

LARSON BRIAN A  
Form 4  
March 08, 2018

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LARSON BRIAN A

(Last) (First) (Middle)

3883 HOWARD HUGHES  
PARKWAY, NINTH FLOOR

(Street)

LAS VEGAS, NV 89169

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BOYD GAMING CORP [BYD]

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/06/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Executive V.P. and Secretary

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount		
Common Stock	03/06/2018		S		51,757	D	
					\$ 35.49		
					(1)		
Common Stock	03/07/2018		M		7,252	A	
					\$ 11.57		
Common Stock	03/07/2018		S		7,252	D	
					\$ 35.96		
					(2)		
Common Stock	03/07/2018		M		12,570	A	
					\$ 19.98		
	03/07/2018		S		12,570	D	
					\$ 104,216		

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Common Stock						\$ 35.96 (2)		
Common Stock	03/07/2018		M	6,779	A	\$ 17.75	110,995	D
Common Stock	03/07/2018		S	6,779	D	\$ 35.96 (2)	104,216	D
Common Stock	03/07/2018		S	20,719	D	\$ 35.93 (3)	83,497	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 11.57	03/07/2018		M	7,252	(4) 12/10/2024	Common Stock	7,252	
Employee Stock Option (Right to Buy)	\$ 19.98	03/07/2018		M	12,570	(4) 10/29/2025	Common Stock	12,570	
Employee Stock Option (Right to Buy)	\$ 17.75	03/07/2018		M	6,779	(4) 11/08/2026	Common Stock	6,779	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LARSON BRIAN A 3883 HOWARD HUGHES PARKWAY NINTH FLOOR LAS VEGAS, NV 89169			Executive V.P. and Secretary	

## Signatures

Brian A. Larson                      03/08/2018

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  - (1) This transaction was executed in multiple trades at prices ranging from \$35.46 to \$35.56. The price reported above reflects the weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.
  - (2) This transaction was executed in multiple trades at prices ranging from \$35.83 to \$36.075. The price reported above reflects the weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.
  - (3) This transaction was executed in multiple trades at prices ranging from \$35.92 to \$35.965. The price reported above reflects the weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.
  - (4) Options granted under Boyd Gaming Corporation 2012 Flexible Stock Option Plan. Vesting plan calls for options to become exercisable at the rate of 33.333% per year on the first day of each successive 12 month period commencing one year from grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. of any payment on the Debentures; o make any change in the percentage of principal amount of Debentures necessary to waive compliance with some provisions of the Indenture or to make any change in this provision for modification; o waive a continuing default or event of default regarding any payment on the Debentures; or o adversely affect the conversion or repurchase provisions of the Debentures. We may amend or supplement the Indenture or waive any provision of it without the consent of any holders of Debentures in some circumstances, including: o to cure any ambiguity, omission, defect or inconsistency; -31- o to provide for the assumption of our obligations under the Indenture by a successor upon any merger, consolidation or asset transfer permitted under the Indenture; o to provide for uncertificated Debentures in addition to or in place of certificated Debentures or to provide for bearer Debentures; o to provide any security for or guarantees of the Debentures; o to comply with any requirement to effect or maintain the qualification of the Indenture under the Trust Indenture Act of 1939; o to add covenants that would benefit the holders of Debentures or to surrender any rights we have under the Indenture; o to add events of default with respect to the Debentures; or o to make any change that does not adversely affect any outstanding Debentures of any series in any material respect. The holders of a majority in principal amount of the outstanding Debentures may waive any existing or past default or Event of Default. Those holders may not, however, waive any default or event of default in any payment on any Debenture or compliance with a provision that cannot be amended or supplemented without the consent of each holder affected. Calculations in Respect of Debentures We are responsible for making all calculations called for under the Debentures, except for such calculations made by the Reset Rate Agent. These calculations include, but are not limited to, determinations of the market prices of the Debentures and of our Ordinary Shares, any accrued interest payable on the Debentures, the

Accreted Value of the Debentures, and the Accreted Conversion Price of the Debentures. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of Debentures. We will provide a schedule of our calculations to the Trustee, and the Trustee is entitled to rely upon the accuracy of our calculations without independent verification. The Trustee will forward our calculations to any holder of Debentures upon the request of that holder. Governing Law The Indenture and the Debentures are governed by, and construed in accordance with, the laws of the State of New York. Trustee State Street Bank and Trust Company is the Trustee, registrar, conversion agent and paying agent. If an Event of Default occurs and is continuing, the Trustee is required to use the degree of care and skill of a prudent man in the conduct of his own affairs. The Trustee will become obligated to exercise any of its powers under the Indenture at the request of any of the holders of any Debentures only after those holders have offered the Trustee indemnity reasonably satisfactory to it. If the Trustee becomes one of our creditors, it will be subject to limitations in the Indenture on its rights to obtain payment of claims or to realize on some property received for any such claim, as security or otherwise. -32- The Trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate that conflict or resign. Form, Exchange, Registration and Transfer We issued the Debentures in registered form, without interest coupons. We will not charge a service charge for any registration of transfer or exchange of the Debentures. We may, however, require the payment of any tax or other governmental charge payable for that registration. Debentures are exchangeable for other Debentures, for the same Accreted Value and for the same terms but in different authorized denominations in accordance with the Indenture. Holders may present Debentures for registration of transfer at the office of the security registrar or any transfer agent we designate. The security registrar or transfer agent will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request. We have appointed the Trustee as security registrar for the Debentures. We may at any time rescind that designation or approve a change in the location through which any registrar acts. We are required to maintain an office or agency for transfers and exchanges in each place of payment. We may at any time designate additional registrars for the Debentures. In the case of any redemption, the security registrar will not be required to register the transfer or exchange of any Debentures either: o during a period beginning 15 business days prior to the mailing of the relevant notice of redemption and ending on the close of business on the day of mailing of the notice, or o if the Debentures have been called for redemption in whole or in part, except the unredeemed portion of any Debentures being redeemed in part. Payment and Paying Agents Payments on the Debentures will be made in U.S. dollars at the office of the Trustee. At our option, however, we may make payments by check mailed to the holder's registered address or, with respect to global Debentures, by wire transfer. We will make any required interest payments to the person in whose name each Debenture is registered at the close of business on the record date for the interest payment. The Trustee has been designated as our paying agent for payments on the Debentures. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts. Subject to the requirements of any applicable abandoned property laws, the Trustee and paying agent shall pay to us upon written request any money held by them for payments on the Debentures that remain unclaimed for two years after the date upon which that payment has become due. After payment to us, holders entitled to the money must look to us for payment. In that case, all liability of the Trustee or paying agent with respect to that money will cease. Notices Except as otherwise described herein, notice to registered holders of the Debentures will be given by mail to the addresses as they appear in the security register. Notices will be deemed to have been given on the date of such mailing. -33- Replacement of Debentures We will replace any Debentures that become mutilated, destroyed, stolen or lost at the expense of the holder upon delivery to the Trustee of the mutilated Debentures or evidence of the loss, theft or destruction satisfactory to us and the Trustee. In the case of a lost, stolen or destroyed Debentures, indemnity satisfactory to the Trustee and us may be required at the expense of the holder of the Debentures before a replacement note will be issued. Payment of Stamp and Other Taxes We will pay all stamp and other duties, if any, which may be imposed by the United States or any political subdivision thereof or taxing authority thereof or therein with respect to the issuance of the Debentures. We will not be required to make any payment with respect to any other tax, assessment or governmental charge imposed by any government or any political subdivision thereof or taxing authority thereof or therein. Book-Entry System The Debentures are represented by one or more global securities (each a "Global Security"). Each Global Security has been deposited with, or on behalf of, DTC and has been registered in the name of a nominee of DTC. Except under circumstances described below, the Debentures will not be issued in definitive form. Ownership of beneficial interests in a Global Security is

limited to persons that have accounts with DTC or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of the securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Security. So long as DTC or its nominee is the registered owner of a Global Security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Debentures represented by that Global Security for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Security will not be entitled to have the Debentures represented by that Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Debentures in definitive form, and will not be considered the owners or holders thereof under the Indenture. Principal and interest payments, if any, on the Debentures registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant Global Security. Neither XL Capital, the Trustee, any paying agent or the registrar for the Debentures will have any responsibility or liability for any aspect of the records relating to nor payments made on account of beneficial interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial interests. We expect that DTC or its nominee, upon receipt of any payment of principal or interest, if any, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a Global Security held through these participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participants. If DTC is at any time unwilling or unable to continue as a depository and a successor depository is not appointed by us within 90 days, we will issue the Debentures in definitive form in exchange for the entire Global Security for the Debentures. In addition, we may at any time and in our sole discretion determine not to have the Debentures represented by a Global Security and, in such event, will issue the Debentures in definitive form in exchange for the entire Global Security relating to the Debentures. In any such instance, an owner of a beneficial interest in a Global Security will be entitled to physical delivery in definitive form of the Debentures represented by the Global Security equal in principal amount to the beneficial interest and to have the Debentures registered in its name. Debentures so issued in definitive form will be issued as registered Debentures in denominations of \$1,000 and integral multiples thereof, unless otherwise specified by us.

**-34- DESCRIPTION OF ORDINARY SHARES** We are a Cayman Islands exempted liability company. Our authorized share capital is \$9,999,900 divided into 999,990,000 ordinary shares, par value \$0.01. The ordinary shares are currently divided into two classes: Class A ordinary shares ("Ordinary Shares") and Class B ordinary shares. As of November 9, 2001, there were 134,168,793 Ordinary Shares outstanding and no Class B ordinary shares outstanding. The following description of our Ordinary Shares is a summary. This summary is not complete and is subject to the complete text of our Memorandum of Association and our Articles of Association. Voting The holders of our Class A ordinary shares are entitled to one vote per share while our Class B ordinary shares carry no voting rights. Our Articles of Association restrict the voting power of any shareholder to less than approximately 10% of total voting power. Under the Cayman Islands Companies Law (2001 Revision) (the "Law") and our Memorandum and Articles of Association, some matters, such as altering the Memorandum or the Articles of Association, changing the name of a company, voluntarily winding up a company or removing a director, require approval of shareholders by a special resolution. A special resolution is a resolution: o passed by a majority of not less than two-thirds of such shareholders, as being entitled to do so, vote in person or by proxy at a general meeting or o approved in writing by all shareholders entitled to vote at a general meeting of the company. Our Articles of Association restrict the voting power of any shareholder to less than approximately 10% of total voting power. Dividend Rights Subject to the Law and any rights and restrictions of any other class or series of shares, the Board of Directors may, from time to time, declare dividends on the shares issued and authorize payment of the dividends out of our profit realized or unrealized or out of monies otherwise available for dividends in accordance with the Law. The Board of Directors may declare that any dividend be paid wholly or partly by the distribution of our shares and/or specific assets. Our declaration and payment of future dividends will be at the discretion of our Board of Directors and will depend upon many factors, including our earnings, financial condition, business needs, and the capital and surplus requirements of our operating subsidiaries

and regulatory restrictions. As a holding company, our principal source of income is dividends or other statutorily permissible payments from our subsidiaries. The ability of our subsidiaries to pay such dividends is limited by the applicable laws and regulations of the Cayman Islands, the United States, and the United Kingdom, including the Society of Lloyd's. Rights Upon Liquidation Upon our liquidation, after the payments to be made in accordance with the Law and the full amounts that holders of any issued shares ranking senior to the Ordinary Shares as to distribution on liquidation or winding up are entitled to receive have been paid or set aside for payment, the holders of the Ordinary Shares are entitled to receive, pro rata, any remaining assets available for distribution to the holders of Ordinary Shares. The -36- liquidator may deduct from the amount payable in respect of those Ordinary Shares any liabilities the holder has to or with us. The assets received by the holders of Ordinary Shares in a liquidation may consist in whole or in part of property. That property is not required to be of the same kind for all shareholders.

**Stock Plans** Our incentive stock plan, the "1991 Performance Incentive Program," provides for grants of non-qualified or incentive stock options, restricted stock awards, performance shares, performance units and stock appreciation rights ("SARs"). The plan is administered by the Compensation Committee of the Board of Directors. Stock options may be granted with or without SARs. Grant prices are established by the Compensation Committee at the date of grant. Options and SARs have a life of not longer than 10 years and vest as set forth by the Compensation Committee at the time of grant. Restricted stock awards issued under the 1991 Performance Incentive Program plan vest over such period as the Compensation Committee may approve. These shares contained certain restrictions, prior to vesting, relating to, among other things, forfeiture in the event of termination of employment and transferability. Restricted stock issued under the plan totaled 77,472 shares, 113,100 shares and 147,836 shares in 2000, 1999 and 1998, respectively. Restricted stock awards granted by NAC Re Corp. prior to our merger with it amounted to 3,627 shares and 23,700 shares in 1999 and 1998, respectively. Vesting for such shares generally occurs over a six-year period. We also have stock plans in place for our non-employee directors. All options vest immediately on the grant date. All options granted to non-employee directors are granted under the 1991 Performance Incentive Program. Directors may also make an irrevocable election preceding the beginning of each fiscal year to defer cash compensation that would otherwise be payable as his or her annual retainer in increments of \$5,000 or receive their annual retainer fee currently in the form of shares instead of cash. Any deferred payments will be credited in the form of shares calculated by dividing 110% of the deferred payment by the market value of our stock on the date the fees would otherwise be payable. The shares are distributed in accordance with the terms of the plan. Shares issued under the plan totaled 7,846, nil and 2,737 in 2000, 1999 and 1998, respectively. A second stock plan, intended to replace the directors' "Retirement Plan for Non-Employee Directors," provides for the issuance of share units determined by dividing the annual retainer by the market price of our Ordinary Shares on December 1 of each year. These units receive dividends in the form of additional units equal to the cash value divided by the market price on the payment date. Share units totaling 13,237, 1,217 and 5,531 were issued in 2000, 1999 and 1998, respectively. The majority of the options granted pursuant to our several option plans expire 10 years from the date of grant. In 1999, we adopted our 1999 Performance Incentive Plan under which 1,250,000 options were available and issued to employees who were not directors or executive officers. Our 1999 Performance Incentive Plan is substantially similar to our 1991 Performance Incentive Program.

**Share Rights Plan** Rights to purchase Ordinary Shares (the "Rights") were distributed as a dividend at the rate of one Right for each Ordinary Share held of record as of the close of business on October 31, 1998. Each Right entitles holders of Ordinary Shares to buy one Ordinary Share at an exercise price of \$350. The Rights would be exercisable, and would detach from the Ordinary Shares, only if a person or group were to acquire 20% or more of our outstanding Ordinary Shares, or were to announce a tender or exchange offer that, if consummated, would result in a person or group beneficially owning 20% or more of Ordinary Shares. Upon a person or group without prior approval of the Board acquiring 20% or more of Ordinary Shares, each Right would entitle the holder (other than such an acquiring person or group) to purchase Ordinary Shares (or, in certain circumstances, Ordinary Shares of the acquiring person) with a value of twice the Rights exercise price upon payment of the Rights -37- exercise price. We will be entitled to redeem the Rights at \$0.01 per Right at any time until the close of business on the tenth day after the Rights become exercisable. The Rights will expire at the close of business on September 30, 2008, and do not initially have a fair value. We have initially reserved 119,073,878 authorized Ordinary Shares for issue upon exercise of Rights.

**Classified Board** Our Board of Directors is divided into three classes that are elected for staggered three-year terms. A director may be removed by the shareholders without cause only by special resolution of the total voting power of our issued shares determined in accordance with our Articles of Association. -38- CERTAIN

**CAYMAN ISLANDS AND UNITED STATES FEDERAL INCOME TAX CONSEQUENCES** Cayman Islands The Cayman Islands at present impose no taxes on income, profits, capital gains or appreciations of XL Capital. There are also currently no taxes imposed in the Cayman Islands on income, profits, capital gains or appreciations of the holders of the Debentures nor any taxes on the holders of the Debentures in the nature of estate duty or capital transfer tax. Further, as an exempted company, we have obtained an undertaking from the Cayman Islands Government authorities that, for a period of twenty years from the date of our incorporation, no law which is enacted in the Cayman Islands imposing any tax on profit, income, capital gains or appreciations will apply to us and that, for the same period of twenty years, no taxes on profit, income, capital gains or appreciations nor any tax in the nature of estate duty or inheritance tax will be payable on the Ordinary Shares, Debentures or other obligations of XL Capital.

**United States** This discussion describes the material United States federal income tax consequences to holders of the Debentures. It applies to you only if you acquire Debentures and you hold your Debentures as capital assets for United States federal income tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as: o a dealer in securities or currencies, o a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings, o a bank, o a life insurance company, o a tax-exempt organization, o a person treated as a partnership for United States federal income tax purposes, o a person that owns Debentures that are a hedge or that are hedged against interest rate risks, o a person that owns Debentures as part of a straddle or conversion transaction for United States federal income tax purposes, or o a person whose functional currency for United States federal income tax purposes is not the U.S. dollar. The summary below does not address all of the tax consequences that may be relevant to a holder of the Debentures. In particular, it does not address: o the U.S. federal estate, gift or alternative minimum tax consequences of the purchase, ownership or disposition of the Debentures, o state, local or foreign tax consequences of the purchase, ownership or disposition of the Debentures, or -39- o federal (except in respect of Non-U.S. Holders (as defined below)), state, local or foreign tax consequences of owning or disposing of our Ordinary Shares. Accordingly, you should consult your tax advisor regarding the tax consequences of purchasing, owning and disposing of the Debentures and our Ordinary Shares in light of your own circumstances. If a partnership holds the Debentures, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding the Debentures, you should consult your tax advisors. This discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. No statutory, administrative or judicial authority directly addresses the treatment of the Debentures or instruments similar to the Debentures for United States federal income tax purposes. No rulings have been sought or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. As a result, no assurance can be given that the IRS will agree with the tax characterizations and the tax consequences described below. We urge prospective investors to consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Debentures and our Ordinary Shares in light of their own particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States federal or other tax laws. Classification of the Debentures Pursuant to the terms of the Indenture, each holder of the Debentures agreed, for United States federal income tax purposes, to treat the Debentures as indebtedness for United States federal income tax purposes subject to the regulations governing contingent payment debt instruments and to be bound by our application of those regulations to the Debentures, including our determination of the rate at which interest will be deemed to accrue on the Debentures for United States federal income tax purposes. The remainder of this discussion assumes that the Debentures will be treated in accordance with that agreement and our determinations. However, the proper application of the regulations governing contingent payment debt instruments to a holder of a Debenture is uncertain in a number of respects, and no assurance can be given that the IRS will not assert that the Debentures should be treated differently or that such an assertion would not prevail. Such treatment could affect the amount, timing and character of income, gain or loss in respect of an investment in the Debentures. In particular, it might be determined that a holder should have accrued interest income at a lower rate, should not have recognized income or gain upon the conversion, and should not have recognized ordinary income upon a taxable disposition of its Debentures.

**U.S. Holders** This discussion applies to U.S. Holders. You are a U.S. holder if you are a beneficial owner of a Debenture and you are, for United States federal income tax

purposes: o a citizen or resident of the United States, o a domestic corporation, -40- o an estate whose income is subject to United States federal income tax regardless of its source, or o a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. You are a non-U.S. Holder, and should see "Treatment of Non-U.S. Holders" below, if you are a beneficial owner of a Debenture and you are, for United States federal income tax purposes: o a nonresident alien individual, o a foreign corporation, or o a foreign estate or trust that is not subject to United States federal income taxation on its worldwide income. Under the rules governing contingent payment debt obligations, a U.S. Holder generally will be required to accrue interest income on the Debentures, in the amounts described below, regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting. Accordingly, U.S. Holders would likely be required to include interest in taxable income in each year in excess of the accruals on the Debentures for non-tax purposes and in excess of any contingent interest payments actually received in that year. A U.S. Holder must accrue an amount of original issue discount as ordinary income for United States federal income tax purposes, for each accrual period prior to and including the maturity date of the Debentures that equals: o the product of (i) the adjusted issue price (as defined below) of the Debentures as of the beginning of the accrual period; and (ii) the comparable yield to maturity (as defined below) of the Debentures, adjusted for the length of the accrual period; o divided by the number of days in the accrual period; and o multiplied by the number of days during the accrual period that the U.S. Holder held the Debentures. The issue price of a Debenture is the first price at which a substantial amount of the Debentures is sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a Debenture is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below and decreased by the projected amounts of any payments with respect to the Debentures. Under the rules governing contingent payment debt obligations, we are required to establish the "comparable yield" for the Debentures. We have determined that the comparable yield for the Debentures is the annual yield we would incur, as of the initial issue date, on a fixed rate nonconvertible debt security with no contingent payments, but with terms and conditions otherwise comparable to those of the Debentures including the level of subordination, term, timing of payments and general market conditions, but excluding any adjustments for liquidity or the riskiness of the contingencies with respect to the Debentures. Accordingly, we have determined the comparable yield to be 7.64% compounded semi-annually. We are required to provide to U.S. Holders, solely for United States federal income tax purposes, a schedule of the projected amounts of payments on the Debentures. This schedule must produce the comparable -41- yield. Our determination of the projected payment schedule for the Debentures includes estimates for payments of contingent interest and an estimate for a payment at maturity taking into account the conversion feature. U.S. Holders may obtain the projected payment schedule by submitting a written request for it to XL Capital at the address set forth in "Incorporation of Documents by Reference." **THE COMPARABLE YIELD AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF A U.S. HOLDER'S INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE DEBENTURES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO U.S. HOLDERS OF THE DEBENTURES.** Adjustments to Interest Accruals on the Debentures If a U.S. Holder receives actual payments with respect to the Debentures in a taxable year that in the aggregate exceed the total amount of projected payments for that taxable year, the U.S. Holder would incur a "net positive adjustment" equal to the amount of such excess. The U.S. Holder would treat the "net positive adjustment" as additional interest income for the taxable year. For this purpose, the payments in a taxable year include the fair market value of property received in that year. If a U.S. Holder receives actual payments with respect to the Debentures in a taxable year that in the aggregate are less than the amount of the projected payments for that taxable year, the U.S. Holder would incur a "net negative adjustment" equal to the amount of such deficit. This adjustment will (a) reduce the U.S. Holder's interest income on the Debentures for that taxable year, and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Debentures during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments. Sale, Exchange, Conversion or Redemption Generally, the sale or exchange of a Debenture, or the redemption of a Debenture for cash, will result in taxable gain or loss to a U.S. Holder. In addition, as described above, our calculation of the comparable yield and the schedule of projected payments for the Debentures includes the



receipt of stock upon conversion of a Debenture into our Ordinary Shares as a contingent payment with respect to the Debentures. Accordingly, we intend to treat the receipt of our Ordinary Shares by a U.S. Holder upon the conversion of a Debenture, or upon the redemption of a Debenture where we elect to pay in Ordinary Shares, as a contingent payment. As described above, holders are generally bound by our determination of the comparable yield and the schedule of projected payments. Under this treatment, a sale or exchange, or such a conversion or redemption, also will result in taxable gain or loss to the U.S. Holder. The amount of gain or loss on a taxable sale, exchange, conversion or redemption will equal the difference between: o the amount of cash plus the fair market value of any other property received by the U.S. Holder, including the fair market value of any Ordinary Shares received, and o the U.S. Holder's adjusted tax basis in the Debentures. A U.S. Holder's adjusted tax basis in a Debenture generally will equal the U.S. Holder's original purchase price for the Debentures, increased by any original issue discount previously accrued by the U.S. Holder (determined without regard to any positive or negative adjustments to interest accruals described above), and decreased by the amount of any projected payments on the Debentures. Gain recognized upon a sale, exchange, conversion or redemption of a Debenture generally will be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and thereafter, capital loss (which will be long-term if the Debenture is held for more than one year). The deductibility of net capital losses is subject to limitations. -42- A U.S. Holder's tax basis in our Ordinary Shares received upon a conversion of a Debenture or upon a holder's exercise of a put right that we elect to pay in Ordinary Shares will equal the then current fair market value of such Ordinary Shares. The U.S. Holder's holding period for the Ordinary Shares received will commence on the day after the date of conversion or redemption. Constructive Dividends If at any time we make a distribution of property to our shareholders that would be taxable to the shareholders as a dividend for United States federal income tax purposes and, in accordance with the anti-dilution provisions of the Debentures, the exchange rate of the Debentures is increased, such increase may be deemed to be the payment of a taxable dividend to holders of the Debentures. For example, an increase in the exchange rate in the event of distribution of our evidence of indebtedness or our assets or an increase in the event of an extraordinary cash dividend will generally result in deemed dividend treatment to holders of the Debentures, but generally an increase in the event of share dividends or the distribution of rights to subscribe for our Ordinary Shares will not. Treatment of Non-U.S. Holders Payments on the Debentures or the Ordinary Shares to a non-U.S. Holder, or gain realized on the sale, exchange or redemption of the Debentures or the Ordinary Shares by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States, or, in the case of gain, such non-U.S. Holder is a nonresident alien individual who holds the Debentures or Ordinary Shares, as the case may be, as a capital asset and who is present in the United States more than 182 days in the taxable year of the sale and certain other conditions are met. U.S. trade or business income of a non-U.S. Holder will generally be subject to regular United States federal income tax in the same manner as if it were realized by a U.S. Holder. Non-U.S. Holders that realize U.S. trade or business income with respect of the Debentures or Ordinary Shares should consult their tax advisors as to the treatment of such income or gain. Back-up Withholding and Information Reporting U.S. Holders Payments of interest or dividends made by us on, or the proceeds of the sale or other disposition of, the Debentures or Ordinary Shares may be subject to information reporting and United States federal backup withholding tax at the rate of 31% if the recipient of such payment fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable United States information reporting or certification requirements. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is allowable as a credit against the holder's United States federal income tax, provided that the required information is furnished to the IRS. Non-U.S. Holders A non-U.S. Holder may be required to comply with certification procedures to establish that the holder is not a U.S. person in order to avoid backup withholding tax and information reporting requirements. -43- Proposed European Union Tax Directive The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by an issuer within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments. Accordingly, it is possible that payments on the Debentures may be subject to withholding tax under this directive. In such event, XL Capital would not make any additional payments to Holders to compensate them for the amounts so withheld. THE PROPER TAX TREATMENT OF A HOLDER OF

DEBENTURES IS HIGHLY UNCERTAIN IN A NUMBER OF RESPECTS. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE DEBENTURES AND WHETHER AN INVESTMENT IN THE DEBENTURES IS ADVISABLE IN LIGHT OF THE AGREED UPON TAX TREATMENT AND THE HOLDER'S PARTICULAR TAX SITUATION. -44- SELLING SECURITYHOLDERS

The Debentures were originally issued by us and sold by Goldman, Sachs & Co., Deutsche Banc Alex. Brown Inc. and Dresdner Kleinwort Wasserstein LLC (the "Initial Purchasers") in a transaction exempt from the registration requirements of the Securities Act to persons reasonably believed by the Initial Purchasers to be "qualified institutional buyers" as defined by Rule 144A under the Securities Act. The selling securityholders may from time to time offer and sell pursuant to this prospectus any or all of the Debentures listed below and our Ordinary Shares issued upon conversion of such Debentures. When we refer to the "selling securityholders" in this prospectus, we mean those persons listed in the table below, as well as the permitted pledgees, donees, assignees, transferees, successors and others who later hold any of the selling securityholders' interests. The table below sets forth the name of each selling securityholder, the principal amount at maturity of Debentures, as of November 28, 2001, that each selling securityholder may offer pursuant to this prospectus and the number of our Ordinary Shares into which such Debentures are convertible. Unless set forth below, none of the selling securityholders has, or within the past three years has had, any material relationship with us or any of our predecessors or affiliates. We have prepared the table below based on information given to us by the selling securityholders on or prior to November 28, 2001. However, any or all of the Debentures or our Ordinary Shares listed below may be offered for sale pursuant to this prospectus by the selling securityholders from time to time. Accordingly, no estimate can be given as to the amounts of Debentures or our Ordinary Shares that will be held by the selling securityholders upon consummation of any such sales. In addition, the selling securityholders listed in the table below may have acquired, sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their Debentures since the date as of which the information in the table is presented. Information about the selling securityholders may change over time. Any changed information will be set forth in prospectus supplements. From time to time, additional information concerning ownership of the Debentures and our Ordinary Shares may rest with certain holders thereof not named in the table below and of whom we are unaware. Aggregate Principal Percentage Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary of Debentures That Debentures That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2) -----

Name	Principal Amount	Percentage	Number of Shares
Tribeca Investments, L.L.C.	20,000,000	2.0	118,934
Continental Casualty Company	4,300,000	25,571	*
J.P. Morgan Securities Inc.	14,500,000	1.4	86,228
RAM Trading Ltd.	5,000,000	29,734	*
SAM Investments LDC	50,000,000	5.0	297,335
Royal Bank of Canada	9,000,000	53,520	*
Lord Abbett Bond Debenture Fund, Inc.	12,500,000	1.2	74,334
CFFX, LLC	11,000,000	1.1	65,414
-45- Aggregate Principal Percentage Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary of Debentures That Debentures That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2) -----			
Global Bermuda Limited Partnership.	3,000,000	17,840	*
Lakeshore International Ltd.	14,000,000	1.4	83,254
MedAmerica Insurance c/o Income Research & Management	2,900,000	17,245	*
MedAmerica New York Insurance c/o Income Research & Management	1,200,000	7,136	*
Blue Cross Blue Shield of Rochester c/o Income Research & Management	4,400,000	26,166	*
Van Kampen Harbor Fund	10,000,000	1.0	59,467
Putnam Convertible Income-Growth Trust	9,110,000	54,174	*
Putnam Variable Trust-Putnam VT Global Asset Allocation Fund	320,000	1,903	*
Putnam Convertible Opportunities and Income Trust	320,000	1,903	*
Putnam Asset Allocation Funds-Balanced Portfolio	1,210,000	7,196	*
Putnam Asset Allocation Funds-Conservative Portfolio	940,000	5,590	*
Lincoln National Global Asset Allocation Fund, Inc.	150,000	892	*
Museum of Fine Arts, Boston	30,000	178	*
Parker-Hannifin Corporation	250,000	1,487	*
Zola Partners, LP	1,000,000	5,947	*
HSBC Ttee Zola Managed Trust	1,100,000	6,541	*
-46- Aggregate Principal Percentage Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary of Debentures That Debentures That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2) -----			
Lyxor Master Fund	900,000	5,352	*
JMG Triton Offshore Fund, LTD	15,000,000	1.5	89,201
Sage Capital	200,000	1,189	*
D.E. Shaw Investments, L.P.	8,200,000	*	

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48,763 \* D.E. Shaw Valence, L.P..... 32,800,000 3.3 195,052 \* R(2) Investments, LDC..... 8,000,000 \*  
47,574 \* Highbridge International LLC..... 59,000,000 5.8 350,855 \* NCMIC Insurance Co..... 500,000 \*  
2,973 \* The Reciprocal of America..... 575,000 \* 3,419 \* Primex, Ltd..... 325,000 \* 1,933 \* OHIC  
Insurance Co..... 825,000 \* 4,906 \* Princeton Insurance Co..... 3,000,000 \* 17,840 \* Healthcare  
Underwriters Mutual Insurance Co..... 1,400,000 \* 8,325 \* Medical Liability Mutual Insurance Co.....  
42,000,000 4.2 249,761 \* Mag Mutual Insurance Co..... 400,000 \* 2,379 \* Landesbank Schleswig-Holstein  
International S.A..... 30,000,000 3.0 178,401 \* Purchase Associates, L.P..... 559,000 \* 3,324 \* Commonfund  
Event Driven Company c/o IBT Fund Services (Cayman)..... 67,000 \* 398 \* Levco Alternative Fund, Ltd.....  
2,114,000 \* 12,571 \* Continental Assurance Company Separate Account (E)..... 700,000 \* 4,163 \* -47-  
Aggregate Principal Percentage Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary  
of Debentures That Debentures That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2)  
----- Alta Partners Holdings, LDC.....  
8,000,000 \* 47,574 \* Aristeia Partners, L.P..... 2,575,000 \* 15,313 \* Aristeia International, Limited.... 7,425,000  
\* 44,154 \* OFIVM..... 20,000,000 2.0 118,934 \* Citi JL, Ltd..... 88,000 \* 523 \* Credit  
Suisse Asset Management.... 3,000,000 \* 17,840 \* KBC Financial Products USA Inc.... 10,000,000 1.0 59,467 \*  
Lincoln National Convertible Securities Fund..... 3,250,000 \* 19,327 \* AIG Soundshore Strategic  
Holding Fund Ltd..... 10,895,000 1.1 64,789 \* AIG Soundshore Opportunity Holding Fund  
Ltd..... 13,105,000 1.3 77,932 \* Wilmington Trust Company as owner trustee for the Forrestal Funding  
Master Trust..... 40,200,000 4.0 239,057 \* Merrill Lynch Insurance Group..... 800,000 \* 4,757 \* Ohio  
Bureau of Workers Compensation..... 437,000 \* 2,599 \* Independence Blue Cross..... 688,000 \* 4,091 \*  
AXIS Capital Management Ltd..... 21,300,000 2.1 126,665 \* Goldman Sachs and Company..... 1,355,000 \* 8,058  
\* Morgan Stanley & Co., Inc..... 10,000,000 1.0 59,467 \* Lincoln National Convertible Securities  
Fund..... 3,250,000 \* 19,327 \* Credit Industriel D'Alsace Et De Lorraine..... 26,000,000 2.6  
154,614 \* Deutsche Banc Alex. Brown Inc..... 58,000,000 5.7 344,909 \* -48- Aggregate Principal Percentage  
Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary of Debentures That Debentures  
That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2) -----  
----- BNP Paribas Equity Strategies SNC LP.....  
5,143,000 \* 30,584 \* Banca Del Gottardo Lugano / Switzerland..... 17,654,000 1.8 104,983 \* CooperNeff  
Convertible Strategies Fund, L.P..... 857,000 \* 5,096 \* Societe Generale..... 50,541,000 5.0  
300,552 \* UBS AG London Branch..... 79,500,000 7.9 472,763 \* Salomon Smith Barney Inc..... 8,930,000 \*  
53,104 \* Wolverine Trading, L.P..... 10,000,000 1.0 59,467 \* Nicholas Applegate Investment Grade  
Convertible..... 11,000 \* 65 \* Susquehanna Capital Group..... 7,500,000 \* 44,600 \* AIG Soundshore  
Holdings Ltd..... 7,500,000 \* 44,600 \* Tokai Asia Ltd..... 20,000,000 19.8 118,934 \* First Union  
Securities Inc..... 10,000,000 1.0 59,467 \* BTES - Convertible Arb..... 2,500,000 \* 14,867 \* BTPO - Growth  
vs Value..... 6,000,000 \* 35,680 \* Cheyne Capitol Management Limited..... 2,000,000 \* 11,893 \*  
Newport Investments Inc..... 1,700,000 \* 10,109 \* Alpha U.S. Sub Fund VIII, LLC..... 600,000 \* 3,568 \*  
Deephaven Domestic Convertible Trading Ltd..... 22,700,000 2.3 134,990 \* -49- Aggregate Principal  
Percentage Number of Our Percentage of Amount at Maturity of Ordinary Shares Our Ordinary of Debentures That  
Debentures That May be Sold Shares Name May be Sold Outstanding (1) Outstanding (2)  
----- All other holders of Debentures or  
future transferees, pledgees, donees, assignees or successors of any such holders(3)(4)..... 134,535,000 13.3 800,039  
\* Total..... 1,010,834,000 100.0 6,011,127 4.5 \* Less than one percent (1%). (1) Assumes conversion  
of all of the holder's Debentures at a conversion rate of 5.9467 Ordinary Shares per \$1,000 principal amount at  
maturity of the Debentures. This conversion rate is subject to adjustment, however, as described under "Description of  
the Debentures--Conversion Rights." As a result, the number of our Ordinary Shares issuable upon conversion of the  
Debentures may increase or decrease in the future. Does not include our Ordinary Shares that may be issued by us  
upon purchase of the Debentures by us at the option of the holder. (2) Calculated based on Rule 13d-3(d)(i) of the  
Exchange Act, using 134,168,793 Ordinary Shares outstanding as of November 9, 2001. In calculating this amount for  
each holder, we treated as outstanding the number of our Ordinary Shares issuable upon conversion of all of that  
holder's Debentures, but we did not assume conversion of any other holder's Debentures. Does not include our  
Ordinary Shares that may be issued by us upon purchase of the Debentures by us at the option of the holder. (3)

Information about other selling securityholders will be set forth in prospectus supplements, if required. (4) Assumes that any other holders of Debentures, or any future pledgees, donees, assignees, transferees or successors of or from any such other holders of Debentures, do not beneficially own any of our Ordinary Shares other than the Ordinary Shares issuable upon conversion of the Debentures at the initial conversion rate. -50- PLAN OF DISTRIBUTION We are registering the Debentures and our Ordinary Shares covered by this prospectus to permit holders to conduct public secondary trading of these securities from time to time after the date of this prospectus. We have agreed, among other things, to bear all expenses, other than underwriting discounts and selling commissions, in connection with the registration and sale of the Debentures and our Ordinary Shares covered by this prospectus. We will not receive any of the proceeds from the offering of the Debentures or our Ordinary Shares by the selling securityholders. We have been advised by the selling securityholders that the selling securityholders may sell all or a portion of the Debentures and our Ordinary Shares beneficially owned by them and offered hereby from time to time: o directly; or o through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or concessions from the selling securityholders or from the purchasers of the Debentures and our Ordinary Shares for whom they may act as agent. The Debentures and our Ordinary Shares may be sold from time to time in one or more transactions at: o fixed prices, which may be changed; o prevailing market prices at the time of sale; o varying prices determined at the time of sale; or o negotiated prices. These prices will be determined by the holders of the securities or by agreement between these holders and underwriters or dealers who may receive fees or commissions in connection with the sale. The aggregate proceeds to the selling securityholders from the sale of the Debentures or our Ordinary Shares offered by them hereby will be the purchase price of the Debentures or our Ordinary Shares less discounts and commissions, if any. The sales described in the preceding paragraph may be effected in transactions: o on any national securities exchange or quotation service on which the Debentures and our Ordinary Shares may be listed or quoted at the time of sale, including the New York Stock Exchange in the case of the Ordinary Shares; o in the over-the-counter market; o in transactions otherwise than on such exchanges or services or in the over-the-counter market; or o through the writing of options. These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade. In connection with sales of the Debentures and our Ordinary Shares or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers. These broker-dealers may in turn engage in -51- short sales of the Debentures and our Ordinary Shares in the course of hedging their positions. The selling securityholders may also sell the Debentures and our Ordinary Shares short and deliver Debentures and our Ordinary Shares to close out short positions, or loan or pledge Debentures and our Ordinary Shares to broker-dealers that in turn may sell the Debentures and our Ordinary Shares. To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriters, broker-dealer or agent regarding the sale of the Debentures and our Ordinary Shares by the selling securityholders. Selling securityholders may not sell any, or may not sell all, of the Debentures and our Ordinary Shares offered by them pursuant to this prospectus. In addition, we cannot assure you that a selling securityholder will not transfer, devise or gift the Debentures and our Ordinary Shares by other means not described in this prospectus. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus. Our outstanding Ordinary Shares are listed for trading on the New York Stock Exchange. The selling securityholders and any broker and any broker-dealers, agents or underwriters that participate with the selling securityholders in the distribution of the Debentures or our Ordinary Shares may be deemed to be "underwriters" within the meaning of the Securities Act. In this case, any commissions received by these broker-dealers, agents or underwriters and any profit on the resale of the Debentures or our Ordinary Shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions. The Debentures were issued and sold in May 2001 in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by the Initial Purchasers to be "qualified institutional buyers," as defined in Rule 144A under the Securities Act. We have agreed to indemnify the initial purchasers and each selling securityholder, and each selling securityholder has agreed to indemnify us, the initial purchasers and each other selling securityholder, against specified liabilities arising under the Securities Act. The selling securityholders and any other person participating in such distribution will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the Debentures and the underlying Ordinary Shares by the selling securityholders and any such other person.

In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the Debentures and the underlying Ordinary Shares to engage in market-making activities with respect to the particular Debentures and the underlying Ordinary Shares being distributed for a period of up to five business days prior to the commencement of the distribution. This may affect the marketability of the Debentures and the underlying Ordinary Shares and the ability of any person or entity to engage in market-making activities with respect to the Debentures and the underlying Ordinary Shares. We will use our reasonable best efforts to keep the registration statement of which this prospectus is a part effective until the earlier of: o the date when all Debentures and the underlying Ordinary Shares offered hereunder have been disposed of in accordance with the registration statement; o the expiration of the period referred to in Rule 144(k) of the Act with respect to all Debentures and the underlying Ordinary Shares held by persons that are not affiliates of XL Capital; o the date when there are no outstanding Debentures or underlying Ordinary Shares; or o two years from the date the registration statement is declared effective. -52- Our obligation to keep the registration statement to which this prospectus relates effective is subject to specified, permitted exceptions. In these cases, we may prohibit offers and sales of the Debentures and our Ordinary Shares pursuant to the registration statement to which this prospectus relates.

**ENFORCEMENT OF CIVIL LIABILITIES** We are a Cayman Islands exempted limited company. We have consented in the Indenture to jurisdiction in the United States federal and state courts in The City of New York and to service of process in The City of New York in any legal suit, action or proceeding brought to enforce any rights under or with respect to the Indenture and the Debentures. Accordingly, any judgment against us in respect of the Indenture or the Debentures, including for civil liabilities under the United States federal securities laws, obtained in any United States federal or state court may have to be enforced in the courts of the Cayman Islands. We have been advised by Hunter & Hunter, our Cayman Islands counsel, that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the courts of the United States of America (or any political subdivision thereof), a final and conclusive judgment in personam of such courts having competent jurisdiction for a debt or definite sum of money would be recognized and enforced by the courts of the Cayman Islands by originating action on such judgment provided that the debt or sum of money is not a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other similar penalty and provided that the judgment was obtained without fraud or without breaching the principles of natural justice in the Cayman Islands or in contravention of Cayman Islands public policy. A Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

**LEGAL MATTERS** Certain U.S. legal matters with respect to the Debentures are being passed upon for us by Cahill Gordon & Reindel, New York, New York. Certain legal matters with respect to the Ordinary Shares under the laws of the Cayman Islands are being passed upon for us by Hunter & Hunter, Grand Cayman, Cayman Islands.

**EXPERTS** The consolidated financial statements of XL Capital and our subsidiaries as of December 31, 2000 and 1999 and for the three years ended December 31, 2000, incorporated by reference in this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2000 have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report, which is incorporated herein by reference. The consolidated financial statements of Winterthur International as of and for December 31, 2000, incorporated by reference in this prospectus from our current report on Form 8-K dated July 25, 2001, filed on August 9, 2001, have been audited by KPMG Audit Plc, independent auditors, as stated in their report, which is incorporated in this prospectus by reference. ----- No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the Debentures and Ordinary Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. -53-