



Fundamental strength
in triple-A rated
financial guarantee
insurance and
reinsurance

CDO Portfolio
March 31, 2007

SECURITY CAPITAL ASSURANCE

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This presentation includes forward-looking statements, both with respect to us and our industry, that reflect our current views with respect to future events and financial performance. Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “will,” “may” and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements.

We believe that these factors include, but are not limited to, the following:

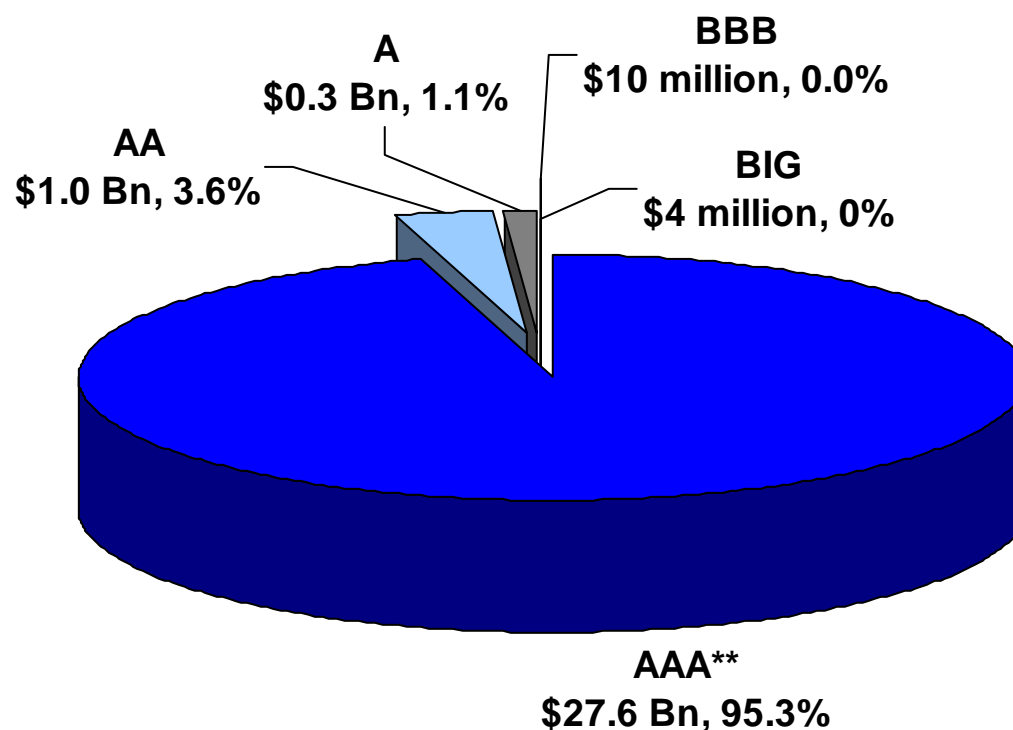
- changes in rating agency policies or practices, including adverse changes to the financial strength or financial enhancement ratings of any or all of our operating subsidiaries;
- ineffectiveness or obsolescence of our business strategy, due to changes in current or future market conditions or other factors;
- the performance of our invested assets or losses on credit derivatives;
- availability of capital (whether in the form of debt or equity) and liquidity (including letter of credit facilities);
- the timing of claims payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;
- increased competition on the basis of pricing, capacity, terms or other factors;
- greater frequency or severity of claims and loss activity, including as a result of natural or man-made catastrophic events, than our underwriting, reserving or investment practices anticipate based on historical experience or industry data;
- developments in the world’s financial and capital markets that adversely affect the performance of our investments and our access to such markets;
- changes in, or termination of, our ongoing reinsurance agreements with XL Capital Ltd or FSA;
- changes in regulation or tax laws applicable to us or our customers or suppliers such as our reinsurers;
- changes in the rating agencies’ views on third-party inward reinsurance;
- changes in the availability, cost or quality of reinsurance or retrocessions, including a material adverse change in the ratings of our reinsurers or retrocessionaires;
- changes with respect to XL Capital Ltd (including changes in its ownership percentage in us) or our relationship with XL Capital Ltd;
- changes that may occur in our operations as we begin operations as a public company;
- changes in accounting policies or practices or the application thereof;
- changes in the officers of our company or our subsidiaries;
- legislative or regulatory developments;
- changes in general economic conditions, including inflation, interest rates, foreign currency exchange rates and other factors; and
- the effects of business disruption or economic contraction due to war, terrorism or natural or other catastrophic events

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Overall CDO Portfolio

\$28.96 Bn Net Insured Par Outstanding as of 3/31/07

Distribution of Ratings of CDO Exposure *



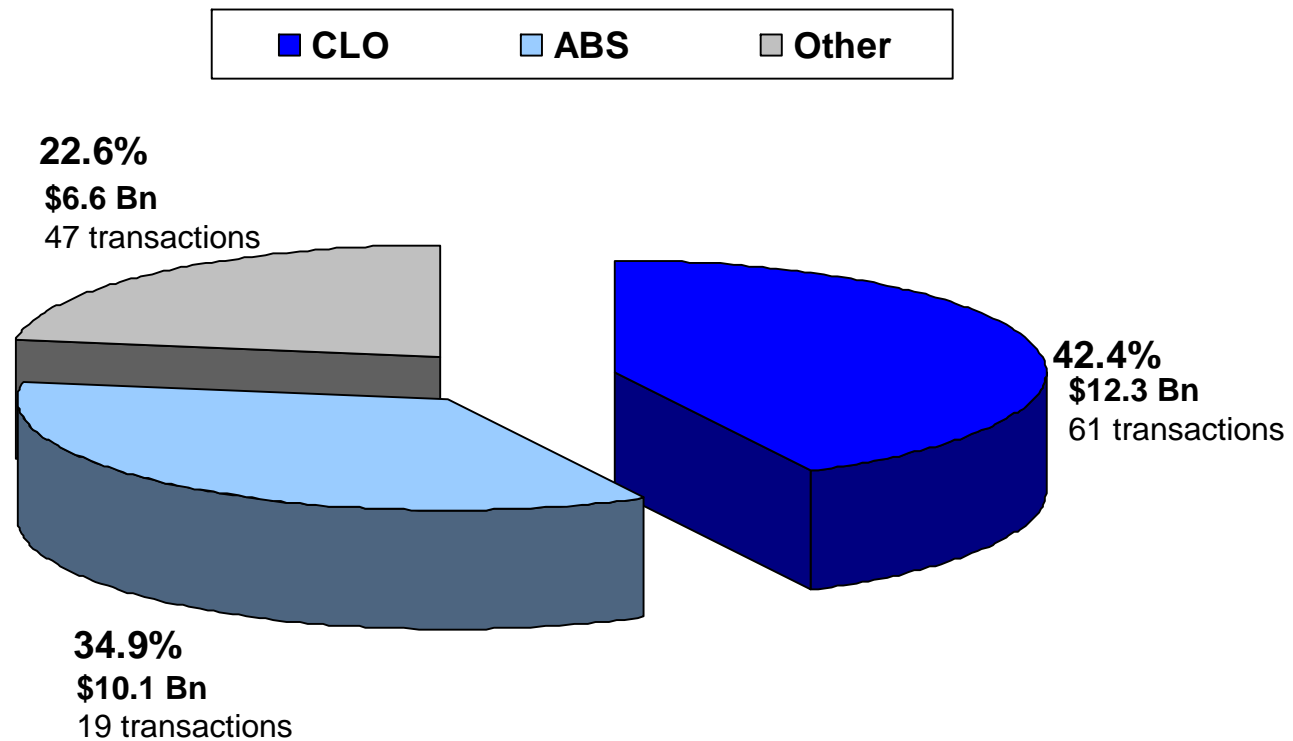
* Based on S&P ratings if available and internal SCA ratings if no S&P rating is available.

** Also includes exposure considered to be "super senior" where the underlying deal credit support exceeds the triple-A guidelines set by Moody's and Standard & Poor's

Overall CDO Portfolio

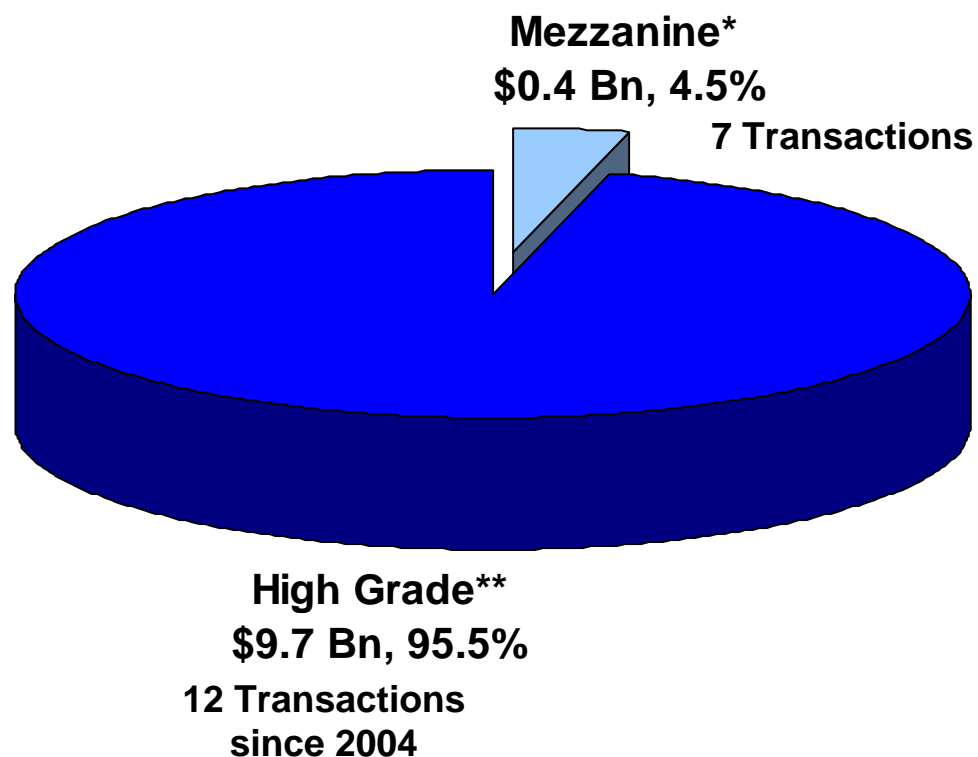
\$28.96 Bn Net Insured Par Outstanding as of 3/31/07

Sector Breakdown of CDO Portfolio by type of Collateral



CDOs of ABS Analysis

\$10.1 Bn Net Par Outstanding as of 3/31/07



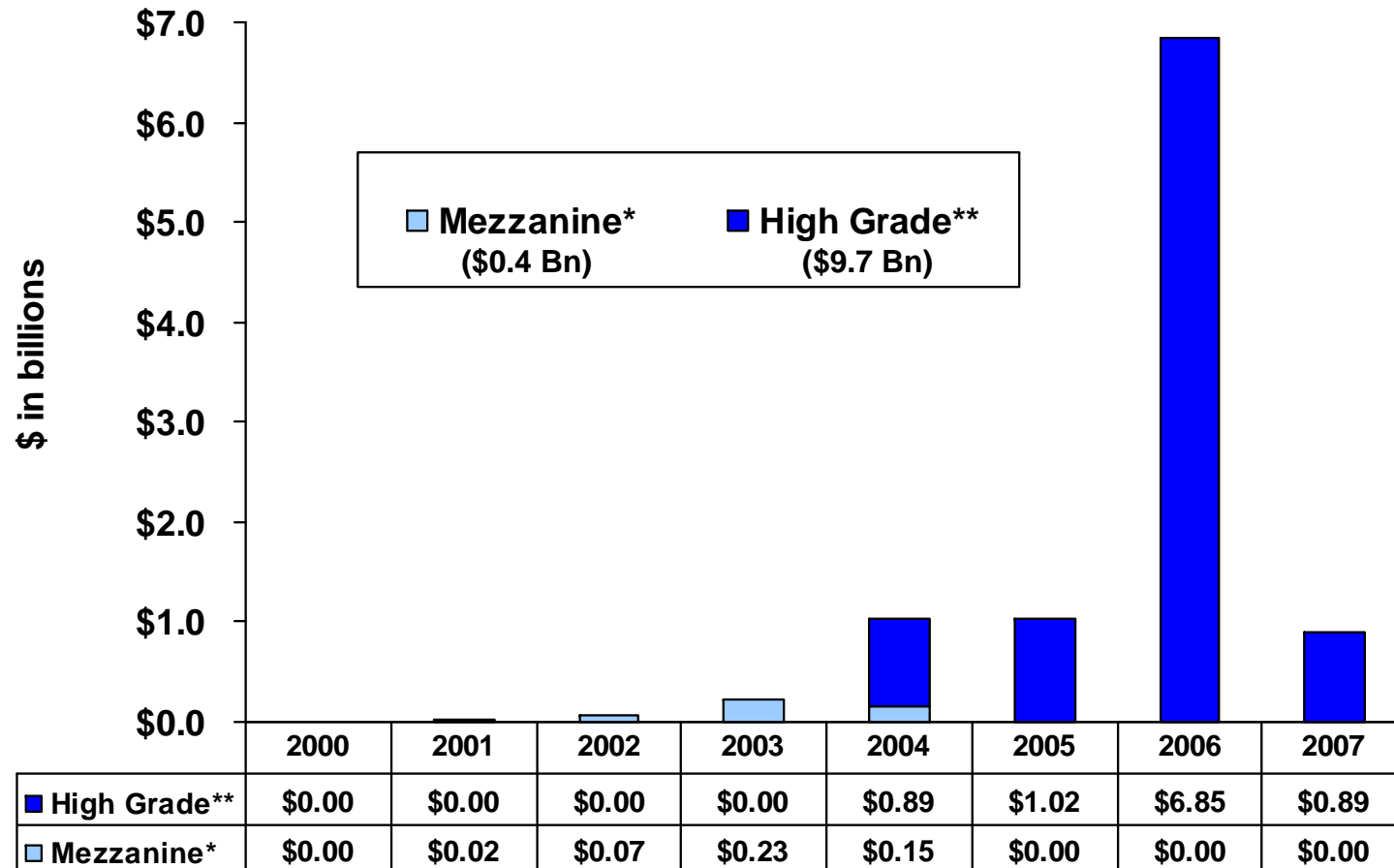
* CDOs secured primarily by BBB rated ABS & RMBS collateral.

** CDOs secured primarily by AAA, AA, and A rated ABS & RMBS collateral.

CDOs of ABS Analysis

\$10.1 Bn Net Par Outstanding as of 3/31/07

(By Vintage)



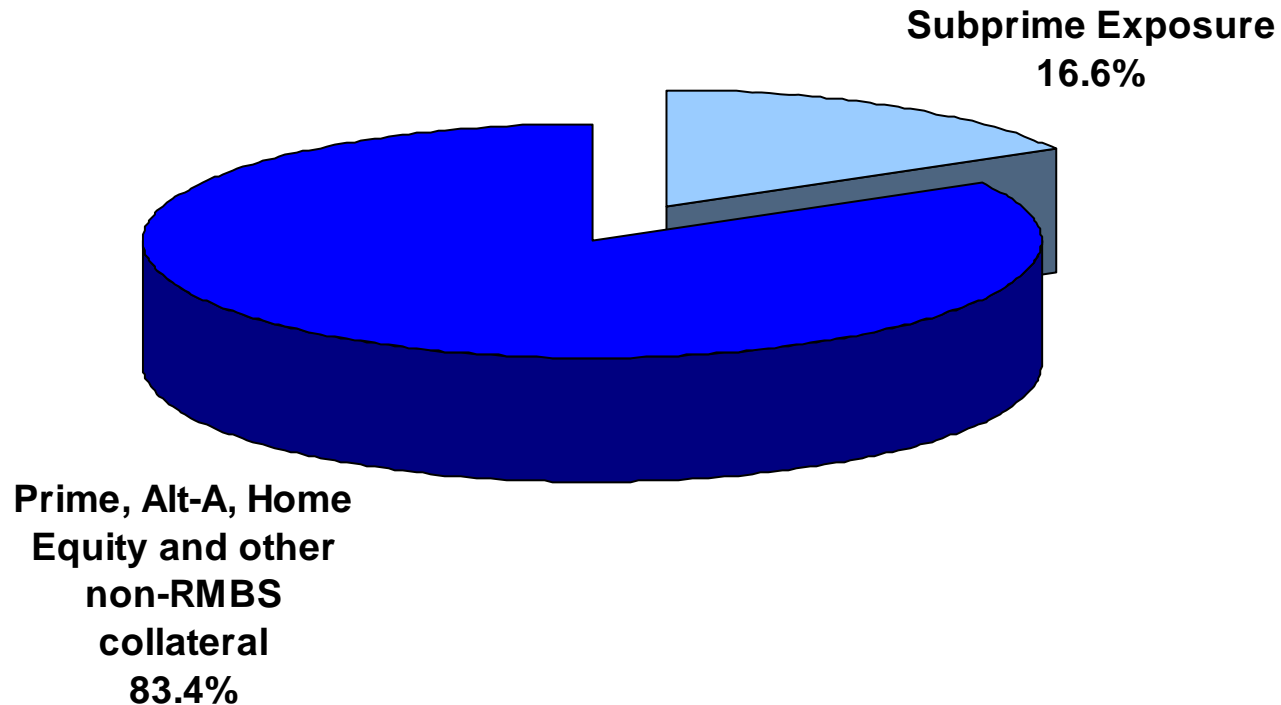
* CDOs secured primarily by BBB rated ABS & RMBS collateral.

** CDOs secured primarily by AAA, AA, and A rated ABS & RMBS collateral.

Amounts shown in billions.

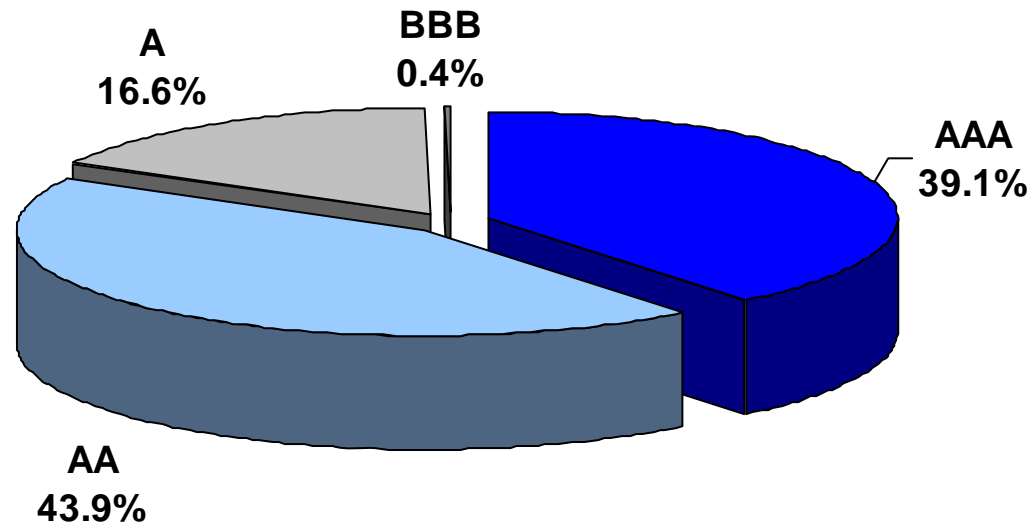
CDOs of ABS Analysis

CDOs of High Grade ABS \$9.7 Bn Net Par Outstanding as of 3/31/07 Distribution of Collateral



CDOs of ABS Analysis

CDOs of High Grade ABS \$9.7 Bn Net Par Outstanding as of 3/31/07 Underlying Collateral Ratings Distribution



Summary (CDO of ABS)

- SCA's exposure to CDOs of asset backed securities (CDOs of ABS) was \$10.1 billion at 3/31/07, or 7.9% of SCA's total insured portfolio.
- SCA's approach on CDO of ABS is to focus on deals with limitations on sub-prime RMBS and where the majority of subprime assets are rated triple-A or double-A.
- The CDOs of ABS book is a well-diversified, high quality portfolio.
 - All but 1% of SCA's CDOs of ABS transactions are rated AAA or super-AAA.
- 95.5% of our CDOs of ABS fall into the "high grade" category with underlying collateral comprising AAA, AA or A rated securities.
 - No CDOs of "mezzanine" ABS have been added to the portfolio since May 2004.
 - 12 CDOs of high grade ABS closed since 2004, all with super-AAA attachment points.
 - RMBS makes up the majority of these portfolios with deals having explicit limitations for (1) mid-prime (Alt-A) and (2) subprime (average limit of 32%).
- The portfolios collateralizing the high grade CDOs of ABS contain on average 152 securities and have an average credit quality of Aa2/Aa3 with strict limitations on A (average of 26%) and BBB securities.
- Attachment points for CDOs of ABS are typically a multiple of the natural triple-A subordination with an average attachment of 2.5 times the enhancement required by the rating agencies for triple-A.
- SCA's transactions are managed by CDO managers with ABS experience.