

NEWS RELEASE

IMMEDIATE

Contact: Stephen Finch, +44-207-067-0705, sfinch@webershandwick.com
Courtney Franson, 1-212-478-3463, courtney.franson@xlgroup.com**XLCA-UK PROVIDES TRIPLE-A BACKING FOR £650 MILLION OF
SOUTHERN GAS NETWORKS plc DEAL*****DEAL UNDERSCORES COMMITMENT TO UK UTILITY INDUSTRY***

London, October 25, 2005 – XL Capital Assurance (U.K.) Limited (XLCA-UK) today announced that it has issued three triple-A rated financial guarantees for senior unsecured bonds issued by Southern Gas Networks plc, a subsidiary of Scotia Gas Networks plc (SGN).

The deal follows the June 2005 sale by National Grid Transco plc (Transco) of certain of its regional gas distribution networks to SGN. Southern Gas Networks plc's principal activities are the transportation of gas, and the ownership, operation and development of a gas transportation network in the south of England.

The bond issuance structure features wrapped bonds, issued under a multi-currency, multi-modal, Medium Term Note program, arranged by Barclays Capital. The vast majority of deal proceeds will be used to repay a bridge loan to SGN totaling £2.25 billion.

Alistair Buchan, co-head of XL Capital Assurance's Power & Utilities group, said, "We're delighted to have had the opportunity to participate in this transaction with Southern Gas Networks and Barclays Capital. Our triple-A financial guarantee helped Southern Gas drive efficiency in its business through refinancing cost savings. The UK gas market is one of the most sophisticated in Western Europe, and this deal underscores our commitment to the utility industry as well as reaffirming our desire to execute deals in the United Kingdom."

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 full-service monoline financial guarantee 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.