

XL CAPITAL LTD
Form 4
February 16, 2007

FORM 4

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

OMB APPROVAL

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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 *
XL CAPITAL LTD

(Last) (First) (Middle)

XL HOUSE, ONE BERMUDIANA ROAD

(Street)

HAMILTON, D0 HM11

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

PRIMUS GUARANTY LTD [PRS]

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

02/14/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
X 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Shares | 02/14/2007 | | X | 1,414,747 A | \$ 5.18 14,901,482 | I | See footnote (1) |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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

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| 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 |
| Warrants to Purchase Common Shares | \$ 5.18 | 02/14/2007 | | X | 1,414,747 (2) | 09/29/2004 | 03/14/2007 | Common Shares | 1,414,747 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| XL CAPITAL LTD XL HOUSE ONE BERMUDIANA ROAD HAMILTON, D0 HM11 | | X | | |
| XL Insurance (Bermuda) Ltd XL HOUSE 1 BERMUDIANA RD HAMILTON, D0 hm11 | | X | | |

Signatures

/s/ Kirstin Gould,
Secretary

02/16/2007

**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) The 14,901,482 common shares, par value \$.08 per share, are directly owned by XL Insurance (Bermuda) Ltd, a subsidiary of XL Capital Ltd.
At issuance, the warrants, which were due to expire on March 14, 2007, entitled the reporting persons to purchase 11,317,972 common shares.
 - (2) Following the 8-to-1 reverse split in connection with the Issuer's initial public offering, the warrants entitled the reporting persons to purchase 1,414,747 common shares.
 - (3) Warrants were awarded to XL Insurance (Bermuda) Ltd and other affiliates of the Issuer in connection with the initial public offering of the Issuer's common shares.

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.