

XL CAPITAL LTD
Form 4
August 03, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GIORDANO PAUL S

(Last) (First) (Middle)

1221 AVENUE OF THE AMERICAS

(Street)

NEW YORK, NY 10020-1001

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
XL CAPITAL LTD [XL]

3. Date of Earliest Transaction (Month/Day/Year)
08/02/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Shares | 08/02/2006 | | D | | 1,750 | D | 0 |
| Common Shares | 08/02/2006 | | D | | 9,000 | D | 0 |
| Common Shares | 08/02/2006 | | D | | 10,000 | D | 0 |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control

SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|---|-----------------|---------------|----------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option (Employee Right to Buy) | \$ 73 | 08/02/2006 | | D | | 20,000 | | <u>(2)</u> | 12/04/2008 | Common Shares | 20,000 |
| Stock Option (Employee Right to Buy) | \$ 80 | 08/02/2006 | | D | | 50,000 | | <u>(2)</u> | 03/09/2011 | Common Shares | 50,000 |
| Stock Option (Employee Right to Buy) | \$ 93 | 08/02/2006 | | D | | 65,000 | | <u>(2)</u> | 03/08/2012 | Common Shares | 65,000 |
| Stock Option (Employee Right to Buy) | \$ 68.62 | 08/02/2006 | | D | | 40,000 | | <u>(2)</u> | 03/07/2013 | Common Shares | 40,000 |
| Stock Option (Employee Right to Buy) | \$ 77.1 | 08/02/2006 | | D | | 50,000 | | <u>(2)</u> | 03/05/2014 | Common Shares | 50,000 |
| Stock Option (Employee Right to Buy) | \$ 75.48 | 08/02/2006 | | D | | 80,000 | | <u>(2)</u> | 03/04/2015 | Common Shares | 80,000 |
| Stock Option | \$ 75.95 | 08/02/2006 | | D | | 75,000 | | <u>(2)</u> | 01/05/2015 | Common Shares | 75,000 |

(Employee
Right to
Buy)

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| GIORDANO PAUL S 1221 AVENUE OF THE AMERICAS NEW YORK, NY 10020-1001 | | | Executive Vice President | |

Signatures

| | |
|---|------------|
| /s/ Sarah Fox, Attorney-in-fact for Paul S. Giordano | 08/03/2006 |
|---|------------|

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The securities were cancelled by mutual agreement of the reporting person and the Issuer and, in substitution therefor, the reporting person received securities of Security Capital Assurance Ltd.
Each of the options provided for vesting in three (or four in the case of options granted after calendar year 2002) equal annual
- (2) installments beginning on the first anniversary of the date of grant (which, in each case, was ten years prior to the expiration date of the option).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.