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NEWS RELEASE

IMMEDIATE

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**XLCA-UK GUARANTEES €296.6 MILLION OF DEBT FOR BARCELONA
LAW COURTS COMPLEX IN SPAIN*****Represents third XLCA-guaranteed infrastructure deal in Spain***

London, December 21, 2005 – XL Capital Assurance (U.K.) Limited, through its Spanish branch (XLCA-UK), announced today that it has issued a triple-A rated financial guaranty for a €296.6 million loan for the Barcelona Courts Complex project (the “project”).

In September 2003, the Catalonia regional government (the “Generalitat”) awarded a PPP concession to a consortium led by industry-leading Spanish contractors – FCC, Ferrovial and OHL – for the construction, operation, and maintenance of a complex of eight office buildings that will house the courts of the city of Barcelona. PPP, Public Private Partnerships, refers to the financing of essential public infrastructure through a partnership between public authorities and private parties.

XLCA-UK’s guaranty covers €296.6 million of debt to finance the project, consisting of a €282.1 million commercial bank loan issued by Santander Central Hispano and Banco Sabadell with a final maturity of 28 years. In addition to the senior loan, XLCA-UK will guarantee a liquidity facility, provided by Banco Santander Central Hispano, of up to €14.5 million, equivalent to a maximum of six months worth of debt service. The majority of the debt will be repaid from proceeds from contractually fixed payments made by the Generalitat during the operational phase of the concession, which will last for 35 years, in exchange for use of the office space occupied by the Barcelona law courts.

Alberto Ramos, managing director and head of XLCA’s Global Infrastructure group, said, “This deal provided us with the opportunity to continue to build strong relationships with the main players in the European PPP market. We believe this concession structure will serve as a model for future PPP deals in Spain.”

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The 227,336-square meter former military base is being redeveloped for business and commercial purposes. Once construction is complete, most of the complex will be occupied by the city law courts. The remaining space will be leased to the private sector for uses such as offices, restaurants, shops and a parking facility. More than 15,000 people, including government employees, are expected to pass through the complex every day. Construction is scheduled to be completed in 2008.

The transaction is the latest in a series of deals completed in Spain by XLCA-UK. In November 2004, XLCA-UK issued a €167 million triple-A rated guaranty for the Autovia de los Vinedos road infrastructure project, the first ever triple-A rated bond issued for a toll road in Spain. This transaction followed the June 2004 closure of the Autovia del Camino, S.A. transaction, the first triple-A-guaranteed road infrastructure project in Spain, where XLCA-UK provided a €175 million guaranty on a European Investment Bank (EIB) loan. In December 2004, XLCA-UK issued a €135 million financial guaranty of credit rights of Generalitat Valenciana, for development of the Valencia Law Courts Complex.

About XL Capital Assurance (U.K.) Limited

XL Capital Assurance (U.K.) Limited is a wholly owned subsidiary of XL Capital Assurance Inc. (XLCA). XLCA, rated triple-A by Moody's Investors Service, Inc., Standard & Poor's Inc., and Fitch Inc., is a top five monoline financial guaranty company focused on global infrastructure, power & utilities, U.S. public finance, consumer and commercial asset securitization, and structured investment products. XLCA is an indirect, wholly owned subsidiary of XL Capital Ltd (NYSE: XL), which, through its operating subsidiaries, is a leading provider of insurance and reinsurance coverages and financial products and services to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. For more information, please visit www.xlca.com.

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