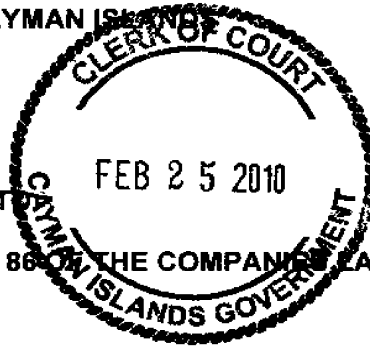
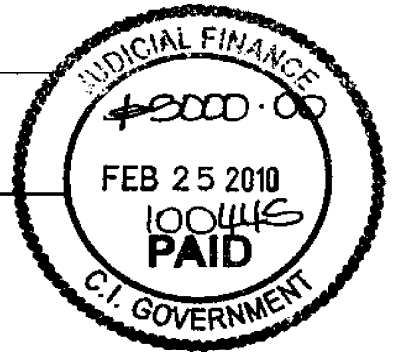


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



IN THE MATTER OF XL CAPITAL LTD
AND IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW (2009 REVISION)

PETITION



To: The Grand Court

The Humble Petition of XL Capital Ltd (hereinafter called the "Petitioner" or "XL-Cayman") c/o Appleby Trust (Cayman) Ltd, PO Box 1350, Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands shows as follows:

Introduction

- 1 The object of this Petition is to seek the sanction of the Court pursuant to section 86 of the Companies Law (2009 Revision) to a proposed Scheme of Arrangement ("Scheme") as between the Petitioner and:
 - (a) The holders of the Class A ordinary shares issued by the Petitioner with a par value US\$0.01 per share (the "Ordinary Shares");
 - (b) The holders of the Series C preference ordinary shares issued by the Petitioner with a par value of US\$0.01 per share (the "Series C Preference Shares");

- (c) The holders of the Series E preference ordinary shares issued by the Petitioner with a par value of US\$0.01 per share (the "**Series E Preference Shares**").
- 2 The Ordinary Shares are currently listed and traded on the New York Stock Exchange ("**NYSE**") and on the Bermuda Stock Exchange. The Series C Preference Shares and the Series E Preference Shares are not publicly listed.
- 3 A copy of the proposed Scheme is annexed to this Petition by way of Schedule. Save where otherwise indicated, capitalised terms in this Petition are defined in the Scheme.

Business of the Petitioner and of XL Capital Group

- 4 The Petitioner's principal business activity has been to act as the ultimate holding company of the XL Capital group of companies ("**XL Capital Group**"). The XL Capital Group is a global insurance and reinsurance provider. The XL Capital Group has operations in many jurisdictions around the world, having 77 offices in 27 countries, including, among others, the United States of America, Bermuda and Ireland.

Objects of the Scheme

- 5 The principal object of the Scheme is to change the jurisdiction of incorporation of the ultimate holding company of the XL Capital Group from the Cayman Islands to Ireland and for the Petitioner to become a subsidiary of XL Group plc ("**XL-Ireland**"), a new public limited company that will be incorporated under the laws of Ireland.

Incorporation, objects and share capital of XL-Cayman and XL-Ireland

- 6 XL-Cayman
- 6.1 On 16 March 1998 the Petitioner was incorporated in the Cayman Islands pursuant to the then revision of the Companies Law, as an exempted company limited by shares under the name of Exel Merger Company Limited. By special resolution dated 7 August 1998 the Petitioner changed its name to Exel Limited. By a further special resolution dated 1 February 1999, the Petitioner again changed its name to its current name, XL Capital Ltd. The registered office of the Petitioner is situate at c/o Appleby

Trust (Cayman) Ltd, PO Box 1350, Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands.

6.2 The objects for which the Petitioner was established are unrestricted, and generally to carry out the objects more particularly described in its Memorandum of Association.

6.3 The authorised share capital of the Petitioner is US\$9,999,900 divided into 999,990,000 ordinary shares which have a par value of US\$0.01 each. As at the date hereof:

(a) 342,895,728 Ordinary Shares have been issued and are fully paid or credited as fully paid;

(b) 20,000,000 of the ordinary shares in the authorised capital of the Petitioner have been designated as Series C Preference Shares. 2,876,000 Series C Preference Shares have been issued and are fully paid or credited as fully paid; and

(c) 1,000,000 of the ordinary shares in the authorised capital of the Petitioner have been designated as Series E Preference Shares. 1,000,000 Series E Preference Shares have been issued and are fully paid or credited as fully paid.

7 XL-Ireland

7.1 It is intended that XL-Ireland will be incorporated in Ireland as a public limited company named XL Group plc under the Irish Companies Acts, 1963 to 2009 prior to the sanction of the Scheme or in the alternative that it will be incorporated as a private limited company and re-registered as a public limited company prior to the sanction of the Scheme. The registered office of XL-Ireland will be at No. 1 Upper Hatch Street, 4th Floor, Dublin 2, Ireland. The objects for which XL-Ireland will be established are inter alia:

(a) *To carry on the business of an investment and holding company in all of its branches, and to acquire by purchase, lease, concession, grant, licence or*

otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, reversionary interests, annuities, policies of assurance, certificates of deposit, treasury bills, trade bills, bank acceptances, bills of exchange, fixed rate securities, variable or floating rate securities, and securities of all kinds created, issued or guaranteed by any government, sovereign, ruler, commissioners, body or authority, supreme, state, municipal, local, supranational or otherwise, in any part of the world, or by any corporation, bank, association or partnership, whether with limited or unlimited liability constituted or carrying on business or activities in any part of the world, units of or participation in any unit trust scheme, mutual fund or collective investment scheme in any part of the world, policies of insurance and assurance, domestic and foreign currency and any present or future rights and interests to or in any of the foregoing and other property and rights and interests in property as [XL-Ireland] shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; to subscribe for the same either conditionally or otherwise; to enter into underwriting, stocklending and repurchase and similar contracts with respect thereto, to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof and from time to time to sell, exchange, lend, vary or dispose of and grant and dispose of options over any of the foregoing, to acquire, dispose of, invest in and hold by way of investment any derivative instrument relating to any of the foregoing and to deposit money (or place money on current account) with such persons in such currencies and otherwise on such terms as may seem expedient and to do all of the foregoing as principal, agent or broker; and to vary any of the investments of [XL-Ireland]; to establish, carry on, develop and extend investments and holdings and to sell, dispose of or otherwise turn the same to account and to coordinate the policy and administration of any corporations of which [XL-Ireland] is a member or which are in any manner controlled by or connected with [XL-Ireland]"

and generally to carry out the objects more particularly described in clause 3 of the proposed form of Memorandum of Association.

- 7.2 The authorised share capital of XL-Ireland will be US\$9,999,900 and €40,000.
- 7.3 The authorised capital of US\$9,999,900 will be divided into
- (a) 500,000,000 ordinary shares with a par value of US\$0.01 per share, having the rights attaching to them as set out in the Memorandum of Association and Articles of Association of XL-Ireland (the "**XL-Ireland Ordinary Shares**"); and
 - (b) 499,990,000 undesignated shares with a par value of US\$0.01 per share, having the rights attaching to them to be set out in the terms of their issue.
- 7.4 The authorised capital of €40,000 will be divided into 40,000 subscriber shares with a par value of €1.00 per share. As at the date of incorporation of XL-Ireland all of these subscriber shares will be issued and fully paid or credited as fully paid. The authorised share capital includes 40,000 subscriber shares with a par value of €1 per share in order to satisfy statutory requirements for all newly formed Irish public limited companies.
- 7.5 If the Preference Share Exchange is consummated, the Board of Directors of XL-Ireland will adopt, effective immediately prior to the Effective Time, the terms of issue setting forth the special rights of the Series C preference shares and Series E preference shares of XL-Ireland to be issued in the Preference Share Exchange. The terms of issue will be in substantially the forms attached to the Proxy Statement as Annexes C and D.
- 8 XL-Ireland will be incorporated specifically for the purpose of the implementation of the Scheme. Prior to the Effective Time, it will not carry on any business or activities other than in connection with its formation and the proposed Scheme. XL-Ireland's assets will comprise cash or cash-equivalents of €40,000 representing its paid up share capital. XL-Ireland will have negligible liabilities and the Petitioner will meet any liabilities incurred, or to be incurred, by XL-Ireland with respect to the Scheme.

The Scheme

9 It is proposed that the objects of the Scheme described at paragraph 5 above will be implemented by:

9.1 The Ordinary Share Exchange (as defined in the Scheme) , pursuant to which:

(a) All of the Ordinary Shares will be transferred to XL-Ireland, in exchange for which the holders of the Ordinary Shares will receive XL-Ireland Ordinary Shares on a one-for-one basis together with a cash payment in respect of any fractional Ordinary Shares;

9.2 The Preference Share Exchange (as defined in the Scheme), pursuant to which:

(a) All of the Series C Preference Shares will be transferred to XL-Ireland, in exchange for which the holders of the Series C Preference Shares will receive Series C preference ordinary shares to be issued by XL-Ireland out of the undesignated authorised share capital referred to in paragraph 7.3(b) above, with a par value of US\$0.01 per share, having the rights attaching to them as set out in the terms of their issue ("**XL-Ireland Series C Preference Shares**") on a one-for-one basis; and

(b) All of the Series E Preference Shares will be transferred to XL-Ireland, in exchange for which the holders of the Series E Preference Shares will receive Series E preference ordinary shares to be issued by XL-Ireland out of the undesignated authorised share capital referred to in paragraph 7.3(b) above, with a par value of US\$0.01 per share, having the rights attaching to them as set out in the terms of their issue ("**XL-Ireland Series E Preference Shares**") on a one-for-one basis.

The Petitioner has not issued any fractional Series C Preference Shares or Series E Preference Shares.

10 The Ordinary Share Exchange may become effective whether or not the Preference Share Exchange becomes effective. However, the Preference Share Exchange is conditional *inter alia* upon:

- 10.1 the Ordinary Share Exchange becoming effective;
 - 10.2 the Scheme as it relates to both the Series C Preference Shares and the Series E Preference Shares becoming effective;
 - 10.3 the proposal to vary the terms of the Series C Preference Shares with respect to payment of the dividend that would otherwise be payable on 15 July 2010 (as and if declared by the Board) being approved by a special resolution of the holders of the Series C Preference Shares at an extraordinary general meeting of the holders of the Series C Preference Shares intended to be held on 30 April 2010.
- 11 Upon the Scheme becoming effective, XL-Ireland will own all of the Petitioner's issued Ordinary Shares (and, if the Preference Share Exchange becomes effective, all of the Petitioner's issued Series C Preference Shares and Series E Preference Shares). It is intended that the XL-Ireland Ordinary Shares be listed on the NYSE and the Bermuda Stock Exchange, in place of the Ordinary Shares. It is not intended that the XL-Ireland Series C Preference Shares and XL-Ireland Series C Preference Shares, if issued, be listed on the NYSE or the Bermuda Stock Exchange.
- 12 In addition, upon the Scheme becoming effective, the 40,000 XL-Ireland subscriber shares referred to in paragraph 7.4 will be redeemed.

Profiles of Shareholders

- 13 As at 18 February 2010 the Petitioner had:
- 13.1 344 registered holders of Ordinary Shares, holding between them a total of 342,895,728 Ordinary Shares;
 - 13.2 The largest majority of the Ordinary Shares, (340,848,906 Ordinary Shares), are registered in the name of Cede & Co ("**Cede**"), as nominee for The Depository Trust Company ("**DTC**"), of 55 Water Street, New York, New York 10004, U.S.A. DTC holds those Ordinary Shares as depository, pursuant to arrangements with the Petitioner.
 - 13.3 Of the other registered holders of the Ordinary Shares:

- (a) 215 have registered addresses in the United States of America; and
- (b) 129 have registered addresses in a variety of other jurisdictions, including Bermuda (89), UK (31), Ireland (4), Switzerland (3) and Canada (2).

14 As at 18 February 2010 the Petitioner had:

- 14.1 One registered holder of Series C Preference Shares, being Cede, holding a total of 2,876,000 Series C Preference Shares;
- 14.2 One registered holder of Series E Preference Shares, being Cede, holding a total of 1,000,000 Series E Preference Shares.

Directions

15 The Petitioner intends to make applications for directions herein for an order that, amongst other things:

15.1 The Petitioner be at liberty to convene meetings of each of:

- (a) the holders of the Ordinary Shares;
- (b) the holders of the Series C Preference Shares; and
- (c) the holders of the Series E Preference Shares

(together, the "**Shareholders**") for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;

15.2 The Court determine the relevant classes of shareholders affected by the Scheme;

15.3 The mode and timing of delivery of, amongst other things: a proxy statement and a preference shareholder circular, notices of the meetings aforesaid, and forms of proxy, to the Shareholders and that a record date of Shareholders be set for that purpose;

15.4 The appointment of a chairman of the said meetings, and for directions that the chairman should report the result of such meetings to the Court; and

15.5 Publication of notices of the said meetings.

16 The resolution intended to be submitted at each of the said meetings is:

"THAT this Court Meeting approves without modification the proposed Scheme of Arrangement, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the Chairman of this Court Meeting."

YOUR PETITIONER THEREFORE HUMBL Y PRAYS:

- 1 That the Scheme be sanctioned by the Court so as to be binding on each party thereto.
- 2 That, to this end, all necessary inquiries may be made and directions may be made and given.
- 3 Such further or other relief as the Court shall see fit.

Dated this 25 day of February 2010.

Maples + Calder

MAPLES and CALDER

Note: It is not intended that this petition be served on anyone.

ENDORSEMENT

This Petition has been presented to the Grand Court of the Cayman Islands on the 25 day of February 2010 and will be heard by the Grand Court of the Cayman Islands on the 20 day of May 2010 at 10:00 a.m (or as soon thereafter as the Petition can be heard).

This Petition was presented by Maples and Calder, Ugland House, PO Box 309GT, George Town, Grand Cayman, Attorneys-at-Law for the Petitioner (652940/18218339).

SCHEME OF ARRANGEMENT

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

CAUSE NO.: FSD [*] OF 2010

IN THE MATTER OF XL CAPITAL LTD

and

**IN THE MATTER OF SECTION 86 OF
THE COMPANIES LAW (2009 REVISION) OF THE CAYMAN ISLANDS**

SCHEME OF ARRANGEMENT

between

XL CAPITAL LTD

and

XL GROUP plc

and

THE ORDINARY SHAREHOLDERS (as defined herein)

and

THE SERIES C PREFERENCE SHAREHOLDERS (as defined herein)

and

THE SERIES E PREFERENCE SHAREHOLDERS (as defined herein)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the meanings respectively set opposite them:

“Allowed Proceeding”	Any Proceeding by a Scheme Shareholder to enforce its rights under this Scheme where any party fails to perform its obligations under this Scheme;
“Business Day”	Any day other than (1) a day on which banks are required or permitted by law to be closed in New York City, New York, USA, the Cayman Islands, Hamilton, Bermuda or Dublin, Ireland or (2) a day on which the NYSE is closed for trading;
“Cayman Court”	The Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom;
“Code”	The U.S. Internal Revenue Code of 1986, as amended;
“Companies Law”	The Companies Law (2009 Revision) of the Cayman Islands, and its predecessors, as consolidated and revised from time to time;
“Company”	XL Capital Ltd, an exempted company incorporated in the Cayman Islands with limited liability, the Ordinary Shares of which are currently listed on the NYSE;
“Effective Time”	The time at which Part I of this Scheme becomes effective in accordance with Clause 12 of this Scheme;
“Latest Practicable Date”	February 18, 2010, being the latest practicable date for the purposes of ascertaining certain information contained herein;
“NYSE”	The New York Stock Exchange, Inc.;
“Ordinary Share Exchange”	The transaction to be effected by Part I of this Scheme;
“Ordinary Shareholders”	The registered holders of the Ordinary Shares, as recorded on the Register;
“Ordinary Shares”	Class A ordinary shares issued by the Company with a par value of US\$0.01 per share;
“Parties”	The Company, XL Group plc and the Ordinary Shareholders, and, in the event Part II of this Scheme takes effect, such term also includes the Series C Preference Shareholders and the Series E Preference Shareholders;
“Preference Share Exchange”	The transaction to be effected by Part II of this Scheme;
“Preference Shares”	The Series C Preference Shares and the Series E Preference Shares;
“Prohibited Proceeding”	Any Proceeding against the Company or XL Group plc or their property, or any of their directors,

	officers, employees or agents, in any jurisdiction whatsoever other than an Allowed Proceeding;
“Proxy Statement”	The proxy statement issued to the Ordinary Shareholders in connection with this Scheme by Order of the Cayman Court on March 3, 2010;
“Proceeding”	Any process, suit, action, legal or other proceeding, including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, execution, restraint, forfeiture, re-entry, seizure, lien, enforcement of judgment, enforcement of any security or enforcement of any letters of credit;
“Register”	The register of members of the Company;
“Scheme”	This scheme of arrangement in its present form or with or subject to any modifications, additions or conditions which the Cayman Court may approve or impose;
“Scheme Meetings”	The class meetings of the Ordinary Shareholders, the Series C Preference Shareholders and the Series E Preference Shareholders convened by the Cayman Court for the purposes of considering, and if seen fit, approving this Scheme;
“Scheme Shares”	The Ordinary Shares, and, in the event that Part II of this Scheme takes effect, such term also includes the Series C Preference Shares and the Series E Preference Shares;
“Scheme Shareholders”	The Ordinary Shareholders, and, in the event Part II of this Scheme takes effect, such term also includes the Series C Preference Shareholders and the Series E Preference Shareholders;
“Series C Preference Shareholders”	The registered holders of Series C Preference Shares, as recorded on the Register;
“Series C Preference Shares”	Series C preference ordinary shares issued by the Company with a par value of US\$0.01 per share;
“Series E Preference Shareholders”	The registered holders of Series E Preference Shares, as recorded on the Register;
“Series E Preference Shares”	Series E preference ordinary shares issued by the Company with a par value of US\$0.01 per share;
“Transaction”	The Ordinary Share Exchange, and in the event that Part II of this Scheme takes effect, (i) the Preference Share Exchange and (ii) the entity classification election to treat the Company as a disregarded entity for U.S. federal tax purposes shortly after the Ordinary Share Exchange and the Preference Share Exchange are effected.
“XL Capital Group”	The Company and its direct and indirect subsidiaries prior to the Effective Time;

“XL Group plc Ordinary Shares”	Ordinary shares issued by XL Group plc, with a par value of US\$0.01 per share, having the rights attaching to them as set out in the Memorandum of Association and Articles of Association of XL Group plc;
“XL Group plc Series C Preference Shares”	Series C preference shares issued by XL Group plc, with a nominal par value of US\$0.01 per share, having the rights attaching to them as set out in the terms of their issue;
“XL Group plc Series E Preference Shares”	Series E preference shares issued by XL Group plc, with a nominal par value of US\$0.01 per share, having the rights attaching to them as set out in the terms of their issue; and
“XL Group plc”	XL Group plc, an Irish public limited company

- (A) The Company was incorporated as an exempted company named EXEL Merger Company on March 16, 1998 in the Cayman Islands under the Companies Law. The authorised share capital of the Company as at the Latest Practicable Date was US\$9,999,900 divided into (i) 999,990,000 Ordinary Shares of par value US\$0.01, of which 342,895,728 Ordinary Shares were issued and fully paid as at the Latest Practicable Date; (ii) 20,000,000 Class C Preference Shares of par value US\$0.01, of which 2,876,000 Class C Preference Shares were issued and fully paid as at the Latest Practicable Date; and (iii) 1,000,000 Class E Preference Shares of par value US\$0.01, of which 1,000,000 Class E Preference Shares were issued and fully paid as at the Latest Practicable Date.
- (B) The Company proposes to relocate the ultimate parent holding company of the XL Capital Group from the Cayman Islands to Ireland by way of this Scheme, such that, upon the Effective Time, all the Ordinary Shares of XL Capital Ltd (and if the Preference Share Exchange becomes effective, all the Preference Shares of XL Capital Ltd) shall be owned by XL Group plc.
- (C) The Parties intend for the Transaction to qualify as (i) a reorganization under Section 368(a)(1)(F) of the Code if both the Ordinary Share Exchange and Preference Share Exchange are effected, or (ii) an exchange under Section 351 of the Code if only the Ordinary Share Exchange is effected.
- (D) The Parties further intend for this Scheme to constitute a plan of reorganization within the meaning of Section 368 of the Code.
- (E) The Parties further intend for the Company to become a tax resident of Ireland in connection with the Transaction.
- (F) Pursuant to the terms of the special resolution passed at the class meeting of the Series C Preference Shareholders on April 30, 2010, the full amount of the dividend that would otherwise be payable on the Series C Preference Shares on July 15, 2010 will be paid by the Company (as and if declared by the board of the Company) on the earlier of (x) July 15, 2010 and, (y) if all of the conditions to the Preference Share Exchange set forth in Clause 13 below have been satisfied or, if allowed by law, waived, other than the occurrence of the Ordinary Share Exchange and the receipt of tax opinions (both of which will occur on the effective date of this Scheme) the Business Day immediately preceding the Effective Time (or such other date on or after June 15, 2010 as is declared by the board of the Company).
- (G) XL Group plc has undertaken to the Cayman Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to this Scheme.

SCHEME OF ARRANGEMENT

PART I

ORDINARY SHARE EXCHANGE

1. At the Effective Time, all issued and outstanding Ordinary Shares shall be transferred to XL Group plc and such Ordinary Shares shall be credited as fully paid and recorded in the Register in the name of XL Group plc.
2. In consideration of the transfer of the Ordinary Shares pursuant to Clause 1 of this Scheme, at the Effective Time:
 - (a) XL Group plc will issue to each Ordinary Shareholder one XL Group plc Ordinary Share for each whole Ordinary Share held by such Ordinary Shareholder immediately prior to the Effective Time and that is transferred pursuant to Clause 1 of this Scheme; and
 - (b) if an Ordinary Shareholder holds a fraction of an Ordinary Share immediately prior to the Effective Time that is transferred pursuant to Clause 1 of this Scheme (after taking into account all Ordinary Shares held by such Ordinary Shareholder immediately prior to the Effective Time), XL Group plc will pay to such Ordinary Shareholder an amount in cash (rounded to the nearest cent) determined by multiplying (i) the average of the high and low trading prices of the Ordinary Shares on the NYSE on the Business Day immediately preceding the Effective Time and (ii) such fraction of an Ordinary Share held by such Ordinary Shareholder immediately prior to the Effective Time.
3. As from the Effective Time, the Ordinary Shareholders prior to the Effective Time shall in accordance with this Scheme cease to have any rights with respect to the Ordinary Shares, except the right to receive the consideration set out in Clause 2 of this Scheme.
4. As from the Effective Time, each instrument of transfer and certificate existing at the Effective Time in respect of a holding of any number of Ordinary Shares shall cease to be valid for any purpose as an instrument of transfer or a certificate for such Ordinary Shares.

PART II

PREFERENCE SHARE EXCHANGE

5. At the Effective Time, all issued and outstanding Series C Preference Shares shall be transferred to XL Group plc and such Series C Preference Shares shall be credited as fully paid and recorded in the Register in the name of XL Group plc.
6. In consideration of the transfer of the Series C Preference Shares pursuant to Clause 5 of this Scheme, at the Effective Time, XL Group plc will issue to each Series C Preference Shareholder one XL Group plc Series C Preference Share for each Series C Preference Share held by such Series C Preference Shareholder immediately prior to the Effective Time and that is transferred pursuant to Clause 5 of this Scheme.
7. As from the Effective Time, the Series C Preference Shareholders prior to the Effective Time shall in accordance with this Scheme cease to have any rights with respect to the Series C Preference Shares, except the right to receive the consideration set out in Clause 6 of this Scheme.

8. At the Effective Time, all issued and outstanding Series E Preference Shares shall be transferred to XL Group plc and such Series E Preference Shares shall be credited as fully paid and recorded in the Register in the name of XL Group plc.
9. In consideration of the transfer of the Series E Preference Shares pursuant to Clause 8 of this Scheme, at the Effective Time, XL Group plc will issue to each Series E Preference Shareholder one XL Group plc Series E Preference Share for each Series E Preference Share held by such Series E Preference Shareholder immediately prior to the Effective Time and that is transferred pursuant to Clause 8 of this Scheme.
10. As from the Effective Time, the Series E Preference Shareholders prior to the Effective Time shall in accordance with this Scheme cease to have any rights with respect to the Series E Preference Shares, except the right to receive the consideration set out in Clause 9 of this Scheme.
11. As from the Effective Time, each instrument of transfer and certificate existing at the Effective Time in respect of a holding of any number of Preference Shares shall cease to be valid for any purpose as an instrument of transfer or a certificate for such Preference Shares.

PART III

GENERAL

12. Part I of this Scheme shall become effective at 1:01 a.m., Bermuda time, on July 1, 2010 or such earlier or later date and time as the board of the Company (or any duly authorized committee of the board of the Company) shall at any time resolve, provided that at or by that time all of the following conditions are satisfied or, to the extent permitted by law, waived by the Company and XL Group plc:
 - (a) this Scheme is approved by the affirmative vote of a majority in number of registered Ordinary Shareholders present and voting, in person or by proxy, on the proposal to approve this Scheme at the Scheme Meeting of the Ordinary Shareholders, representing 75% or more in value of the Ordinary Shares present and voting, in person or by proxy, on the proposal to approve this Scheme;
 - (b) the requisite court order sanctioning this Scheme, insofar as it relates to the Ordinary Share Exchange, is obtained from the Cayman Court;
 - (c) there is no threatened or pending litigation relating to, or effective decree, order, injunction or other legal restraint prohibiting the consummation of, the Ordinary Share Exchange;
 - (d) all consents and governmental authorizations that are necessary, desirable or appropriate in connection with the Ordinary Share Exchange are obtained on terms acceptable to the Company (as it should think fit in its absolute discretion) and are in full force and effect;
 - (e) the Company receives an opinion from Baker & McKenzie LLP, in form and substance reasonably satisfactory to it, confirming, as of the effective date of this Scheme, the matters discussed under "Material Tax Considerations Relating to the Transaction—U.S. Federal Income Tax Considerations" in the Proxy Statement;
 - (f) the Company receives an opinion from Matheson Ormsby Prentice, Solicitors, in form and substance reasonably satisfactory to it, confirming, as of the effective date of this Scheme, the matters discussed under "Material Tax Considerations Relating to the Transaction—Irish Tax Considerations" in the Proxy Statement; and
 - (g) the XL Group plc Ordinary Shares to be issued pursuant to the Ordinary Share Exchange are authorized for listing on the NYSE, subject to official notice of issuance.

13. Part II of this Scheme shall become effective (if at all) on the date upon which Part I of this Scheme takes effect, provided that at or by that time all of the following conditions are satisfied or, to the extent permitted by law, waived by the Company and XL Group plc:
- (a) all of the conditions set out in Clause 12 above with respect to completion of the Ordinary Share Exchange are satisfied or, if allowed by relevant law, waived, and the Ordinary Share Exchange is concurrently consummated;
 - (b) this Scheme is approved by the affirmative vote of a majority in number of the registered Series C Preference Shareholders present and voting, in person or by proxy, on the resolution to approve this Scheme at the Scheme Meeting of the Series C Preference Shareholders, voting as a class, representing 75% or more in value of the Series C Preference Shares present and voting, in person or by proxy, on the resolution to approve this Scheme;
 - (c) this Scheme is approved by the affirmative vote of a majority in number of the registered Series E Preference Shareholders present and voting, in person or by proxy, on the resolution to approve this Scheme at the Scheme Meeting of the Series E Preference Shareholders, voting as a class, representing 75% or more in value of the Series E Preference Shares present and voting, in person or by proxy, on the resolution to approve this Scheme;
 - (d) the proposal to vary the terms of the Series C preference shares with respect to payment of the dividend that would otherwise be payable on July 15, 2010 is approved by a special resolution of the Series C Preference Shareholders passed by Series C Preference Shareholders representing at least 2/3 of all Series C Preference Shares present and voting, in person or by proxy, on such proposal, as a class, at a general meeting of the Series C Preference Shareholders at which holders of at least 2/3 of all Series C Preference Shares are present, either in person or by proxy;
 - (e) the requisite court order sanctioning this Scheme, insofar as it relates to the Ordinary Share Exchange, is obtained from the Cayman Court;
 - (f) there is no threatened or pending litigation relating to, or effective decree, order, injunction or other legal restraint prohibiting the consummation of, the Preference Share Exchange;
 - (g) all consents and governmental authorizations that are necessary, desirable or appropriate in connection with the Preference Share Exchange are obtained on terms acceptable to the Company (as it should think fit in its absolute discretion) and are in full force and effect; and
 - (h) the Company receives opinions from Baker & McKenzie LLP and Matheson Ormsby Prentice, Solicitors, in form and substance reasonably satisfactory to it, confirming, as of the effective date of this Scheme, certain tax matters relating to the Preference Share Exchange.
14. For the avoidance of doubt:
- (a) Part I of this Scheme may become effective whether or not Part II of this Scheme becomes effective, but Part II of this Scheme shall not become effective unless and until Part I of this Scheme becomes effective; and
 - (b) Clauses 5 through 7 of this Scheme shall not become effective unless Clauses 8 through 10 of this Scheme shall become effective at the same time and Clauses 8 through 10 of this Scheme shall not become effective unless Clauses 5 through 7 of this Scheme shall become effective at the same time.
15. All mandates or other instructions to the Company in force at the Effective Time relating to any of the Scheme Shares (including, without limitation, elections for the payment of dividends by way of scrip (if any)) shall, mutatis mutandis immediately after the Effective Time, be

deemed to be valid as effective mandates or instructions in respect of the XL Group plc Ordinary Shares, the XL Group plc Series C Preference Shares or the XL Group plc Series E Preference Shares, as the case may be, received in connection with the transfer of such Scheme Shares; provided, however, that nothing in this Scheme shall in any way affect the right (if any) of a shareholder of the Company to receive any dividend declared by the Company prior to the Effective Time but which has not been paid prior to the Effective Time.

16. Subject to any applicable laws, this Scheme may be amended, modified or supplemented at any time before or after its approval by the shareholders of the Company at the Scheme Meetings. At the Cayman Court hearing to sanction this Scheme, the Cayman Court may impose such conditions, modifications and amendments as it deems appropriate in relation to this Scheme but will not impose any material changes without the joint consent of the Company and XL Group plc. Subject to any applicable laws, the Company may consent to any condition, modification or amendment of this Scheme on behalf of the Scheme Shareholders which the Company may think fit to approve or impose. After its approval, no amendment, modification or supplement may be made or effected that legally requires further approval by shareholders or any class of shareholders of the Company without obtaining that approval.
17. The Company may terminate or abandon this Scheme at any time prior to the Effective Time without obtaining the approval of the Scheme Shareholders, even though this Scheme may have been approved at the Scheme Meetings and sanctioned by the Cayman Court and all other conditions may have been satisfied.
18. None of the Scheme Shareholders shall commence a Prohibited Proceeding in respect of or arising from this Scheme after the Effective Time. A Scheme Shareholder may commence an Allowed Proceeding against the Company or XL Group plc after the Effective Time provided that it has first given the Company and XL Group plc five Business Days' prior notice in writing of its intention to do so.
19. Any cash payment to be made to a Scheme Shareholder pursuant to Clause 2(b) above shall be made by posting a check to that Scheme Shareholder at its address (as it appears on the Register immediately prior to the Effective Time) not later than 30 Business Days after the Effective Time (or as shall otherwise be agreed to between XL Group plc and the Scheme Shareholder).
20. Any notice or other written communication to be given under or in relation to this Scheme (other than pursuant to Clause 25 below) shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by post to:
 - (a) in the case of the Company, XL Capital Ltd, XL House, One Bermudiana Road, Hamilton HM 08, Bermuda;
 - (b) in the case of XL Group plc, No. 1 Upper Hatch Street, 4th Floor, Dublin 2, Ireland;
 - (c) in the case of any Scheme Shareholder, its address as it appeared on the Register immediately prior to the Effective Time; and
 - (d) in the case of any other person, any address set forth for that person in any agreement entered into in connection with this Scheme or the last known address according to the records of the Company, or by fax to its last known fax number according to the records of the Company.
21. In proving service, it shall be sufficient proof, in the case of a notice sent by post, that the envelope was properly stamped, addressed and placed in the post.
22. Without limiting the manner in which notice or other written communication may be given or deemed given pursuant to any other clause of this Scheme, any notice or other written communication to be given under this Scheme shall be deemed to have been served as provided in Articles 103 to 106 of the Company's Articles of Association.

23. The accidental omission to send any notice, written communication or other document in accordance with Clauses 20 or 21 above, or the non-receipt of any such notice by a Scheme Shareholder, shall not affect the provisions of this Scheme.
24. The Company shall not be responsible for any loss or delay in the transmission of any notices, other documents or checks posted by or to a Scheme Shareholder, which shall be posted at the risk of such Scheme Shareholder.
25. XL Group plc shall give notification of this Scheme having become effective (which notice will also specify whether or not Part II of this Scheme has become effective). The Company shall give notification if it decides to terminate or abandon the Scheme pursuant to Clause 17 above. This notification, and any other notice or other written communication that is required to be given to all or substantially all of the Scheme Shareholders, may (but is not required to) be made by issuing a press release.
26. The operative terms of this Scheme shall be governed by, and construed in accordance with, the laws of the Cayman Islands and the Scheme Shareholders hereby agree that the courts of the Cayman Islands shall have exclusive jurisdiction to hear and determine any Proceeding and to settle any dispute which arises out of or is connected with the terms of this Scheme or their implementation or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme and, for such purposes, the Parties irrevocably submit to the jurisdiction of the courts of the Cayman Islands.
27. If any provision (or any part of any provision) of this Scheme is found by the Cayman Court to be illegal or unenforceable, it shall be severed from this Scheme and the remaining provisions of this Scheme shall continue in force.
28. Notwithstanding any other clause of this Scheme, unless this Scheme has become effective on or before December 31, 2010 (or such later date, if any, as the Cayman Court may allow), this Scheme shall lapse and be of no further effect.

Dated [*], 2010