XL CAPITAL LTD
Form 8-K
December 11, 2006

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

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): December 5, 2006**

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**XL CAPITAL LTD**
(Exact name of registrant as specified in its charter)

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| **Cayman Islands** | **1-10804** | **98-0191089** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**XL House, One Bermudiana Road, Hamilton, Bermuda HM 11**
(Address of principal executive offices)

**Registrant's telephone number, including area code: (441) 292 8515**

**Not Applicable**
(Former name or former address, if changed since last report)

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**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:**

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On December 5, 2006, the Registrant entered into a Subscription Agreement (the "Agreement") with Stoneheath Re ("Stoneheath"), a Cayman Islands exempted company, and Goldman Sachs International with respect to the issue and sale by Stoneheath of U.S.$350,000,000 aggregate liquidation preference of non-cumulative perpetual preferred securities, having a liquidation preference of U.S.$1,000 per share. A copy of the Agreement is attached hereto as Exhibit 10.1 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits. The following exhibit is filed herewith:

| Exhibit No. | Description |
|---|---|
| 10.1 | Subscription Agreement dated December 5, 2006 among the Registrant, Stoneheath Re and Goldman Sachs International. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 11, 2006

XL CAPITAL LTD
(Registrant)

By: /s/ Kirstin Romann Gould
Name: Kirstin Romann Gould
Title: Secretary