

XL CAPITAL LTD

Form 4

May 16, 2007

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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(Print or Type Responses)

1. Name and Address of Reporting Person *
ESPOSITO MICHAEL P JR

(Last) (First) (Middle)

235 L'AMBIANCE DRIVE, SUITE
706, LONGBOAT KEY

(Street)

SARASOTA, FL 34228-8909

(City) (State) (Zip)

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

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

05/15/2007

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) below)

Chairman

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 Indirect Beneficial Ownership (Instr. 4)
Class A Common Shares ⁽¹⁾	05/15/2007		J	6,545.4 A	\$ 76.3895	223,375.03 D	

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
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SEC 1474
(9-02)

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

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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
Purchase Contract to acquire Class A Common Shares ⁽²⁾	\$ 25	05/15/2007		J		20,000		03/23/2004	05/17/2007	Class A Common Shares	20,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESPOSITO MICHAEL P JR 235 L'AMBIANCE DRIVE SUITE 706, LONGBOAT KEY SARASOTA, FL 34228-8909	X		Chairman	

Signatures

Nicholas West for Michael
Esposito

05/15/2007

^{**}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) Each security was acquired automatically as a result of the settlement, on May 15, 2007, of the issuer's 6.50% Equity Security Units which were originally issued on March 23, 2004. Each Unit consisted of (i) a contract to purchase Class A common shares and (ii) a 2.5% ownership interest in a senior note of the issuer with a principal amount of \$1,000. Each contract obligated the holder of the Unit to purchase (and the issuer to sell) 0.32727 Class A common shares at a price of \$25.00 on May 15, 2007.

(2) Each purchase contract was disposed of automatically as a result of the settlement, on May 15, 2007, of the issuer's 6.50% Equity Security Units which were originally issued on March 23, 2004. Each Unit consisted of (i) a contract to purchase Class A common shares and (ii) a 2.5% ownership interest in a senior note of the issuer with a principal amount of \$1,000. Each contract obligated the holder of the Unit to purchase (and the issuer to sell) 0.32727 Class A common shares at a price of \$25.00 on May 15, 2007

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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