCA via a Global Settlement.

- $1.775B in cash (includes $300M and $100M in reserves XL has already recorded for the XOL and Fac agreements, respectively).
- 8 million shares of XL stock.

SCA's bank counterparties from its CDS portfolio are party to the agreement. This should reduce litigation risk, although XL fully expects some lawsuits.

XL was successful in its capital raise: $2.3B of new equity, $575M of equity security units and $500M of ordinary preference shares.

Investment Portfolio - OTTI charges totaled $162.5M thus far in 2008 ($114.8M in 1Q and $47.7M in 2Q). Net change in unrealized losses totaled $1.8B thus far in 2008 ($1.1B in 1Q and $707M in 2Q) as a result of widening credit spreads on corporate and rising US and UK interest rates. (Pages 37-39).

Key Issue #2 - Earnings volatility reflect poorly on XL's risk management capabilities

2003 – $937M reserve adjustments
2005 – Cat losses of $1.9B and a charge of $834M related to the Winterthur decision.
2007 – $1.66B of charges related to SCA and other asset impairments.
2008 – $1.4-$1.5B related to SCA commutation. Restructuring charge of $50-$60M.

Given its franchise value, worldwide capability across a number of insurance/reinsurance lines and true expertise in several liability segments, XL has enormous earnings capability but needs to demonstrate this ability on consistent basis. Run rate combined ratio in high 80s/low 90s, but prior to 2006 it had not realized this type of result.

McGavick believes the complexity of governance created diffused responsibility and caused XL's problems. He will be eliminating the Office of the Chairman and eliminating some senior managers. XL will be a pure play P&C company with a typical P&C investment portfolio.

Property/Casualty Underwriting Results

	Insurance				Reinsurance					Total			
	Six Mos. 2008	2007	2006	2005	Six Mos. 2008	2007	2006	2005	Plan 2008	Six Mos. 2008	2007	2006	2005
As Reported													
Earned Premium ($ Mil.)	2,027	4,117	4,159	4,103	1,035	2,302	2,571	2,771	6,047	3,062	6,419	6,730	6,874
Loss Ratio (%)	66.0	63.0	65.6	112.0	58.1	54.1	56.8	99.7	64.4	63.3	59.8	62.2	107.1
Expense Ratio (%)	29.2	28.4	27.4	25.0	30.2	29.8	27.3	27.3	30.1	29.6	29.0	27.3	25.8
Combined Ratio	95.2	91.4	93.0	137.0	88.3	83.9	84.1	127.0	94.4	92.9	88.8	89.5	132.9
Excluding Catastrophes and Winterthur Settlement													
Earned Premium ($ Mil.)	2,027	4,117	4,101	4,192	1,035	2,302	2,591	2,736		3,062	6,419	6,730	6,928
Loss Ratio (%)	60.6	62.8	64.2	67.1	51.9	51.4	55.1	65.3		57.6	58.7	60.7	66.4
Expense Ratio (%)	29.2	28.4	27.5	24.5	30.2	29.8	28.3	27.6		29.6	29.0	27.8	25.7
Combined Ratio (%)	89.8	91.2	91.7	91.6	82.1	81.2	83.4	92.9		87.2	87.7	88.5	92.1

Reduced catastrophe exposure should reduce operating income volatility (Pages 28-31):

- Stoneheath Re - If the reinsurance is triggered, XL Capital will issue preference shares. Includes 4 mandatory extensions through June 30, 2011.
- Sidecar quota-share agreement with Cyrus Re II ($136M of capital), which assumes a 10% cession of certain lines of property cat reinsurance and retrocession business for the 2008 underwriting year.
- XL purchased ILWs (US Wind, central part of the curve).
- iCat – legacy exposure ran-off in 2007.

AAL
RMS 6.0

	Net Losses $Mil at Y/E 2006	% of 3/31/07 S/E	Net Losses $Mil at Y/E 2007	% of 6/30/08 S/E
10	$ 534	4.7%	$ 465	5.3%
20	$ 678	6.0%	$ 656	7.5%
50	$ 882	7.8%	$ 906	10.3%
100	$ 1,039	9.2%	$ 1,128	12.9%
250	$ 1,271	11.2%	$ 1,440	16.4%
500	$ 1,443	12.8%	$ 1,670	19.0%
1000	$ 1,691	14.9%	$ 1,979	22.6%
5000			$ 4,086	46.6%
10000			$ 4,670	53.3%

Includes storm surge and loss amplification

Key Issue #3 – Improved Reserve Position

- After a number of large reserve charges in recent years, believe reserves are more solid and expect future development to be positive or at worst, slightly negative.
- Prof Liab exposure – increased claim count from Dec. to Feb but tailing off since Mar. Twelve notices in April, five in May and two in June. $50 million, or 5 point increase, in loss ratio in 1Q08 and $14M, or 1.3 point impact, in 2Q. Pages 32-33.

	6 mos. 2008	2003-2007	2007	2006	2005	2004	2003
Insurance Operations	(117)	1,294	(158)	(13)	1,020	292	153
Reinsurance Operations	(133)	504	(267)	(97)	94	(24)	799
Total PY Reserve Development	(249.6)	1,798	(425)	(111)	1,114	268	922
NEP	3,062	33,091	6,419	6,721	6,874	6,988	6,090
Reserve Development/NEP	-8.2%	5.4%	-6.6%	-1.6%	16.2%	3.8%	15.1%
Excluding Winterthur:							
Prior Year Reserve Development	(250)	933	(425)	(111)	280	268	922
Reserve Development/NEP	-8.2%	2.8%	-6.6%	-1.6%	4.1%	3.8%	15.1%

- XL has very little A&E exposures, which is differentiating factor from most of its peers.
- Published global loss reserve triangles for year-end 2007 broken down into 10 classes including Insurance (Property, Casualty, Professional, Specialty) and Reinsurance (Prop Cat, Prop Other, US Casualty, Non-US Casualty, Marine/Aviation, Other).
- Net reserves totaled $18.2B at year-end 2007, 0.8% above Tillinghast's estimate.

Net Reserves @ YE - $Mil	2001	2002	2003	2004	2005	2006	2007
Insurance:							
Tillinghast Estimate	2,362	4,241	6,113	7,449	9,608	10,117	11,167
XL Recorded	2,404	4,220	5,987	7,356	9,504	10,280	11,138
Difference	42	(21)	(126)	(93)	(104)	163	(29)
%	1.8%	-0.5%	-2.1%	-1.2%	-1.1%	1.6%	-0.3%
Reinsurance:							
Tillinghast Estimate	2,631	3,562	4,608	5,580	7,143	7,021	6,871
XL Recorded	2,375	3,416	4,581	5,481	7,212	7,152	7,053
Difference	(256)	(146)	(27)	(99)	69	131	182
%	-9.7%	-4.1%	-0.6%	-1.8%	1.0%	1.9%	2.6%
Other (SCA and Financial Lines)					639	635	
XL Capital:							
Tillinghast Estimate	4,993	7,803	10,721	13,029	17,390	17,773	18,038
XL Recorded	4,779	7,636	10,568	12,837	17,355	18,067	18,191
Difference	(214)	(167)	(153)	(192)	(35)	294	153
%	-4.3%	-2.1%	-1.4%	-1.5%	-0.2%	1.7%	0.8%

Key Issue #4 - Capital Adequacy
Capital at XLI and XLRe Bermuda is very strong. Pages 34-36.

($ Bil.)	Bermuda	US	UK, Europe, Other
Req Stat Capital & Surplus	2.706	.644	1.904
Actual Stat Capital & Surplus	12.651	2.071	2.896

	XL Insurance BDA (Stat)	XL Re Ltd (Stat)
NWP	564	4,226
Capital & Surplus	5,740	7,253
NWP/C&S	.10	.58

RBC of US based insurance companies					
	2007	**2006**	**2005**	**2004**	**2003**
XL Reinsurance America Inc.	148	157	138	150	144
Greenwich Insurance Co.	184	178	165	151	142
Xl Ins Amer Inc	186	179	172	151	140
XL Specialty Insurance Co.	253	278	271	244	183
XL Insurance Co. of New York, Inc.	265	253	242	207	184
XL Select Insurance Co.	323	317	325	289	292
Indian Harbor Insurance Co.	285	279	285	254	223

Corporate Governance Factors: As a foreign holding company, XL is not included in our Corporate Governance Quotient scores. XL completed and "passed" its SOX requirements with auditor signing off in 2005 10K. Company has worked significantly on governance, compliance and ERM.

Worse Case Scenario & Financial Variability:
- Further credit market deterioration resulting in large charges from the SCA fac coverage and irrevocable and unlimited guaranty coupled with large realized and unrealized losses in XL's investment portfolio that significantly reduce GAAP equity.

Current Expectations
Management Expectations/Forecasts:
- NEP down high single digits in reinsurance and mid-single digits for insurance due to pricing challenges and managed non-renewals. – **1H2008: Total NEP down 5.8% with Reinsurance down 10% and Insurance down 4%.**
- Combined ratios in the mid to high 90's for insurance and high 80's for reinsurance. – **1H2008: 92.9% Total with Insurance at 95.2% and Reinsurance at 88.3%.**
- ROE in excess of 15%. – **6/30/08 annualized ROE of 10.8%.**
- Sale of life operations, stake in Primus and asset manager stake.

Analyst Expectations:
- Earnings and coverage ratios commensurate with the current rating level. – **6/30/08 interest coverage 6.8x and fixed charge coverage of 5.1x.**
- Continued reduction in catastrophe exposure.
- Expect any reported reserve development to be modest. – **Favorable development of $249.6M in 1H2008.**
- Adjusted debt to capital ratio will remain at around 20%. – **21.4% at 6/30/08.**
- Some future uncertainty related to asset valuations within the investment portfolio given continued credit market volatility. – **1H08 net realized losses totaled $100.2M including OTTI charge of $162.5M. Increase in net unrealized losses of $1.8B.**

Rating Change Triggers
Debt:
- Any change in IFS would lead to change in Debt to maintain two tick spread.
- Leverage increase to over 25% and/or fixed charge coverage below 4.0x.

IFS:
- XL needs to demonstrate consistent operating profitability.
- Further large charges due to significant reserve development, cat losses or investment losses that impair its capital position would lead to rating actions due to loss of confidence in management projections and overall earnings potential.

Organizational Review: Group Rating Factors and Notching

Group Rating Factors: All IFS ratings are 'A+' based on strength of XLI and XLRe, and affiliated company's relationships with these two companies. XL Re has quota share with XL Re America that ties their results.

IFS/Debt Notching Factors:

Insurance Company Notching		RR
Consolidated IFS Rating	A+	RR3
IDR	A	-
Adjustments:		
Leverage	no	21.4%
Coverage/Cash	no	5.1x
Diversity	no	
Holding Company – Bermuda Domicile		
IDR	A	-
Unsecured Senior	A-	RR5
Preferred Stock	BBB+	RR6

Peer Ratings

Company/Security	Rating	Fitch (New)	Fitch (Prior)	S&P	MDY	Best
XL Capital Ltd.	Sr. Debt	A-	A-	A-	A3	bbb
	Preferred	BBB+	BBB+	BBB	Baa2	Bbb-
XL Insurance (Bermuda) Ltd.	IFS	A+	A+	A+	A1	A
XL Re Ltd.	IFS	A+	A+	A+	A1	A
XL Insurance Switzerland	IFS	A+	A+	A+	A1	NR-5
XL Re Latin America Ltd.	IFS	A+	A+	A+	NR	A+
XL Europe Ltd.	IFS	A+	A+	A+	NR	A
XL Insurance Co. Ltd.	IFS	A+	A+	A+	A1	A
XL Reinsurance America Inc.	IFS	A+	A+	A+	A1	A
XL Insurance Co. of NY	IFS	A+	A+	A+	A1	A
XL Specialty Insurance Co.	IFS	A+	A+	A+	A1	A
Indian Harbor Insurance Co.	IFS	A+	A+	A+	A1	A
Greenwich Insurance Co.	IFS	A+	A+	A+	A1	A
XL Insurance America Inc.	IFS	A+	A+	A+	NR	A
XL Select Insurance Co.	IFS	A+	A+	A+	NR	A

Notes: A.M. Best has the ratings under review with negative implications. Moody's has ratings on review for possible downgrade-will likely confirm when capital raise is complete. S&P has ratings on Negative Watch.

Fitch Rating History

	IFS	Senior Debt	Preferred Stock
08/04/2008 RWN removed, Affirmation	A+	A-	BBB+
06/30/08 RWN			
01/24/08 All ratings lowered	A+	A-	BBB+
06/25/07 Ratings Affirmed	AA-	A	A-
08/11/2006 Ratings Affirmed	AA-	A	A-
02/28/2006 Notching Revision	AA-	A	A-
10/26/2005 All ratings lowered	AA-	A-	BBB+
2/10/05 All ratings on Watch	AA	A	A-

10/20/03 Debt rating lowered	AA	A	A-
11/13/02 Pref Stock Rating Assigned	AA	A+	A
1/17/02 IFS Rating Assigned	AA	A+	
9/4/01 Sr. Debt Rating Assigned		A+	

Meeting Details

Date(s):	5/8/08 – Bermuda
Fitch Participants:	Jim Auden, Tana Higman
Company Participants:	Mike McGavick, Brian Nocco, Fred Loeloff, Spike Lobdell, Paul Dowden, James Veghte, Dave Duclos, William Wood, others

Management Quality: Number of recent management changes following retirement of Brian O'Hara (President and CEO), Mike Esposito (Chairman), Clive Tobin (Head of Insurance), and Jerry de St. Paer (CFO). View appointment of outsiders Mike McGavick (CEO) and Brian Nocco (CFO) as positive given recent charges. Strong management expertise in all business segments.

Information Quality: Above Average – Release of global loss triangles a big plus.

Operational Review: Summary Strengths & Weaknesses

Strengths	Weaknesses / Challenges
1. Long history of success in core markets. 2. Run rate combined ratio is below 90% on new business. 3. Favorable tax status given Cayman located holding co. and several non-US subsidiaries. 4. One of only a few insurers with a global presence. 5. Strong capital base and low operating leverage. 6. Recent improved reserve position. 7. Reduction in cat exposure.	1. Take large exposures in several business segments. 2. Greater than average subprime and Alt-A exposure and potential for further write-downs. 3. Earnings volatility much higher than peers due to series of large charges over the past 6 yrs. 4. Lingering exposure to SCA.

Fitch Affirms XL Capital; Outlook Stable

Fitch Ratings-Chicago-5 August 2008: Fitch Ratings affirms XL Capital Ltd (XL) and its property/casualty (re)insurance subsidiaries, including the Issuer Default Rating (IDR) for XL at 'A', and the Insurer Financial Strength (IFS) rating of lead (re)insurance companies XL Insurance (Bermuda) Ltd and XL Re Ltd. at 'A+'. (See the full list below.) All ratings have been removed from Rating Watch Negative and the Outlook is Stable.

The rating actions follow the successful completion of XL's capital raising initiatives. In total, the company raised $3.375 billion of equity and hybrid securities. The capital raising was made up of approximately $2.3 billion of new common equity and $575 million of new equity security units. Additionally, the company exercised the put option under its Mangrove Bay contingent capital facility that had been in place since July 2003, which resulted in net proceeds of approximately $500 million in exchange for the issuance of preference ordinary shares.

The capital raising initiative follows XL's agreement to extinguish certain exposure the company had to SCA from its facultative reinsurance contracts, excess of loss reinsurance contract and unlimited guaranty in support of any losses payable on the pre-August 2006 initial public offering (IPO) financial guaranty portfolio. In exchange for the commutation of certain reinsurance agreements and the termination of certain other agreements, XL will transfer $1.775 billion in cash and eight million shares of XL common stock to SCA.

With the capital raising, payment to SCA and redemption of $255 million of guaranteed senior notes completed, Fitch estimates XL's equity-adjusted debt-to-total capital, excluding any FAS 115 adjustment for unrealized losses, on a pro forma basis to be 22.0%, up slightly from 21.4% at June 30, 2008.

The Stable Outlook reflects Fitch's belief that while XL's operating performance will be hampered due to soft market conditions, the company will continue to perform on par with comparably rated peers. Fitch believes XL's ability to produce generally solid operating results despite the pattern of large charges and overhang from the SCA exposure is a testament to the company's global competitive position and underwriting expertise of its core property/casualty operations.

Over the past 6 years, XL's volatility of earnings has been greater than peers due to a series of large charges attributable to credit market conditions, catastrophe losses, adverse prior-year loss reserve development, and charges related to the Winterthur settlement. The company has announced a number of changes designed to increase the stability of earnings and capital including the exploration of strategic alternatives for its life reinsurance business, realignment of its investment portfolio and simplification of its management structure.

Fitch believes the company's overall loss reserve position is stronger than in recent years. Additionally the company has reduced its catastrophe exposure through changes in its reinsurance and retrocessional protection, purchase of industry loss warranty contracts (ILWs), non-renewal of its iCat program, reduction in its offshore Gulf of Mexico exposure and selectively re-underwriting its other catastrophe risks.

Offsetting these positives, Fitch believes XL's investment portfolio remains susceptible to additional mark-to-market losses given continued credit market volatility especially related to commercial and residential mortgage-backed securities; collateralized debt obligations (CDOs) and financial sector and consumer cyclical holdings.

In order to maintain its current ratings, XL must demonstrate consistent underwriting profitability and put an end to the large charges that have plagued the company and hampered its ability to grow its capital base. Fitch notes that due to the size of the issuance relative to XL's market capitalization the company's financial flexibility has been reduced since it would be difficult for the company to tap the capital markets again in the near-term should the company suffer another large loss.

XL is a Bermuda headquartered holding company with subsidiaries providing insurance and reinsurance on a worldwide basis. XL reported consolidated GAAP assets of $52.1 billion and shareholders equity of $8.8 billion at June 30, 2008.

Fitch assigned the following ratings with a Stable Outlook:

XL Capital Ltd
--$575 million 10.75% Equity Units at 'A-';
--$500 million Series C preference ordinary shares at 'BBB+'.

Fitch withdrew the following rating:

XL America Inc.
--IDR at 'A';
--$255 million 6.58% senior notes due 2011 at 'A-'.

Fitch has affirmed the following ratings and simultaneously removed them from Rating Watch Negative; The Outlook is now Stable:

XL Capital Ltd
--Issuer Default Rating (IDR) at 'A';
--$600 million 5.25% senior notes due 2014 at 'A-';
--$350 million 6.375% senior notes due 2024 at 'A-';
--$745 million 5.25% senior notes due 2011 at 'A-';
--$325 million 6.25% senior notes due 2027 at 'A-';
--6.375% series E preferred ordinary shares at 'BBB+'.

XL Capital Finance (Europe) PLC
--IDR at 'A';
--$600 million 6.50% guaranteed senior notes due 2012 at 'A-'.

Fitch also affirmed the IFS ratings of the following XL Capital Ltd (re)insurance subsidiaries at 'A+' and removed them from Rating Watch Negative:

--XL Insurance (Bermuda) Ltd
--XL Re Ltd
--XL Insurance Switzerland
--XL Re Latin America Ltd
--XL Europe Ltd
--XL Insurance Company Limited
--XL Insurance America, Inc.
--XL Reinsurance America Inc.
--XL Re Europe Limited
--XL Insurance Company of New York, Inc.
--XL Specialty Insurance Company
--Indian Harbor Insurance Company
--Greenwich Insurance Company
--XL Select Insurance Company

The Rating Outlook is Stable.

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Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

Multi-Line Insurers
Bermuda, US and Canada
Credit Analysis

XL Capital Ltd

And Insurance Subsidiaries

Ratings

Security Class	Rating
Long-Term IDR	A
Senior Unsecured Notes	A–
Preferred Stock	BBB+

Subsidiaries
XL Insurance (Bermuda) Ltd
XL Re Ltd
XL Re America Inc.
XL Re Europe Ltd
XL Re Latin America
XL Insurance Switzerland
XL Europe Ltd
XL Insurance Company Ltd
XL Insurance Company of New York, Inc.
XL Specialty Insurance Co.
Indian Harbor Insurance Co.
Greenwich Insurance Co.
XL Insurance America Inc.
XL Select Insurance Co.

Insurer Financial Strength	A+

Outlook

Stable

Financial Data

XL Capital Ltd

Financials	Date	$ Mil.
Net Income	6/30/08	450
Equity	6/30/08	7,769
Debt and Hybrids	6/30/08	3,869

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Related Research

- *Bermuda Market Overview, March 3, 2008*
- *Review and Outlook 2007–2008: US Property/Casualty Insurance, Dec. 3, 2007*
- *Reinsurance Review and Outlook, Aug. 31, 2007*

Rating Rationale

- Strong competitive position and franchise value of XL Capital Ltd (XL) with worldwide capability across a number of commercial insurance and reinsurance lines of business and true underwriting expertise in several liability segments.
- Greatly improved underwriting performance of its core property/casualty (re)insurance operations in 2006, 2007 and thus far in 2008 following a period of underwriting earnings volatility, which was primarily attributable to catastrophe losses, losses from the events of Sept. 11, 2001, and adverse prior-year loss development.
- Overall, Fitch believes that XL's loss reserve position is stronger than in recent years, although some uncertainty remains regarding long-tail certain lines, particularly in the casualty reinsurance and professional liability segments. Positively, XL posted favorable prior-year reserve development of $250 million in the first six months of 2008, $425 million in 2007 and $111 million in 2006.
- Reduced catastrophe exposure as the company has made changes to its reinsurance and retrocessional protection, non-renewed its iCat program, reduced its offshore Gulf of Mexico exposure and selectively re-underwritten other catastrophe risks.
- Fitch views XL's recent settlement with Security Capital Assurance Ltd (SCA) as a positive since it protects XL from further deterioration in SCA's financial condition and allows management to focus its time and attention on its core insurance operations.
- Adequate capitalization of its insurance subsidiaries and reasonable financial leverage at the holding company level. Fitch views favorably XL's recent capital raise initiatives since the additional capital the company raised in excess of the SCA payment provides some cushion to absorb future investment or large catastrophe losses. However, due to the size of the issuance relative to the company's market capitalization Fitch believes it would be very difficult for XL to tap the capital markets again in the near-term should the company suffer another large charge.

Key Rating Drivers

- XL's January 2008 ratings downgrade by Fitch was driven by the large charges taken over the past six years, which have caused XL's volatility of earnings to be much greater than comparably rated peers'. In order to maintain its ratings, XL must produce consistent underwriting profitability on par with that of highly rated peers.
- Further large charges related to catastrophe losses or unfavorable reserve development that weakens the capital position of the operating subsidiaries or financial leverage at the holding company could put negative pressure on XL's ratings.
- Fitch believes there is continued uncertainty related to asset valuations within the investment portfolio that could result in further write-downs given current credit market volatility, and such charges could put negative pressure on the ratings.

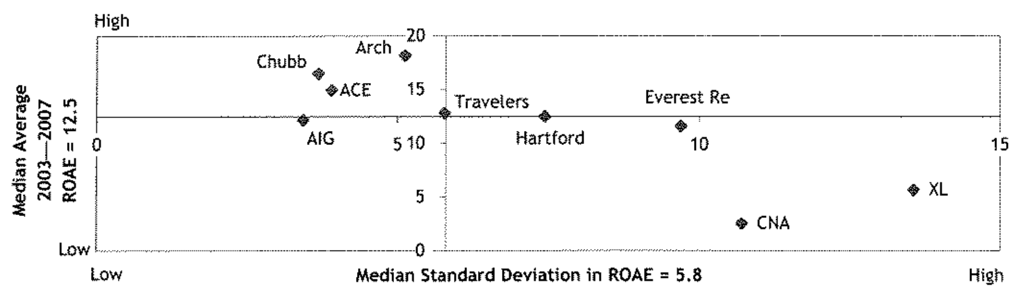
Key Rating Issues

Earnings Volatility Significantly Greater Than Peers'

XL's profitability in recent years has been marred by several large charges that have caused the company's earnings volatility to be greater than its peers'. As a result of these charges, XL exceeded management's overall profitability target of 15% annual return on equity (ROE) just twice since 2001.

XL's average ROE over the past five years has been lower and more volatile than its peers'.

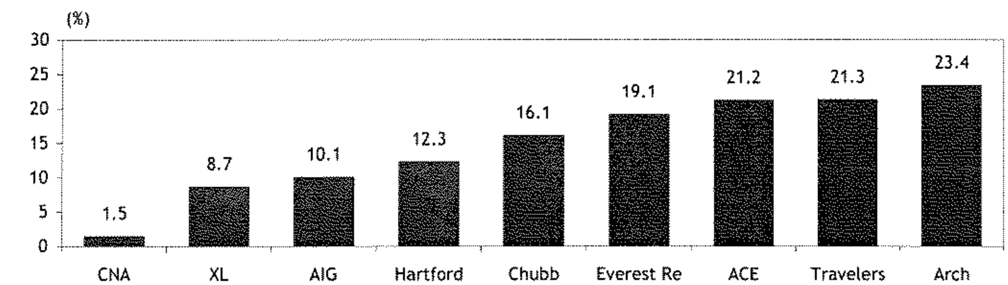
Return on Equity and Volatility of Return on Equity



ROAE – Return on average equity.
Source: SNL Financial, Fitch.

The large charges have hampered XL's ability to grow its capital position as much as competitors have during the recent hard market.

Five-Year Compounded Annual Growth in GAAP Equity



Source: SNL Financial, Fitch.

XL reported net income after preferred dividends of $450 million for the first six months of 2008, which corresponds to an annualized ROE of 10.8%, versus $1.1 billion for the same period in 2007. The decline in net income was primarily driven by a $156 million reduction in underwriting profitability, an $82 million charge related to SCA and weaker investment results. Net realized losses on investments totaled $100 million versus a gain of $28 million the prior year. Net investment income declined 29% to $931 million and a net loss from investment fund affiliates was $9 million versus net income of $186 million in 2007. Full-year 2008 results will be negatively impacted by a charge of $1.4 billion to $1.5 billion for the SCA agreement as well as a restructuring charge of $50 million to $60 million.

The combined ratio increased in the first half of 2008 due to higher catastrophe losses, premium rate decreases and an increase in loss activity in professional lines partially offset by higher favorable reserve development.

Profitability

($ Mil.)

	Six Mos. 2008	Six Mos. 2007	2007	2006	2005	2004	2003
Revenue, Excluding Realized Gains (Losses)	4,346	5,036	9,794	9,848	11,015	9,776	7,970
Premiums Earned	3,394	3,718	7,206	7,570	9,366	8,582	6,995
Pretax Realized Gains (Losses)	(47)	45	(659)	(15)	271	320	126
Pretax Net Investment Income	931	1,306	2,575	2,247	1,630	1,159	935
Pretax Operating Income	660	1,132	2,252	1,911	(1,533)	799	318
Net Income	450	1,094	206	1,722	(1,292)	1,126	372
% Return on Common Equity	10.8	22.3	2.2	20.4	(18.3)	18.2	6.4
Combined Ratio (%)	92.9	88.2	88.8	89.5	133.0	96.1	102.7
Points from Prior-Year Reserve Development	(8.2)	(5.8)	(6.5)	(1.6)	15.8	3.7	14.9
Points from Catastrophe Losses	5.7	2.6	1.7	0.1	26.4	7.7	0.4

Source: Company SEC filings.

Despite strong underwriting results in its core (re)insurance operations during 2007, the company reported net income after preferred dividends of $206.4 million. XL recorded a fourth-quarter charge of $1.66 billion, net of tax, related to credit market conditions.

The bulk of the charge, approximately $1.05 billion, was related to XL's 46% stake in SCA. An additional $145 million of the charge reduced the carrying value of XL's publicly traded financial affiliate, Primus Guaranty, and $471 million was due to realized and unrealized losses, including other than temporary impairments (OTTI).

2005 results were negatively impacted by net catastrophe losses of $1.9 billion and a charge of $834.2 million related to the conclusion of the independent actuarial process with Winterthur Swiss Insurance Company. Underwriting results for 2003 were affected by adverse reserve development of $937 million following a detailed claims audit review at its XL Re America unit related to US casualty reinsurance and professional liability lines.

Fitch views positively the recent changes in senior management at XL. The appointment of Mike McGavick as chief executive officer, new to the XL organization but with significant insurance industry experience, should provide a fresh perspective on its enterprise risk management program and refocus the company on its core capabilities.

XL recently announced a number of changes designed to increase the stability of earnings and capital. Going forward, the company wants to focus exclusively on its

XL expects 2008 combined ratios to be in the mid- to high 90s for the insurance segment and the high 80s for the reinsurance segment.

XL Capital Ltd — Underwriting Performance

	Property/Casualty Underwriting Results											
	Insurance				Reinsurance				Total			
	2Q08	2007	2006	2005	2Q08	2007	2006	2005	2Q08	2007	2006	2005
As Reported												
Earned Premium ($ Mil.)	2,027	4,117	4,101	4,103	1,035	2,302	2,591	2,771	3,062	6,419	6,692	6,874
Loss Ratio (%)	66.0	63.0	64.2	112.0	58.1	54.1	55.1	99.7	63.3	59.8	60.7	107.1
Expense Ratio (%)	29.2	28.4	27.5	25.0	30.2	29.8	28.3	27.3	29.6	29.0	27.8	25.8
Combined Ratio (%)	95.2	91.4	91.7	137.0	88.3	83.9	83.4	127.0	92.9	88.8	88.5	132.9
Excluding Catastrophes and Winterthur Settlement												
Earned Premium ($ Mil.)	2,027	4,117	4,101	4,192	1,035	2,302	2,591	2,736	3,062	6,419	6,692	6,928
Loss Ratio (%)	60.6	62.8	64.2	67.1	51.9	51.4	55.1	65.3	57.6	58.7	60.7	66.4
Expense Ratio (%)	29.2	28.4	27.5	24.5	30.2	29.8	28.3	27.6	29.6	29.0	27.8	25.7
Combined Ratio (%)	89.8	91.2	91.7	91.6	82.1	81.2	83.4	92.9	87.2	87.7	88.5	92.1

Source: XL 10-K and 10-Q filings.

For the first six months of 2008, net written premium from XL's general insurance and reinsurance segment declined 10% to $3.5 billion.

Year-to-Year Change in NPW by Segment and Business Line

(%)

Business Line	Six Mos. 2008	2007	2006
Casualty — Professional Lines	(9.7)	(7.7)	0.9
Casualty — Other Lines	(0.5)	6.1	(18.8)
Property Catastrophe	(79.8)	(110.8)	(0.4)
Other Property	6.1	15.3	(1.2)
Marine, Energy, Aviation and Satellite	(3.7)	(10.4)	6.9
Other	(7.8)	23.2	1.8
Subtotal Insurance Segment	**(3.5)**	**0.0**	**(2.9)**
Casualty — Professional Lines	(14.5)	(13.5)	(13.8)
Casualty — Other Lines	(35.3)	(13.9)	(24.4)
Property Catastrophe	(0.3)	22.2	(24.1)
Other Property	(23.0)	(7.2)	0.8
Marine, Energy, Aviation and Satellite	(10.9)	(7.7)	(27.4)
Other	(22.6)	(37.0)	5.1
Subtotal Reinsurance Segment	**(20.9)**	**(11.5)**	**(12.8)**
Total All Lines	**(10.4)**	**(4.1)**	**(6.7)**

NPW – Net premium written.
Source: XL Capital Ltd's 10-K and 10-Q.

property/casualty (re)insurance operations and is therefore exploring strategic alternatives for its life reinsurance business. It also plans to realign the investment portfolio over time to reduce book value volatility from credit spread movements. Finally, XL will reduce a layer of senior management to increase accountability and reduce expenses.

To maintain its ratings, it is critical for XL to demonstrate consistent underwriting profitability and put an end to the pattern of large charges. Given continued rate softening and increasing competition across a number of lines, Fitch believes XL's underwriting performance will be hampered over the near term. Additionally, Fitch believes XL's competition position suffered some damage in recent months from the SCA overhang. However, Fitch believes XL can still outperform the industry average given its diversified book of business, global operational platform, repositioning of the underwriting portfolio, and underwriting expertise.

Continued Exposure to Credit Market Conditions

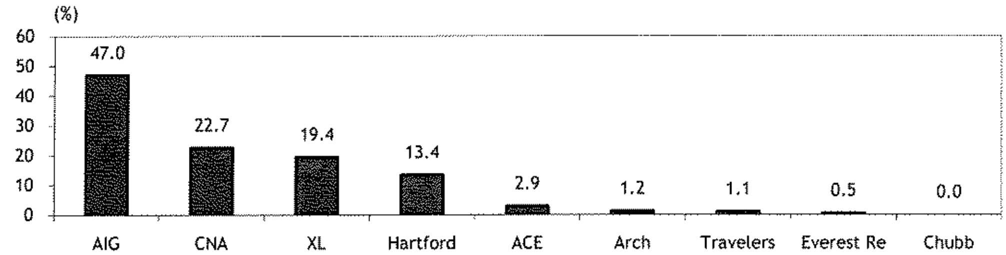
Following the agreement with SCA, XL reduced its exposure to volatile credit market conditions from a liability perspective but Fitch believes the company's exposure from the asset side of the balance remains higher than most peers'. A portion of the investment portfolio that is particularly sensitive to credit spread movements was related to legacy financial lines and structured products that the company intends to sell over the near-to-intermediate term.

XL recorded net realized losses on investments of $100 million in the half of 2008 and $603 million in 2007. Included in these amounts are OTTI charges of $162 million in 2008 and $611 million in 2007. Additionally, the net change in unrealized losses totaled $1.8 billion during the first six months of 2008.

Fitch believes XL's investment portfolio remains susceptible to additional mark-to-market losses given continued credit market volatility especially related to commercial and residential mortgage-backed securities; collateralized debt obligations (CDOs) and financial and consumer cyclical holdings. Additionally, as XL realigns its investment portfolio to reflect a pure property casualty organization Fitch expects a portion of the

At June 30, 2008, XL had subprime securities totaling $724 million, Alt-A securities totaling $635 million and second-lien securities totaling $66 million.

Subprime and Alt-A Exposure as a Percentage of 2007 GAAP Equity



Source: SNL Financial, Fitch, 10-K filings.

unrealized losses to become realized. However, Fitch believes the additional capital the company has raised in excess of the cash settlement paid to SCA will allow XL to better absorb future investment losses.

Improved Reserve Position

After XL took a number of large reserve charges during 2001-2005, Fitch believes the company's reserve position is now much stronger than in recent years, but long-tail lines represent approximately 70% of total reserves and can be subject to favorable or unfavorable development over time. However, Fitch believes XL has historically maintained conservative reserving practices, and reserve development has been favorable over the long term. The company's original core excess liability lines were the primary source of this favorable development throughout the years.

XL posted favorable reserve development in 2006, 2007 and thus far in 2008. Prior-year favorable reserve development within the insurance segment has been driven by releases in the property line as well as casualty business acquired from Winterthur partially offset by adverse development in professional, marine and aviation, and discontinued lines. Favorable development within the reinsurance segment has been made up of releases in property and other short-tail lines, primarily accident years 2005 and 2006, as well as in the core casualty lines.

Recent favorable reserve development follows adverse development totaling nearly $2.9 billion from 2001 to 2005, or $2.0 billion excluding the charge related to the unfavorable conclusion of the independent actuarial process with Winterthur Swiss Insurance Company in 2005. As a result, $834.2 million of reinsurance recoverables related to post-closing protection on the acquired business was rendered uncollectible.

Excluding development related to the Winterthur decision, prior-year adverse reserve development had averaged $412 million over the 2001–2005 period, or approximately 7.4% of net earned premiums. The impact of reserve development on XL's combined ratio has been similar to the commercial lines and reinsurance industry.

Fitch believes that XL's reserves are within the range of adequacy in the aggregate. Additionally, unfavorable loss experience from accident years 1997–2001, particularly in the US casualty and excess professional liability segment, has moderated, and more recent accident years are showing some potential redundancy.

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Prior-Year Reserve Development — General Operations
($ Mil.)

	Six Mos. 2008	2003–2007	2007	2006	2005	2004	2003
Insurance Operations	(117)	1,294	(158)	(13)	1,020	292	153
Reinsurance Operations	(133)	504	(267)	(97)	94	(24)	799
Total PY Reserve Development	(250)	1,798	(425)	(111)	1,114	268	922
NEP	3,062	33,091	6,419	6,721	6,874	6,988	6,090
Reserve Development/NEP (%)	(8.2)	5.4	(6.6)	(1.6)	16.2	3.8	15.1
Excluding Winterthur							
Prior-Year Reserve Development	(250)	933	(425)	(111)	280	268	922
Reserve Development/NEP (%)	(8.2)	2.8	(6.6)	(1.6)	4.1	3.8	15.1

NEP – Net earned premium. PY – Prior year.
Source: XL Capital Ltd 10-K and 10-Q filings.

XL's professional liability book is exposed to subprime-related claims. Management has indicated any potential losses are currently contained within incurred but not reported (IBNR) provisions. However, Fitch believes that if the credit contagion spreads into sectors not directly tied to the subprime mortgage market or if the weakening economy leads to increased bankruptcies, current loss estimates could prove to be inadequate and result in some adverse reserve development.

With only $121 million in reserves for asbestos claims, XL's exposure to asbestos and environmental exposures is modest relative to peer commercial insurers, creating considerably less uncertainty regarding aggregate reserve adequacy compared with most other large commercial insurers and reinsurers.

Reserves for deposit liabilities and future policy benefit reserves decreased to $9.9 billion at June 30, 2008, from $14.7 billion at year-end 2007. At year-end 2007 XL had approximately $4.0 billion of deposit liabilities associated with guaranteed investment contracts (GICs), which were correspondingly matched with invested assets. SCA provided financial guarantee insurance policies to these GICs. As a result of SCA's downgrades in early 2008, XL was forced to settle the GIC portfolio. This was essentially completed in April 2008 and resulted in a slight gain.

Peer Analysis

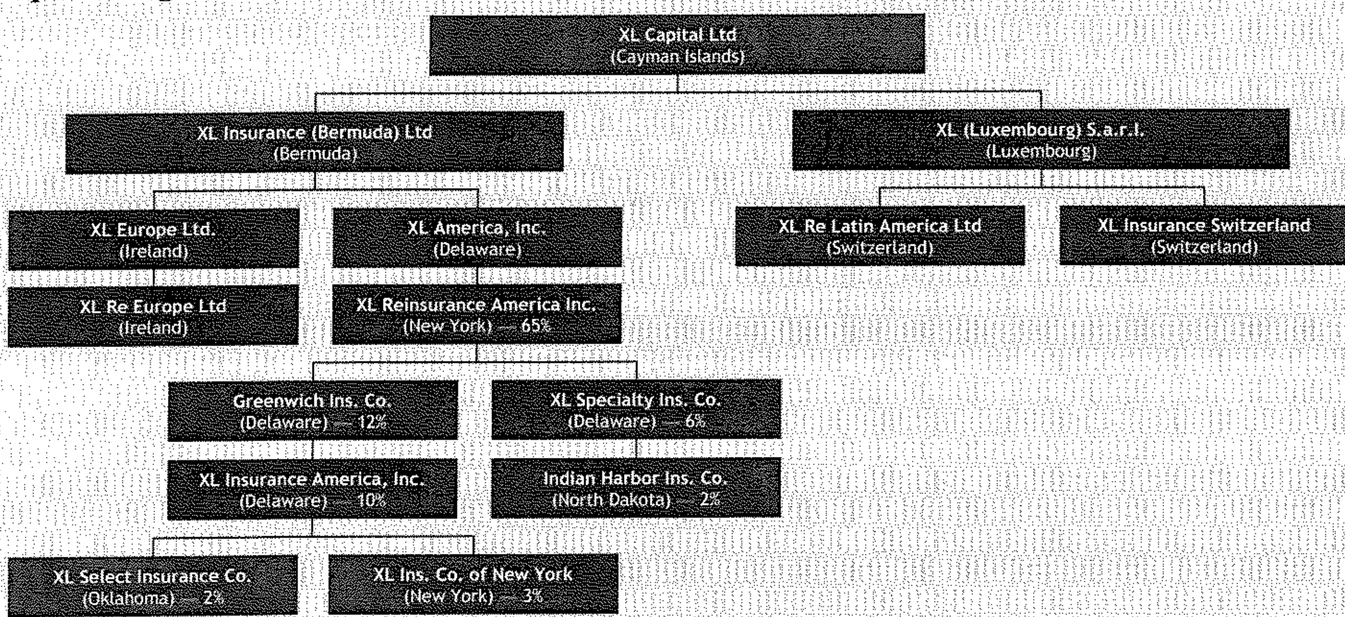
See Key Rating Issues section.

Company Profile

Ownership Structure

XL is a Bermuda-based insurance holding company, organized under the laws of the Cayman Islands, that had a $3.2 billion market capitalization at July 29, 2008. The company was formed in 1986 and completed an IPO of common stock in 1991. XL Insurance (Bermuda) Ltd (XL Insurance), XL's original primary insurance subsidiary, commenced operations in 1986 during a period of capacity shortages in the excess liability insurance market.

Simplified Organizational Chart



Notes: Jurisdiction indicated in parentheses. Intercompany pooling percentage for XL America pool.
Source: Company Schedule Y filing.

Key Events

Through a series of acquisitions, XL has evolved over time into a diverse organization, with subsidiaries providing a full range of insurance and reinsurance products.

In its early years, XL Insurance concentrated on writing excess liability, directors' and officers', and errors and omissions insurance, experiencing significant growth and operating success in these long-tail liability lines throughout the late 1980s and early 1990s. As this business generated significant earnings and capital for reinvestment, XL embarked on a diversification strategy starting in the mid-1990s to enter other insurance markets and territories through acquisitions, joint ventures and formations of new business segments.

XL's biggest primary insurance acquisition was the July 2001 purchase of Winterthur International. This acquisition consisted of Winterthur Group's large-account international property/casualty business, which had approximately $1 billion in annualized gross premium. This business provided XL with a platform for worldwide (particularly European) market growth in this business.

XL entered the reinsurance business in 1995 with the founding of XL Re Ltd. The company generated substantial growth in the reinsurance segment in the late 1990s through acquisitions and organic growth, including the acquisition of Bermuda-based catastrophe reinsurer GCR Holdings in 1997 and Bermuda-based property/catastrophe reinsurer Mid Ocean Limited in 1998.

XL's reinsurance business was weighted more in property reinsurance until 1999, when the company completed the acquisition of NAC Re. Now known as XL Re America, the company provided XL with diversification into casualty reinsurance and provided reinsurance and primary insurance subsidiaries with US domiciles and broad state licensing. XL Re America acts as the lead company in XL's US intercompany pool, which cedes 75% of its business to XL Re Ltd.

XL has had a business interest in French reinsurer Le Mans Re since 2001. Le Mans Re became a wholly owned subsidiary of XL when XL purchased the remaining 33% of Le Mans Re shares outstanding in 2003.

In recent years, XL has focused on integrating its diverse businesses, creating a global platform and positioning itself as a market leader.

In 2006, XL formed a new European company, XL Re Europe Ltd, based in Dublin, Ireland, which serves as the company's European reinsurance platform and includes branch offices in France and the United Kingdom. XL Re Europe Ltd assumed the business previously underwritten by the UK branch of XL Re Ltd and XL Re Europe SA as well as the non-life business of the UK branch of XL Re Ltd.

XL became a 75% owner of start-up specialty reinsurer Latin American Re in 1997, and in 2000 XL purchased the remaining 25% interest in this company, now known as XL Re Latin America Ltd.

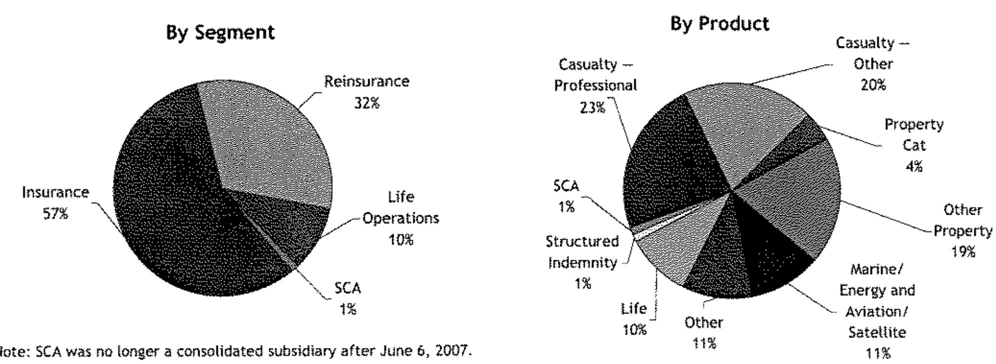
XL established its life and annuity operations in 1999 as part of the effort to attract long-term liabilities and generate noncorrelated earnings with low volatility.

Products

XL's insurance operations have traditionally been led by XL Insurance. Primary insurance business originally emphasized long-tail general and specialty liability lines written with large policy limits. Over time, the company has expanded into large-account risk-management products and several specialty property/casualty segments through organic development and acquisitions. These other segments include professional liability, environmental liability, aviation and satellite, marine, offshore energy, equine and other insurance coverages, including program business. In 2005, XL started an excess and surplus lines unit that provides general liability and property

NPE declined by 1% and 10% for insurance and reinsurance operations, respectively, while increasing by 8% for life operations in 2007.

Composition of 2007's $7.2 Billion of Net Premium Earned (NPE)



Note: SCA was no longer a consolidated subsidiary after June 6, 2007.
Source: XL's 2007 10-K.

coverages to midsize and large businesses in the United States. XL exited the surety business in mid-2005 and has never written any personal lines coverage.

The company's primary insurance net written premium is split into 53% casualty; 16% property; 15% marine, energy, aviation and satellite; and 16% other.

Going forward, XL will be a pure property and casualty (re)insurance organization.

XL's reinsurance business is written mainly through its subsidiaries XL Re Ltd, based in Bermuda; XL Re America Inc. (formerly NAC Re), which is based in the United States; XL Re Europe Ltd, based in Ireland; and XL Re Latin America, based in Switzerland.

Reinsurance operations are now conducted worldwide on a multi-line basis, with offices in North America, Bermuda, Europe, Asia, Australia and South America. The company's non-life reinsurance net written premium is split into 46% property; 37% casualty; 6% marine, energy, aviation and satellite; and 11% other.

The company's life insurance portfolio includes a small number of large contracts relating to portfolios of closed block UK and Irish fixed annuity contracts. A growing portion of the portfolio also consists of traditional quota-share reinsurance for life business and critical illness business in the United Kingdom. The company also writes annually renewable business covering life, accident and health risks in continental Europe. In July 2008 XL announced it would be exploring strategic opportunities related to its life reinsurance business.

Target Markets

XL's subsidiaries provide insurance and reinsurance to industrial, commercial and professional service firms as well as insurance companies on a worldwide basis. The company focuses on large multinational companies as well as middle market accounts and writes very little small-account business.

Distribution Channels

XL markets and distributes its non-life (re)insurance products through a large network of international, national and regional brokers as well as captive managers. At year-end 2007 approximately 35% of gross written premiums were generated or placed by Marsh & McLennan or AON Corporation.

XL markets its long-term life and annuity products directly to clients, with a smaller portion sourced through reinsurance intermediaries. Short-term life, accident and health products are placed through reinsurance intermediaries.

Financial Analysis

Profitability

See Key Rating Issues section.

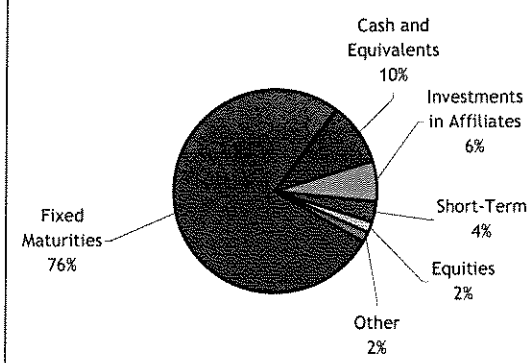
Investments and Liquidity

XL's consolidated cash and investments totaled $37.9 billion at June 30, 2008, down 15% from the company's high-water mark of $44.7 billion at year-end 2006. A large portion of the decline was due to the sale of $4 billion in fixed income securities during the first quarter of 2008 to fund the redemption of the company's muni-GIC liabilities triggered by SCA's rating downgrades. Additionally, XL's net unrealized losses increased by $1.8 billion in the first six months of 2008 due to continued widening credit spreads on corporate and structured credit investments and unfavorable foreign exchange rate movements, as well as increases in US and UK interest rates.

Invested assets are managed by a number of outside investment advisers, with XL management focused on setting overall investment strategy and policy, establishing asset-allocation guidelines and benchmarks for the various managers, and monitoring compliance and performance relative to benchmarks typically on a total return basis.

XL intends to reduce book value volatility by simplifying its investment portfolio.

XL Capital Ltd Invested Assets
(As of June 30, 2008)



Source: XL Capital Ltd 10-Q.

Invested assets are functionally split into three primary portfolios: the asset liability portfolio comprising approximately 89% of invested assets, the risk asset portfolio comprising approximately 10% of invested assets, and investments related to insurance and financial affiliates as well as investments in investment management companies comprising 1% of invested assets.

The asset liability portfolio supports property/casualty and structured/spread product liabilities. This portfolio consists entirely of cash and investment-grade fixed-income securities that have duration, cash flow and currency characteristics that closely match the underlying liabilities.

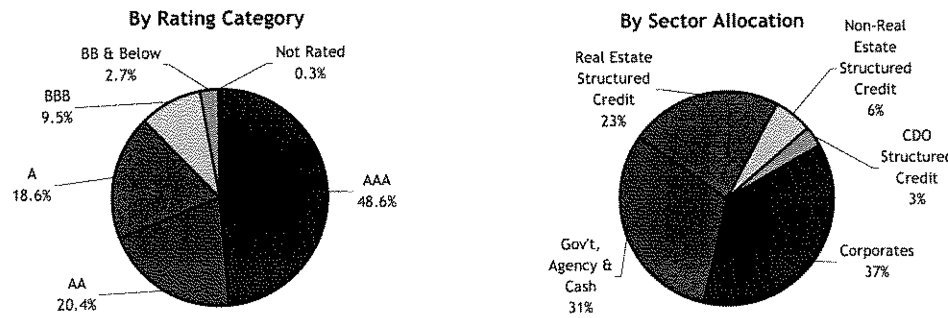
General account fixed-income assets, supporting property/casualty and financial guaranty liabilities, totaled $24.1 billion at year-end 2007. The key focus is providing liquidity to settle claims arising from insurance operations. Structured and spread fixed-income assets, which totaled $14.8 billion at year-end 2007, support deposit liabilities and future policy benefit reserves.

The risk asset portfolio, which was approximately $4.4 billion at year-end 2007, is that portion of XL's equity or surplus that is invested in risk assets to generate growth in the company's book value per share over the long term. These include various equity, high-yield bonds, private investments as well as alternative investments. This portfolio is managed to maximize total expected returns at targeted risk levels.

The third component of the investment portfolio includes XL's investments in insurance affiliates and its strategic minority interests in 11 independent investment management companies. Through these investments, the company seeks to achieve strong returns on capital while accessing the investment expertise of professionals who manage portions of the company's investment assets.

The nonaffiliated equity position is relatively modest relative to total invested assets. XL's equities are managed within an overall risk asset framework capping risk assets at 50% of shareholders' equity. Fitch does not anticipate any major portfolio shifts toward equity investments in the near term.

XL Capital Ltd — Fixed Income Portfolio Composition
(June 30, 2008)



Note: Includes fixed maturities, short-term investments, cash and equivalents, accrued investment income and net payable for investments purchased.
Source: XL Capital Ltd 10-Q.

The company's bond portfolio is of generally high quality, with 97% of the portfolio rated investment grade, and an average credit rating of approximately 'AA'.

Affiliated investments consist primarily of equity accounted or private equity investments, in addition to investments in specialty investment-fund managers, the largest holdings of which are Highfields Capital Management LP, MKP Capital Management and Stanfield Global Strategies. XL also has a 47.3% stake in ARX Holding Corporation, a US homeowners' insurance company, and a 49.9% stake in ITAU XL Seguros Corporativos S.A., a joint venture commercial insurance company in Brazil.

Other investments include non-equity accounted alternative investments in addition to strategic investments, such as limited partnerships, in which XL does not participate in the management of the partnership, and investments in nonrated collateralized debt and equity instruments.

Reinsurance Protection and Credit Quality

XL utilizes reinsurance and retrocession protection in nearly all of its insurance and reinsurance segments to increase underwriting capacity and manage aggregate risk exposures to individual classes of business and protect against catastrophe exposures. Fitch believes the reinsurance program provides adequate protection to XL and the overall credit quality of its reinsurers is good. XL's premium retention as measured by net premiums written to gross premiums written has been stable over the past several years between 76% and 78%.

Since late 2005, XL has taken a number of steps to reduce earnings volatility related to large catastrophe losses.

Following the large hurricane losses in 2005, XL has taken measures to reduce its catastrophe exposure including changes in its reinsurance and retrocessional protection, purchase of industry loss warranties (ILWs), nonrenewal of its iCat program, reduction of offshore Gulf of Mexico exposure and selective re-underwriting of other catastrophe risks. As a result, XL's net 250-year probable maximum loss (PML) from US wind declined to $XXX million, or X.X% of GAAP shareholders' equity, at July 1, 2008, from $1.1 billion, or 13.3% of shareholders' equity, at July 1, 2005.

The company renewed its property catastrophe reinsurance treaties on July 1, 2007, with lower limits, as the company's North American catastrophe exposure has declined.

XL entered into a collateralized quota-share reinsurance treaty with Cyrus Reinsurance Limited II. Under this "sidecar" agreement, XL cedes 10% of certain property catastrophe reinsurance and retrocession lines of business for the 2008 underwriting year. With $136 million in total capitalization, it is smaller than its predecessor Cyrus Re.

The company also entered into a reinsurance agreement with Stoneheath Re, a Cayman Islands exempted company formed solely to issue perpetual preferred securities and issue a reinsurance policy to XL's operating subsidiaries. Under the terms of the agreement XL has unilateral flexibility in modifying the covered perils and setting the retention amounts. If the reinsurance is triggered, XL will issue noncumulative series D preference ordinary shares to Stoneheath Re.

XL's consolidated GAAP reinsurance recoverables on paid and unpaid losses totaled $XX billion at June 30, 2008, or XX% of shareholders' equity, from $5.5 billion at year-end 2007, or 55% of shareholders' equity, and $6.1 billion at year-end 2006, or 61% of shareholders' equity.

Fitch believes that XL's reinsurers are of generally high quality. However, the magnitude of reinsurance balances does create a credit-risk exposure to reinsurers as well as increased potential for reinsurer disputes. XL's largest reinsurance recoverables are due from highly rated reinsurers.

Reserve Adequacy and Development

See Key Rating Issues section.

Capitalization

XL's capital position is adequate at both the insurance subsidiary and holding company levels. The company's insurance subsidiaries all have capital and surplus levels in excess of regulatory requirements. Capital levels are particularly strong at XL's primary Bermuda insurance and reinsurance subsidiaries, XL Insurance (Bermuda) Ltd and XL Re Ltd.

Capitalization ratios showed some deterioration in 2008 as a decline in equity more than offset a decline in written premiums.

Capitalization

($ Mil.)

	As of June 30						
	2008	2007	2007	2006	2005	2004	2003
Annualized Gross Premiums Written/Equity (x)	1.11	0.96	0.87	1.00	1.46	1.58	1.53
Annualized Net Premiums Written/Equity (x)	0.88	0.77	0.69	0.78	1.18	1.28	1.20
Total Assets/Total Equity (x)	5.94	5.22	5.60	6.10	7.20	7.00	6.50

Source: Company SEC filings.

Financial Leverage and Balance Sheet Quality

XL had historically utilized very modest amounts of debt financing. However, beginning in 2001, the company completed a number of capital-markets transactions in an effort to create a more optimal capital structure to enhance returns on equity and take advantage of favorable interest rates. These transactions led to a significant increase in outstanding debt and financial leverage.

The Capital Structure table on the following page shows XL's actual capital structure at June 30, 2008, compared with year-end 2007 and 2006. Additionally, it shows XL's pro forma capital structure following the company's recently completed capital raising initiatives.

In August 2008, the company sold $2.3 billion of new common equity and $575 million of new equity security units. Additionally the company exercised the put option under its Mangrove Bay contingent capital facility that has been in place since July 2003. This resulted in net proceeds of $500 million in exchange for the issuance of preference ordinary shares. A portion of the net proceeds form the capital raising initiative was

Fitch expects financial leverage adjusted for equity credit will remain moderate at around 20%.

Capital Structure
($ Mil.)

	Pro Forma		Actual					
	6/30/08		6/30/08		12/31/07		12/31/06	
	$	%	$	%	$	%	$	%
Debt	1,869	14.0	2,124	18.2	2,124	16.6	1,798	12.8
Mandatory Convertibles	1,320	9.9	745	6.4	745	5.8	1,570	11.2
Preferred Shares	1,500	11.2	1,000	8.6	1,000	7.8	518	3.7
Common Equity	8,691	64.9	7,769	66.7	8,948	69.8	9,614	68.4
Minority Interest	2	0.0	2	0.0	2	0.0	562	4.0
Total Capital	**13,382**	**100.0**	**11,640**	**100.0**	**12,819**	**100.0**	**14,062**	**100.0**
Unadjusted Debt to Capital	—	23.8	—	24.6	—	22.4	—	24.0
Adjusted Debt to Capital	—	22.0	—	21.4	—	19.5	—	19.3

Source: XL 10-K and 10-Q filings, Fitch Ratings.

used to fund XL's cash settlement of $1.775 billion to SCA and redeem $255 million of guaranteed senior notes while the remainder is being held for general corporate purposes.

XL's recently issued equity security units convert into ordinary shares in 2011 and thus receive 0% equity credit by Fitch when we consider holding company financial leverage. The newly issued preference ordinary shares include the option to defer dividends on a cumulative basis and therefore receive 75% equity credit. Additionally, the company issued $745 million of equity security units in December 2005. These securities convert into ordinary shares in February 2009 and thus receive 50% equity credit. XL also has $1.0 billion of perpetual preferred shares that were issued in March 2007 that receive 100% equity credit by Fitch.

Debt-Servicing Capabilities

XL's insurance subsidiaries, outside of XL Re America, are mainly domiciled in jurisdictions that are less restrictive than the United States regarding payment of upstream dividends to the parent, which provides XL with greater flexibility in meeting debt-service requirements.

The company maintains revolving lines of credit totaling $1.1 billion in aggregate for short-term financing needs. No borrowings were outstanding on these credit lines at June 30, 2008. Additionally, at June 30, 2008, XL had letter of credit facilities totaling $XX billion, of which $XX billion was utilized as of June 30, 2008, to support its US nonadmitted business and the company's capital requirements at Lloyd's of London.

Fitch expects fixed-charge coverage to be negative in 2008 due to the SCA charge in the third quarter but return to the 4x–10x range in 2009.

Debt-Servicing Capabilities
($ Mil.)

	Six Mos. 2008	2007	2006	2005	2004	2003
Interest Expense	97	201	202	176	144	110
EBIT/Interest Expense (x)	6.8	3.5	10.8	(5.8)	9.8	5.0
EBIT/Interest Expense and Preferred Dividends (x)	5.1	2.6	9.0	(4.7)	7.6	3.7
Cash Flow from Operations	647	2,241	2,439	5,037	3,908	2,802

Source: Company SEC filings.

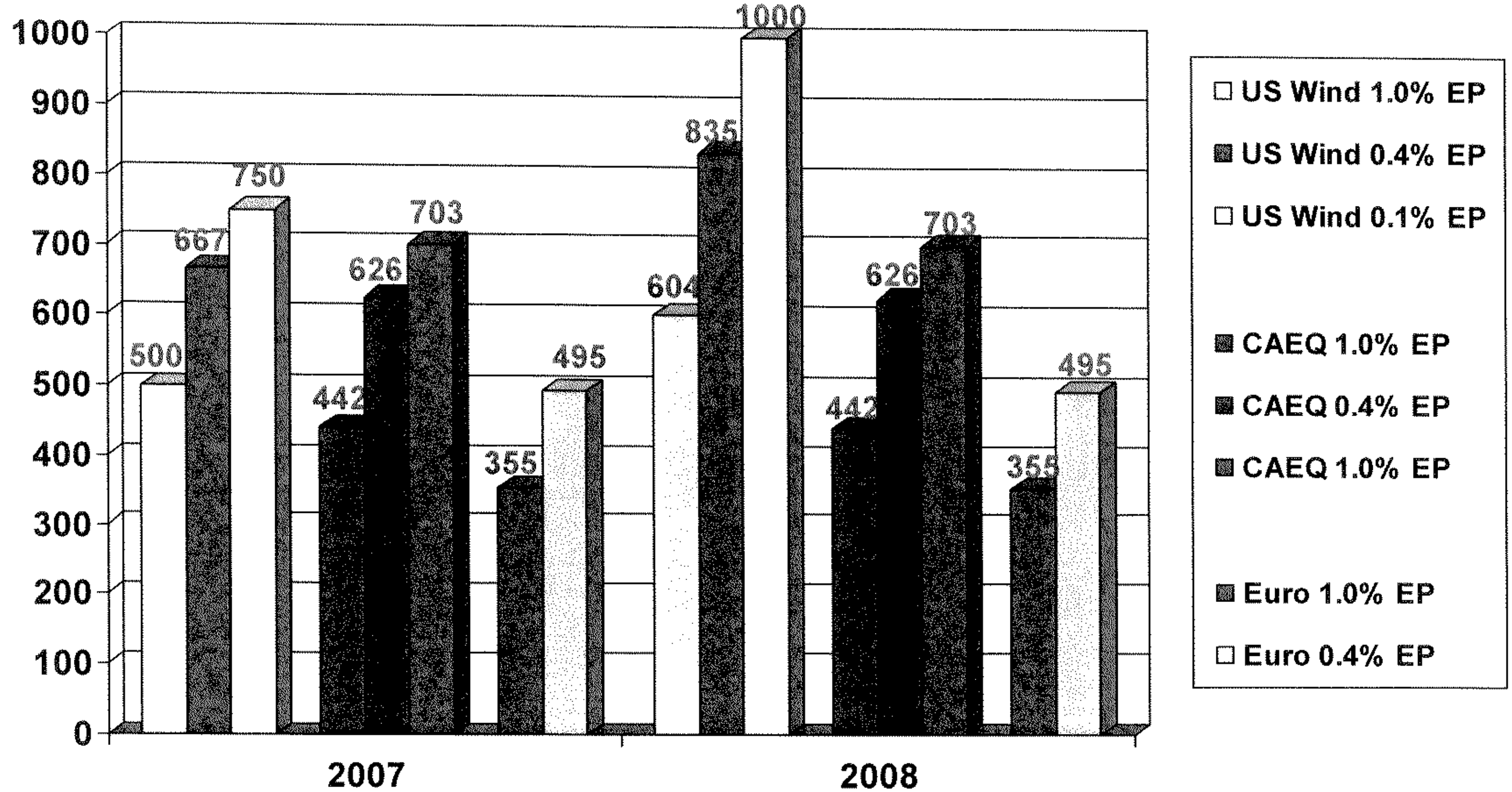
XL Capital Ltd	ProForma 30-Jun-08	Actual-No FAS 115 Adj 30-Jun-08	Actual-No FAS 115 Adj 31-Mar-08	Actual 31-Mar-08	Actual 31-Dec-07	Actual 31-Dec-06	Equity Credit
Short Term Debt	0	0	0	0	0	0	0.00
7.15% Notes Due 2005	-	-	-	-	-	-	0.00
5.25% Sr. Notes Due Sept 2014	596.0	596.0	595.8	595.8	595.6	595.0	0.00
6.5% Guar. Sr. Notes Due January 2012	598.8	598.8	598.8	598.8	598.7	598.4	0.00
6.375% Sr. Notes Due Nov 2024	350.0	350.0	350.0	350.0	350.0	350.0	0.00
6.58% Guar. Sr. Notes Due April 2011	-	255.0	255.0	255.0	255.0	255.0	0.00
5.25% Senior Notes due Feb 2011	745.0	745.0	745.0	745.0	745.0	745.0	0.50
Mandatory Convertible Debt 2.53% due May 2009	-	-	-	-	-	825.0	0.50
Mandatory Convertible Debt due Aug 2011	575.0	-	-	-	-	-	0.00
6.25% Senior Notes due May 2027	324.4	324.4	324.4	324.4	324.4	-	0.00
Total Long Term	3,189	2,869	2,869	2,869	2,869	3,368	
Cumulative, Redeemable after 7/15/2033	500.0	-	-	-	-	517.5	0.75
Perpetual Preferred	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	-	1.00
Total Hybrid Equity (Type 1)	1,500	1,000	1,000	1,000	1,000	518	
Minority Interest	2	2	2	2	2	562	
Equity (Reported)	8,691.0	7,769.2	8,255.4	8,255.4	8,948.1	9,613.666	
Unrealized Appreciation on Investments			-	(1,465.0)	(387.8)	344.2	
Equity (Excl. FAS 115)	8,691.0	7,769.2	8,255.4	9,720.4	9,335.9	9,269.5	
Total Capitalization	$13,382	$11,640	$12,126	$13,591	$13,207	$13,717	
Short-Term Debt/Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Long-Term Debt/Capital	23.8%	24.6%	23.7%	21.1%	21.7%	24.6%	
Total Hybrid Equity/Capital	11.2%	8.6%	8.2%	7.4%	7.6%	3.8%	
Minority Interest/Capital	0.0%	0.0%	0.0%	0.0%	0.0%	4.1%	
Common Equity/Capital	64.9%	66.7%	68.1%	71.5%	70.7%	67.6%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Equity Allocation for Type 2 Securities	373	373	373	373	373	785	
Type 1 Equity Base	10,564	9,142	9,628	11,093	10,708	10,572	
Ratio (to compare against cap)	3.5%	4.1%	3.9%	3.4%	3.5%	7.4%	30%
Equity Adjusted Leverage	22.0%	21.4%	20.6%	18.4%	18.9%	19.8%	
Equity-Adj. Leverage inc. Cap	**22.0%**	**21.4%**	**20.6%**	**18.4%**	**18.9%**	**19.8%**	

XI Reins America Inc & Affiliates

5 YR AVG

INCOME STATEMENT	2007	2006	2005	2004	2003	Company	Ind Agg
Net Premium Written	$786	$888	$815	$870	$727	$817	$394,165
% Change In Net Premium Written	-11.4%	9.0%	-6.3%	19.7%	29.0%	8.0%	7.3%
Net Premium Earned	$870	$848	$796	$795	$635	$789	$380,226
Net Underwriting Gain (Loss)	$185	$136	($54)	$64	($338)	($1)	($16,406)
Net Investment Income	$261	$222	$183	$133	$123	$184	$41,908
Operating Income	$450	$349	$128	$193	($219)	$180	$25,664
Policyholder's Dividends	$0	$0	$0	$0	$0	$0	$2,013
Federal Income Taxes	$125	$68	$63	$19	$9	$57	$7,397
Realized Gains	$17	($27)	($5)	$17	$35	$7	$7,545
Net Income	$342	$254	$60	$190	($193)	$131	$23,798
Unrealized Gains	($8)	$282	($7)	$4	($0)	$54	($2,015)
Stockholder Dividends	($246)	$0	$0	$0	$0	($49)	($11,992)
Capital & Surplus Contributions	($266)	$25	($0)	$15	$553	$65	$12,521
Product Mix (Percentage of Net Written Premium)							
Other Liability	51%	49%	48%	44%	33%	45.0%	43.8%
Reinsurance	14%	12%	13%	15%	23%	15.5%	11.4%
Fire & Allied	8%	9%	8%	9%	10%	8.7%	8.5%
Aircraft	6%	5%	7%	7%	8%	6.4%	8.3%
BALANCE SHEET							
Total Assets	$6,086	$6,316	$5,843	$5,460	$5,215	$5,784	$1,175,920
Total Invested Assets	$4,709	$5,007	$4,542	$4,070	$3,651	$4,396	$959,859
% Bonds	90.6%	89.6%	91.6%	90.4%	86.3%	89.7%	66.9%
% Common & Preferred Stock	0.4%	0.1%	0.1%	0.0%	0.0%	0.1%	13.9%
% Mortgage & Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
% Cash & Equivalents	8.6%	8.5%	7.1%	8.6%	12.5%	9.1%	8.0%
% Affiliated Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Other Invested Assets	0.4%	1.9%	1.2%	1.0%	1.3%	1.1%	10.0%
Liabilities & Surplus							
Loss & LAE Reserve	$2,335	$2,212	$2,219	$1,836	$1,634	$2,047	$440,622
Unearned Premium Reserve	$423	$507	$467	$448	$373	$443	$172,110
Policyholders' Surplus	$2,048	$2,344	$1,856	$1,778	$1,637	$1,932	$358,985
Bond Maturities (Years)							
0-5	56.6%	57.4%	59.0%	61.8%	53.0%	57.6%	43.0%
6-10	35.9%	35.0%	34.0%	32.7%	35.7%	34.7%	31.7%
10+	7.5%	7.6%	7.0%	5.5%	11.3%	7.8%	25.3%
KEY FINANCIAL RATIOS							
Profitability							
Return on Policyholder's Surplus	15.6%	12.1%	3.3%	11.1%	-13.9%	5.6%	6.3%
Return on Average Assets	7.3%	5.7%	2.3%	3.6%	-4.4%	2.9%	2.1%
Investment Yield	5.3%	4.6%	4.2%	3.4%	3.5%	4.2%	4.5%
Loss Ratio	63.7%	68.2%	87.4%	70.9%	135.5%	85.1%	78.3%
Underwriting Expense Ratio	16.6%	15.0%	18.9%	19.2%	15.5%	17.1%	25.7%
Combined Ratio (w/ PH Dividends)	80.3%	83.2%	106.3%	90.2%	151.0%	102.2%	104.5%
Operating Ratio	50.3%	57.0%	83.3%	73.4%	131.6%	79.1%	93.5%
Leverage							
Net Premium Written / PHS	0.38	0.38	0.44	0.49	0.44	0.43	1.11
Net Leverage	2.36	2.07	2.59	2.56	2.63	2.44	3.40
Gross Leverage	3.65	3.43	4.68	4.44	4.78	4.19	4.13
NAIC RBC Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Analysis of Investments							
Non-Investment Grade Bonds / PHS	0.0%	0.2%	0.4%	0.1%	0.5%	0.3%	5.2%
Unaffiliated Common Stock / PHS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.6%
Investment Affiliates / PHS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity & Cash Flow							
Operating Cash Flow	$164	$150	$677	$522	($291)	$244	$62,649
Cash Flow Ratio	123.3%	114.5%	248.8%	195.6%	60.1%	148.5%	116.5%
Liquid Assets to Liabilities	112.9%	118.9%	105.3%	103.8%	100.5%	108.3%	105.1%
Financial Ratios							
Retention Ratio	19.9%	18.8%	17.7%	18.8%	17.5%	18.6%	79.3%
Reins Recov (w/o prov for reins) / PHS	105.4%	103.6%	155.0%	137.0%	153.8%	130.9%	48.8%
One Year Reserve Development / PHS	1.9%	11.7%	3.3%	3.7%	39.0%	11.9%	4.0%

XL Re Group
Corporate Capacity Allocations for 2007/2008



Increase in 2008 US Wind allocation to allow for reduction in cession to Cyrus Re II and expectation of good ROE's. No increase in capacity for European Wind as margins too tight

XLRE

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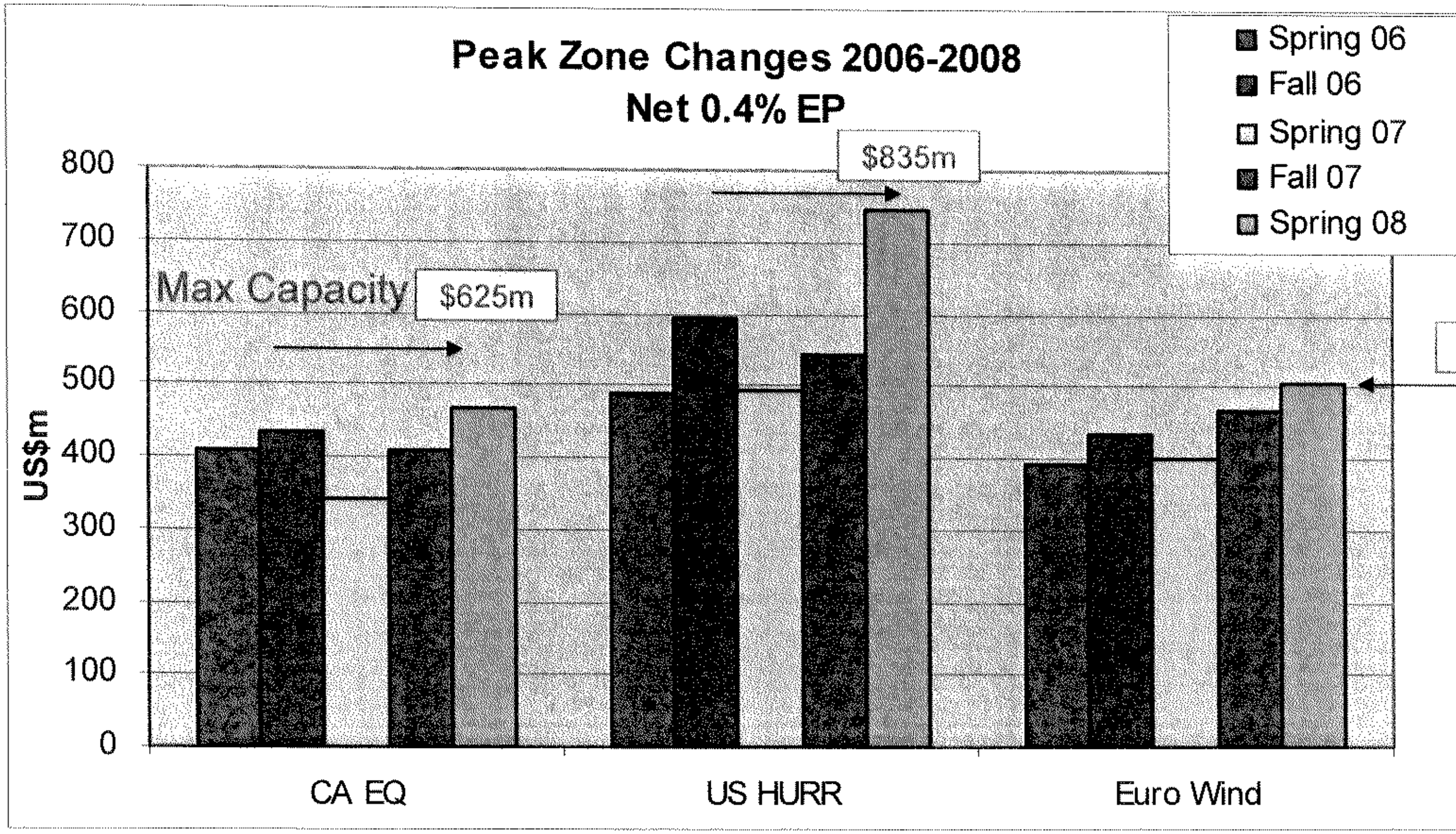
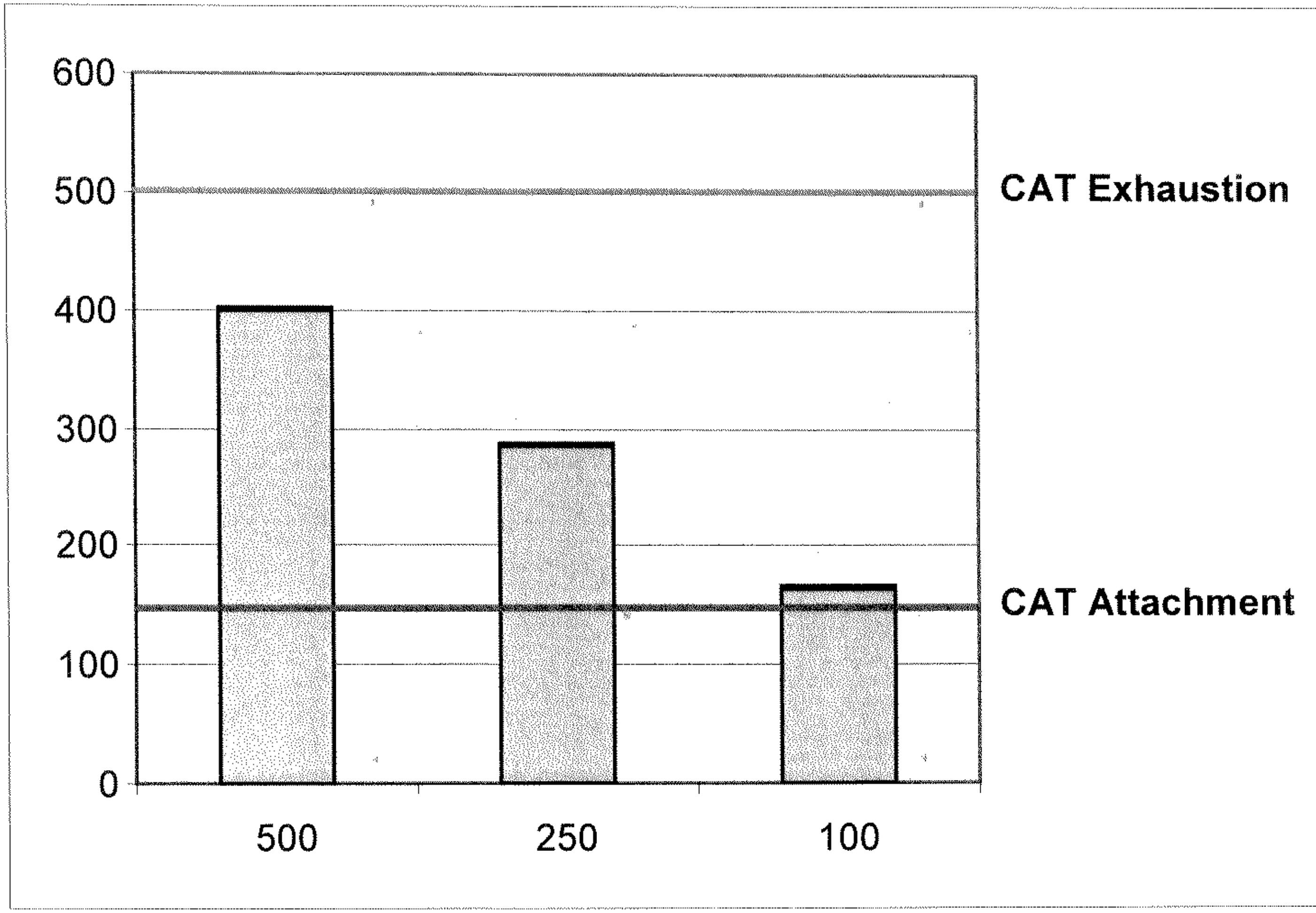
XL Re
Peak Zone Changes 2005 – 2007 (Net)



We are well within our allocated capacity in the US;
Strong Euro is limiting our capacity in Europe

Catastrophe PMLs as of March 2008

U.S. Hurricane RiskLink v7.0 Incl. Demand Surge ($ millions)



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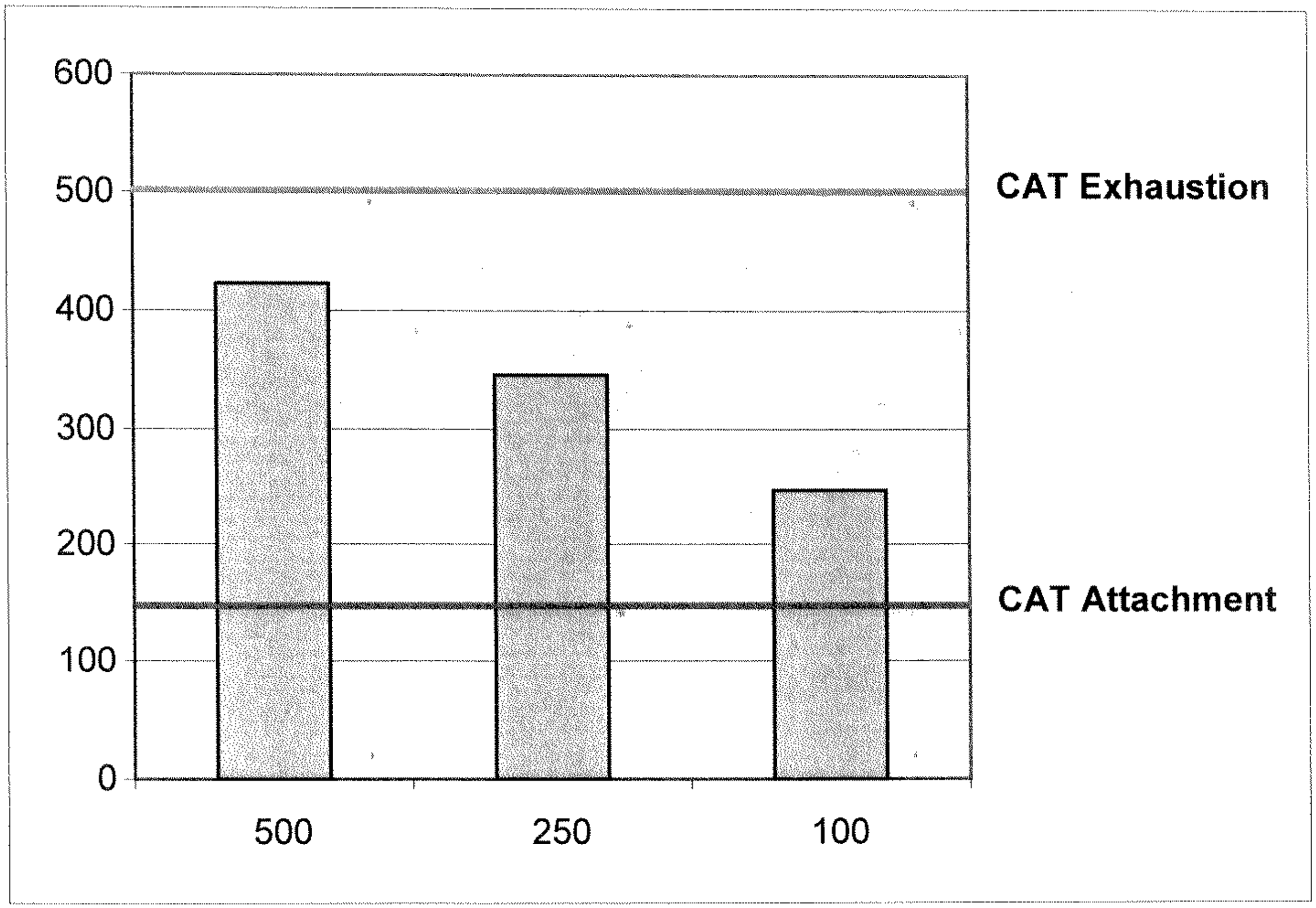
XL INSURANCE

Catastrophe PMLs as of March 2008

California Earthquake RiskLink v7.0 Incl. Demand Surge

($ millions)



XL INSURANCE

XL Reinsurance – Professional Lines
Sub-prime Analysis Summary

- Professional exposures in US and Europe
- Average treaty limit exposure of $2 to $3 million
- Approximately 60% covered by clash provision in target loss ratio

	Identified Limits	Estimated PML
XL Re America	**66.0**	**36.5**
XL Re Europe	**38.6**	**19.5**
Total	**104.6**	**56.0**

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XL Professional
Subprime Impact

- Strong reserve position with over $2.5B of IBNR
- Claims-Made Coverage – IBNR for reported and known claims
- Event spread over 2007 & 2008 Report Years
- $270 Million of reinsurance ($35M Xs $15M)
- 2007 Report Year Target Loss Ratio had built in clash load
- 2008 clash load increased by 5 points

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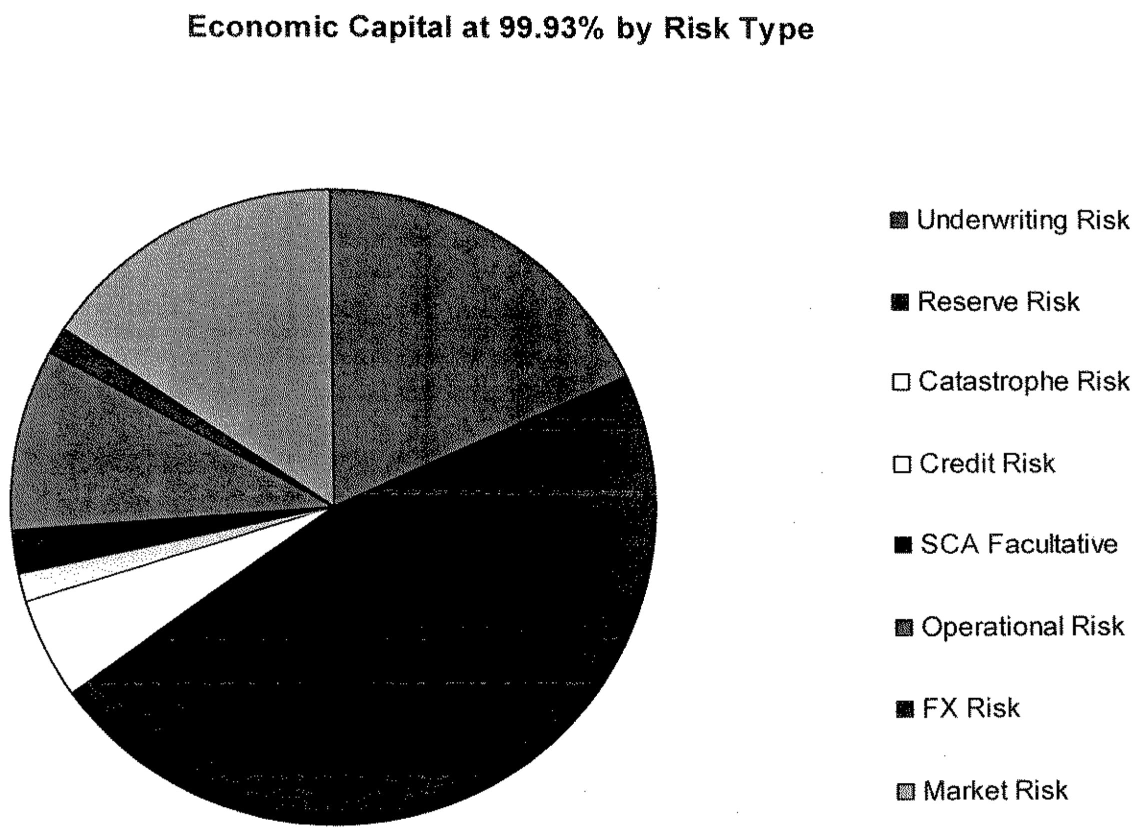
Solvency standard and scaling

- Solvency standard determined based on S&P cumulative defaults (1981-2006)
  - Time scaled to 1-year

Rating	Solvency Standard	Scaling Factor
AA	99.93%	1.29
A	99.84%	1.17
BBB	99.50%	1.00

Economic capital detail – Risk type
(Corporate level diversification @ 99.93%)



Capital Adequacy

- Capital adequacy is determined by comparing Available Economic Capital (AEC) with Required Economic Capital (REC)
- Available Economic Capital
  - Starts with GAAP equity
  - Major economic adjustments include:
    - Discounting of reserves
    - UPR / associated losses on UPR
    - Market value margins (MVM)
    - DTA/DTL
    - Goodwill / Debt
- Required Economic Capital
  - Determined using economic capital model described in prior exhibits
- CMP 2008 Budget run suggests sufficient capital adequacy even at an aspirational 'AA' solvency standard

* Pre-Insurance revision to 2008 budget (-$34m)

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XL Capital Ltd

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	Subprime							Subprime Haircut										
								5%	30%	100%	100%	100%	100%		After-tax		Subprime as	A/T Loss as
	AAA	AA	A	BBB	BB and Below	CDO	Total	AAA	AA	A	BBB	BB and Below	CDO	Total	Loss	GAAP Equity	% GAAP Equity	% GAAP Equity
9/30/2007	863,000	198,000	77,000	43,000	11,000	115,000	1,307,000	43,150	59,400	77,000	43,000	11,000	115,000	348,550	348,550	11,431,791	11.4%	3.0%
12/31/2007	719,000	193,000	49,000	26,000	9,000	39,000	1,035,000	35,950	57,900	49,000	26,000	9,000	39,000	216,850	216,850	9,948,142	10.4%	2.2%
3/31/2008	563,000	129,000	34,000	44,000	26,000	29,000	825,000	28,150	38,700	34,000	44,000	26,000	29,000	199,850	199,850	9,255,351	8.9%	2.2%
6/30/2008	419,000	163,000	59,000	59,000	24,000	18,000	742,000	20,950	48,900	59,000	59,000	24,000	18,000	229,850	229,850	8,769,193	8.5%	2.6%

	Alt-A						Alt-A Haircut									
							5%	30%	80%	100%	100%		After-tax		Alt-A as	A/T Loss as
	AAA	AA	A	BBB	BB and Below	Total	AAA	AA	A	BBB	BB and Below	Total	Loss	GAAP Equity	% GAAP Equity	% GAAP Equity
9/30/2007	843,000	119,000	9,000	20,000	1,000	992,000	42,150	35,700	7,200	20,000	1,000	106,050	106,050	11,431,791	8.7%	0.9%
12/31/2007	797,000	106,000	11,000	11,000	-	925,000	39,850	31,800	8,800	11,000	-	91,450	91,450	9,948,142	9.3%	0.9%
3/31/2008	613,000	83,000	10,000	21,000	3,000	730,000	30,650	24,900	8,000	21,000	3,000	87,550	87,550	9,255,351	7.9%	0.9%
6/30/2008	553,000	58,000	10,000	8,000	6,000	635,000	27,650	17,400	8,000	8,000	6,000	67,050	67,050	8,769,193	7.2%	0.8%

	Total Subprime and Alt-A							Total Haircut										
															After-tax		Alt-A as	A/T Loss as
	AAA	AA	A	BBB	BB and Below		Total	AAA	AA	A	BBB	BB and Below		Total	Loss	GAAP Equity	% GAAP Equity	% GAAP Equity
9/30/2007	1,706,000	317,000	86,000	63,000	12,000	115,000	2,299,000	85,300	95,100	84,200	63,000	12,000	115,000	454,600	454,600	11,431,791	20.1%	4.0%
12/31/2007	1,516,000	299,000	60,000	37,000	9,000	39,000	1,960,000	75,800	89,700	57,800	37,000	9,000	39,000	308,300	308,300	9,948,142	19.7%	3.1%
3/31/2008	1,176,000	212,000	44,000	65,000	29,000	29,000	1,555,000	58,800	63,600	42,000	65,000	29,000	29,000	287,400	287,400	9,255,351	16.6%	3.1%
6/30/2008	972,000	221,000	69,000	67,000	30,000	18,000	1,377,000	48,600	66,300	67,000	67,000	30,000	18,000	296,900	296,900	8,769,193	15.7%	3.4%

Unrealized Gains on Subprime and Alt A	AAA	AA	A	BBB	BB and Below	CDO	Total
9/30/2007	(33,000)	(30,000)	(18,000)	(1,000)		(7,000)	(89,000)
12/31/2007	(99,000)	(70,000)	(19,000)	1,000	1,000	-	(186,000)
3/31/2008	(228,000)	(91,000)	(17,000)	(5,000)	(1,000)	2,000	(340,000)
6/30/2008	(211,000)	(84,000)	(31,000)	(20,000)	(49,000)	(5,000)	(400,000)

XL's P&C Portfolio Experienced Much Less Pain in Credit Crisis

Estimated Attribution of MTM within XL's P&C Portfolio					
	Q3 07	Q4 07	Q1 08	Q2 08*	Total
Realized Gain/Losses *Excludes Stanfield Victoria	(22)	(106)	10	(22)	(140)
Change in Unrealized *Exclude Q1 and Q2 MTM of $440M and $30M on assets transferred from Other Fin'l Lines	75	152	(461)	(478)	(712)
Total MTM	53	46	(451)	(500)	(852)*
Rates	*+510*	*+576*	*+704*	*(700)*	*1,090*
Credit & Other	*(457)*	*(530)*	*(1,155)*	*+200*	*(1,942)*

*** Includes Currency losses of ~$140 million**

MTM Since Credit Crisis started in July 07

Approximate Aggregate MTM Impact since July 2007						
		Q3 07	Q4 07	Q1 08	Q2 08*	Total
Non Life	Rates	+500	+600	+750	(700)	+1,150
	Spreads	(740)	(830)	(1,430)	+160	(2,840)
	Other	(62)	(232)	(211)	+10	(495)
	Total	(302)	(462)	(891)	(530)	(2,185)
Life	Rate	+200	+200	+50	(370)	+80
	Spreads	(160)	(120)	(375)	+170	(485)
	Total	+40	+80	(325)	(200)	(405)
All	Total	(262)	(382)	(1,216)	(730)	(2,590)

* Prelim Numbers

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