

XL CAPITAL LTD
Form FWP
March 13, 2007

Filed pursuant to Rule 433
Registration No. 333-130036

Pricing Term Sheet dated March 12, 2007

XL Capital Ltd

**1,000,000
Fixed/Floating Series E Perpetual Non-Cumulative
Preference Ordinary Shares**

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| Issuer: | XL Capital Ltd |
| Issuance Format: | SEC registered |
| Title: | Fixed/Floating Series E Perpetual Non-Cumulative Preference Ordinary Shares |
| Number of Series E Preference Shares: | 1,000,000 |
| Liquidation Preference: | \$1,000 |
| Pricing Date: | March 12, 2007 |
| Settlement Date: | March 15, 2007 |
| Maturity Date: | None |
| Dividend Rate During Fixed Rate Period: | From Settlement Date until April 15, 2017, if declared, at the annual fixed rate of 6.500% of the liquidation preference, payable semiannually on April 15 and October 15 of each year, beginning on October 15, 2007 |
| Dividend Rate During Floating Rate Period: | From and after April 15, 2017, if declared, at a floating rate based on the 3-month LIBOR Rate plus 2.4575% of the liquidation preference, payable quarterly on January 15, April 15, July 15 and October 15 of each year |
| Price to Public: | 99.596% of the liquidation preference |
| Purchase Price by Underwriters: | 98.596% of the liquidation preference |
| Treasury Benchmark: | 4.625% due 2/15/17 |
| Benchmark Yield: | 4.554%% |

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| Spread to Benchmark Treasury: | 200 basis points |
| Reoffer Yield: | 6.554% |
| Mandatory Call: | None |
| Par Call: | At any time on and after April 15, 2017 at 100% of the liquidation preference plus declared and unpaid dividends |
| Submission of Shareholder Proposal Call: | At any time prior to April 15, 2017 at Make Whole plus declared and unpaid dividends |
| Change in Tax Law Call: | At any time at Make Whole plus declared and unpaid dividends |
| Rating Agency Event Call: | At any time at Make Whole plus declared and unpaid dividends |
| Make Whole: | Greater of (i) aggregate liquidation preference and (ii) sum of present values of aggregate liquidation preference and remaining scheduled payments of dividends up to but excluding April 15, 2017 discounted to the redemption date on a semi-annual basis at the treasury rate plus 50 basis points |
| CUSIP / ISIN Number: | 98372P AJ7 / US98372PAJ75 |
| Replacement Capital Covenant: | Issuer will covenant in the Replacement Capital Covenant for the benefit of holders of a designated series of its long-term debt that it will not redeem or purchase the Series E Preference Shares on or before April 15, 2047, unless, subject to certain limitations, during the six months prior to the date of that redemption or purchase the issuer has received a specified amount of proceeds from the sale of qualifying |

securities that have characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series E Preference Shares at the time of redemption or purchase.

Expected Credit Ratings*

| | |
|-------------------------------------|------|
| Moody's Investors Service, Inc.: | Baa2 |
| Standard & Poor's Ratings Services: | BBB |
| Fitch, Inc.: | A- |
| A.M. Best Company: | bbb |

Representatives:

J.P. Morgan Securities Inc. (Sole Structuring Advisor and Joint Book-runner)
Citigroup Global Markets Inc. (Joint Book-runner)
Merrill Lynch, Pierce, Fenner & Smith Incorporated (Joint Book-runner)

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Senior Co-Managers:

ABN AMRO Incorporated
Barclays Capital Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
RBS Greenwich Capital Markets, Inc.
Wachovia Capital Markets, LLC

Co-Managers:

BNY Capital Markets, Inc.
CALYON
HSBC Securities (USA) Inc.
ING Belgium SA/NV
KeyBanc Capital Markets, a division of McDonald Investments Inc.
Lazard Capital Markets LLC
Lloyds TSB Bank plc

*A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling J.P. Morgan Securities Inc. collect at 1-212-834-4533.
