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## NEWS RELEASE

IMMEDIATE

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### **XLCA-UK PROVIDES TRIPLE-A RATED GUARANTEES TO FUND NORWEGIAN TRANSPORTATION PROJECT** *Represents first PPP project with triple-A rated guarantee in Norway*

**London, June 29, 2006** – XL Capital Assurance (U.K.) Limited (XLCA-UK) announced today that it has issued triple-A rated financial guarantees totaling NOK 3.15 billion (approximately US \$500 million) for the E-18 Grimstad-Kristiansand highway PPP project<sup>1</sup> (the “E-18 project”) in Norway. XLCA-UK is the sole financial guarantor selected as part of the financing of the project, the first Scandinavian market deal in which it has participated.

The XLCA-UK guarantees cover principal and interest payments on the senior bank debt comprising a European Investment Bank (EIB) loan of €197,635,345, a Nordic Investment Bank (NIB) loan of NOK 0.75 billion, and a loan aggregating NOK 0.8 billion from a group of commercial bank lenders. Lead arrangers of the commercial banks tranche are Nordea, RBS DEPFA and BBVA. This loan matures in 28 years, while the loans made by the EIB and NIB mature in 26 years.

The E-18 project is being managed by Agder OPS Vegselskap AS, which was appointed as the project concessionaire by the Norwegian Transportation Authority in April 2006. The shareholders of the concessionaire are Bilfinger Berger BOT GmbH (50%), Sundt AS (35%) and E. Phil & Sons AS (15%). Under the terms of the concession, the concessionaire is responsible for the construction and subsequent operation of the road. The concessionaire receives payments from the Norwegian Transportation Authority based on the highway being constructed and available for use, regardless of traffic volume.

“XLCA-UK was proud to help secure cost-effective financing and close this PFI project financing in less than three months from the time the concession was awarded. This transaction underscores our commitment to our Continental European business and our desire to reach into new markets and serve the needs of the growing PPP market.” said Alberto Ramos, head of XLCA's Global Infrastructure

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group. “We also appreciated the opportunity to work once again with Bilfinger Berger, with whom we worked to execute the financing for the Golden Ears Bridge in Vancouver, Canada.”

The proceeds from the financing will fund the design, financing and operation of a four-lane, 38-kilometer highway between Grimstad and Kristiansand in the southern region of Norway. The new highway is an essential element of the Norwegian Transportation Authority's strategy for developing the coastal road between Oslo and Kristiansand, in order to strengthen Norway's connection to the rest of Europe. With the road by-passing the existing non-highway route, travel times between Grimstad and Kristiansand are expected to be reduced by at least 25 percent.

The E-18 project is the last in a series of three pilot PPP road projects to be implemented as part of the Norwegian Parliament's National Transport Plan for the period between 2002 and 2011. The two other projects in the series were the E-39 Klett-Bardshaug Project, which opened to traffic in June 2005, and the E-39 Lyngdal-Flekkefjord Project, which is expected to open to traffic in September 2006. This is the first of the three projects to involve a triple-A rated financial guarantee.

#### **Notes to editors**

<sup>1</sup>A Public private partnership (PPP) is a method of funding and operating essential public infrastructure, generally through a concession contract signed between a public sector authority and a private sector company, whereby the private sector carries out the design, finance, construction, maintenance and operation of the infrastructure asset or service to standards negotiated in the concession contract.

The transaction is the latest in a series of road infrastructure deals guaranteed by XLCA-UK:

- Earlier this month, XLCA-UK guaranteed a €135 million commercial bank loan facility, as part of a refinancing by Spanish concessionaire, Autovía del Camino S.A., of the Autovía del Camino infrastructure project. In June 2004, XLCA-UK provided a €175 million guarantee on a European Investment Bank (EIB) loan for the project, which was the first triple-A-guaranteed road infrastructure project in Spain.
- In March 2006, XLCA-UK issued guaranteed CAD507 million of a commercial bank loan facility for the construction and operation of the Golden Ears Bridge in Vancouver. The leading shareholder in the consortium leading the construction is a wholly-owned subsidiary of Bilfinger Berger BOT GmbH.

#### **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, Standard & Poor's Ratings Service, and Fitch Ratings – is a monoline financial guarantee company that provides triple-A rated credit enhancement for the obligations of debt issuers worldwide. XLCA guarantees U.S. municipal bonds; asset-backed securities; debt backed by utilities and selected infrastructure projects; specialized risks, including future flow securitizations and bank deposit insurance; and structured investment products – in both the primary and secondary global markets. 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](http://www.xlca.com).

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