

YEAR-END 2006 OPERATING SUPPLEMENT

This supplement is being furnished to you for informational purposes only. It should be read in conjunction with documents filed by Security Capital Assurance Ltd with the Securities and Exchange Commission, including the Annual Report on Form 10-K for 2005 and Quarterly Reports on Form 10-Q. Please refer to the Company's website at www.scafg.com for further information describing Security Capital Assurance Ltd.



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

Security Capital Assurance Ltd

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Security Capital Assurance Ltd

Amendments

The SCA Year-End 2006 Operating Supplement has been amended on March 15, 2007 to (i) increase the previously reported SCA below investment grade exposure from \$230MM to \$492MM, (ii) conform the balance sheet to the presentation in the SCA Form 10K for the Year Ended 12/31/2006, (iii) reclassify the presentation of Financial Guarantee Reinsurance premiums assumed and net premiums earned for the quarter and year ended December 31, 2005 by line of business and (iv) update the Public Finance New Issuance volume to reflect the February 12, 2007 Bond Buyer.

Security Capital Assurance Ltd

Certain Definitions

Adjusted book value¹ (ABV)	Shareholders' equity (book value) plus the after-tax value of the deferred premium, net of prepaid reinsurance premiums and deferred acquisition costs plus the after-tax NPVFIP (see below), discounted at 7%.
Adjusted gross premium¹ (AGP)	The sum of: (i) upfront premiums written in such period, (ii) current installment premiums due on business written in such period and (iii) expected future installment premiums on contracts written during such period that remain in force and for which there is a binding obligation on the part of the insured to pay the future installments, discounted at 7%.
Adjusted net premium¹ (ANP)	The sum of net upfront premiums and ceding commissions, plus the net present value of net future installment premiums and ceding commissions written on insurance policies and structured credit derivatives during the relevant reporting period discounted at 7%.
Core income	Operating income (see below) excluding the impact of refundings.
Gross par outstanding	Aggregate principal value of obligations insured at the end of the reporting period.
Gross par written	Total principal value of obligations insured during reported the period.
Gross principal and interest outstanding	Aggregate principal value of obligations insured at the end of reporting period including all future interest payable on obligations.
Net par outstanding	Aggregate principal value of obligations insured at the end of the reporting period, reduced by cessions to reinsurers.
Net present value of future installment premium¹ (NPVFIP)	Estimated installment premiums written on insurance policies and structured credit derivatives anticipated to be earned in future periods on policies in force, reduced by planned cessions to reinsurers, plus associated ceding commissions received from reinsurers, discounted at 7%. NPVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.
Net principal and interest outstanding	Aggregate principal value of obligations insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers.
Operating income	Net income excluding realized gains (losses) on investments and realized and unrealized gains (losses) on credit derivatives.
Present value of future installment premium¹ (PVFIP)	Expected future installment premiums discounted at 7% on business written during the reporting period.

Notes:

¹Includes certain management estimates.

²This supplement may include 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. A non-exclusive list of these factors can be found in Security Capital Assurance Ltd's ("SCA") most recent quarterly report on Form 10-Q and other documents on file with the Securities and Exchange Commission. SCA undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future developments or otherwise.

³Numbers throughout the supplement may not add due to rounding.

Security Capital Assurance Ltd
Annual Financial and Statistical Data
(U.S. dollars in millions, except share data)

	Year Ended			
	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Summary Income Statement Data:				
Adjusted gross premiums	\$ 556	\$ 396	\$ 295	\$ 360
Total premiums written	409	285	277	319
Net premiums earned	183	152	116	103
Net investment income	78	51	36	23
Net losses and loss adjustment expenses	15	26	21	20
Acquisition and operating expenses	89	80	67	59
Insurance Segment AGP	514	342	267	307
Reinsurance Segment AGP	42	54	28	53
Net income per diluted share ¹	\$ 2.18	\$ 1.74	\$ 1.28	\$ 1.33
Net income per diluted share growth rate	25.3%	35.9%	-3.8%	
Operating return on equity	12.5%	10.7%	6.5%	7.8%
Common dividends per diluted share	\$ 0.02	-	-	-

U.S. GAAP Financial Ratios:

Loss and loss expense ratio	8.2%	17.1%	18.3%	19.4%
Underwriting expense ratio	48.5%	52.6%	57.3%	56.8%
Combined ratio	56.7%	69.7%	75.6%	76.2%

	As of			
	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Summary Balance Sheet Data:				
Investments	\$ 1,958	\$ 1,364	\$ 1,157	\$ 833
Total assets	2,497	1,684	1,472	1,138
Deferred premium revenue	796	593	487	386
Gross unpaid losses and loss adjustment expenses	179	147	116	47
Case	85	69	51	5
Unallocated	93	78	65	42
Net unpaid case losses and loss adjustment expenses	15	17	5	5
Long-term debt	-	-	-	-
Total shareholders' equity	1,367	868	805	622
Common shares outstanding ¹	64,136,364	46,127,245	46,127,245	46,127,245
Adjusted book value per actual share ¹	\$ 36.72	\$ 35.73	\$ 31.62	\$ 23.99

Statutory Data:

Qualified statutory capital	\$ 1,391	\$ 892	\$ 820	\$ 642
Deferred premium revenue	595	427	348	227
Net losses and loss adjustment expense reserves	82	72	54	28
Policyholders' reserves	2,068	1,391	1,222	898
Soft capital	200	200	200	-
NPVFIP	399	358	303	251
Total claims-paying resources	\$ 2,666	\$ 1,949	\$ 1,725	\$ 1,149
Net par outstanding	\$ 118,012	\$ 81,891	\$ 66,934	\$ 42,833
Net principal and interest outstanding	183,702	121,898	97,301	62,577

Note:

¹Based on 46,127,245 shares outstanding immediately prior to our initial public offering.

Security Capital Assurance Ltd

Return on Equity

(Unaudited)

Period Ended	Reported ¹	Operating ²
Year ended 12/31/06	10.3%	12.5%
Year ended 12/31/05	9.5%	10.7%
Year ended 12/31/04	8.3%	6.5%
Year ended 12/31/03	11.4%	7.8%

Notes:

¹Annualized net income divided by average shareholders' equity less accumulated other comprehensive loss.

²Annualized operating income divided by average shareholders' equity less accumulated other comprehensive loss.

Security Capital Assurance Ltd
Segment Consolidation
(Unaudited)

	Year Ended 12/31/2006			Year Ended 12/31/2005		
	Financial	Financial	Total	Financial	Financial	Total
	Guarantee Insurance	Guarantee Reinsurance		Guarantee Insurance	Guarantee Reinsurance	
AGP (U.S. Dollars in Millions)						
U.S. public finance	\$ 140.3	\$ 1.9	\$ 142.2	\$ 92.0	\$ 1.1	\$ 93.2
U.S. structured finance	206.8	1.2	208.0	104.1	25.8	129.9
International	167.0	38.8	205.8	145.9	26.9	172.8
Total AGP	\$ 514.1	\$ 41.9	\$ 556.1	\$ 342.0	\$ 53.9	\$ 395.8
Income statement: (U.S. Dollars in Thousands)						
Gross written premiums	\$ 353,728	\$ -	\$ 353,728	\$ 233,269	\$ -	\$ 233,269
Reinsurance premiums assumed	-	55,271	55,271	-	52,170	52,170
Total premiums written	353,728	55,271	408,999	233,269	52,170	285,439
Ceded premiums	(13,067)	-	(13,067)	(40,527)	-	(40,527)
Net premiums written	340,661	55,271	395,932	192,742	52,170	244,912
Change in net deferred premium revenue	(185,098)	(27,719)	(212,817)	(72,159)	(20,914)	(93,073)
Net premiums earned	155,563	27,551	183,115	120,583	31,256	151,839
Fee income and other	2,365	-	2,365	750	-	750
Net losses and loss adjustment expenses	12,639	2,319	14,958	25,369	652	26,021
Acquisition costs, net	10,537	5,703	16,240	4,664	7,567	12,231
Operating expenses	62,592	10,055	72,647	59,434	8,187	67,621
Underwriting income	\$ 72,160	\$ 9,475	\$ 81,635	\$ 31,866	\$ 14,850	\$ 46,716
Loss and loss expense ratio	8.1%	8.4%	8.2%	21.0%	2.1%	17.1%
Underwriting expense ratio	47.0%	57.2%	48.5%	53.2%	50.4%	52.6%
Combined ratio	55.1%	65.6%	56.7%	74.2%	52.5%	69.7%

	Three Months Ended 12/31/2006			Three Months Ended 12/31/2005		
	Financial	Financial	Total	Financial	Financial	Total
	Guarantee Insurance	Guarantee Reinsurance		Guarantee Insurance	Guarantee Reinsurance	
AGP (U.S. Dollars in Millions)						
U.S. public finance	\$ 14.4	\$ -	\$ 14.4	\$ 16.9	\$ -	\$ 16.9
U.S. structured finance	107.6	-	107.6	34.7	-	34.7
International	64.6	10.7	75.2	58.1	-	58.1
Total AGP	\$ 186.6	\$ 10.7	\$ 197.2	\$ 109.7	\$ -	\$ 109.7
Income statement: (U.S. Dollars in Thousands)						
Gross written premiums	\$ 118,516	\$ -	\$ 118,516	\$ 53,457	\$ -	\$ 53,457
Reinsurance premiums assumed	-	15,087	15,087	-	15,097	15,097
Total premiums written	118,516	15,087	133,603	53,457	15,097	68,554
Ceded premiums	(14,223)	-	(14,223)	(11,191)	-	(11,191)
Net premiums written	104,293	15,087	119,380	42,266	15,097	57,363
Change in net deferred premium revenue	(66,806)	(8,268)	(75,074)	(4,728)	(7,627)	(12,355)
Net premiums earned	37,487	6,819	44,306	37,538	7,470	45,008
Fee income and other	75	-	75	-	-	-
Net losses and loss adjustment expenses	3,490	145	3,635	3,547	2,430	5,977
Acquisition costs, net	1,976	1,216	3,192	1,013	1,898	2,911
Operating expenses	16,120	3,531	19,651	15,397	2,209	17,606
Underwriting income	\$ 15,976	\$ 1,928	\$ 17,903	\$ 17,581	\$ 933	\$ 18,514
Loss and loss expense ratio	9.3%	2.1%	8.2%	9.4%	32.5%	13.3%
Underwriting expense ratio	48.3%	69.6%	51.6%	43.7%	55.0%	45.6%
Combined ratio	57.6%	71.7%	59.8%	53.2%	87.5%	58.9%

Security Capital Assurance Ltd
Summary Financial Information - U.S. GAAP Basis
(Unaudited)
(U.S. dollars in millions except share data)

	As of	
	12/31/2006 ¹	12/31/2005 ²

Per Actual Shares Outstanding

Book value	\$ 21.31	\$ 18.81
Deferred premium revenue	11.79	12.20
Prepaid reinsurance premiums	0.89	1.44
Deferred acquisition costs	<u>1.39</u>	<u>1.23</u>
Net deferred premium revenue	9.51	9.54
NPVFIP	<u>5.91</u>	<u>7.38</u>
Adjusted book value	<u>\$ 36.72</u>	<u>\$ 35.73</u>

Common Shares Outstanding

Actual	64,136,364	46,127,245
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	Three Months Ended		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005

Common Shares Outstanding

Weighted Average Basic	64,136,364	46,127,245	53,676,273	46,127,245
Weighted Average Diluted	64,237,292	46,127,245	53,718,326	46,127,245

Net Income Per Common Share

Basic	\$ 0.56	\$ 0.59	\$ 2.19	\$ 1.74
Diluted	\$ 0.56	\$ 0.59	2.18	1.74

Dividends Per Common Share

Declared	\$ 0.02	\$ -	\$ 0.02	\$ -
Paid	0.02	-	0.02	-

Notes:

¹Based on the total common shares issued and outstanding at the end of the period.

²Based on 46,127,245 common shares outstanding immediately prior to our initial public offering.

Security Capital Assurance Ltd
Consolidated Statements of Operations
(U.S. dollars in thousands)

	Three Months Ended		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Revenues				
Gross premiums written	\$ 118,516	\$ 53,457	\$ 353,728	\$ 233,269
Reinsurance premiums assumed	15,087	15,097	55,271	52,170
Total premiums written	133,603	68,554	408,999	285,439
Ceded premiums	(14,223)	(11,191)	(13,067)	(40,527)
Net premiums written	119,380	57,363	395,932	244,912
Change in net deferred premium revenue	(75,074)	(12,355)	(212,817)	(93,073)
Net premiums earned	44,306	45,008	183,115	151,839
Net investment income	24,698	14,331	77,724	51,160
Net realized gains (losses) on investments	376	(1,082)	(16,180)	(3,221)
Net realized and unrealized (losses) on credit derivatives	(1,620)	(2,467)	(8,385)	(6,681)
Fee income and other	75	-	2,365	750
Total revenues	\$ 67,835	\$ 55,790	\$ 238,639	\$ 193,847
Expenses				
Net losses and loss adjustment expenses	3,635	5,977	14,958	26,021
Acquisition costs, net	3,192	2,911	16,240	12,231
Operating expenses	23,551	17,606	78,999	67,621
Total expenses	30,378	26,494	110,197	105,873
Income before income tax and minority interest	37,457	29,296	128,442	87,974
Income tax expense (benefit)	574	378	3,133	(1,277)
Income before minority interest	36,883	28,918	125,309	89,251
Minority interest	1,077	1,903	7,954	8,805
Net income	\$ 35,806	\$ 27,015	\$ 117,355	\$ 80,446

Security Capital Assurance Ltd
Consolidated Balance Sheets
(U.S. dollars in thousands)

	As of	
	12/31/2006	12/31/2005
Assets		
Investments		
Debt securities available for sale, at fair value	\$ 1,736,462	\$ 1,316,029
Short-term investments, at fair value	221,901	30,811
Other invested assets	<u>-</u>	<u>17,621</u>
Total investments	1,958,363	1,364,461
Cash and cash equivalents	202,548	54,593
Accrued investment income	16,515	11,847
Deferred acquisition costs	93,809	59,592
Prepaid reinsurance premiums	59,983	69,873
Premiums receivable	12,936	7,770
Reinsurance balances recoverable on unpaid losses	88,616	69,217
Intangible assets - acquired licenses	11,529	11,529
Deferred income tax asset	18,182	17,569
Other assets	<u>34,333</u>	<u>17,864</u>
Total assets	<u>\$ 2,496,814</u>	<u>\$ 1,684,315</u>
Liabilities and Shareholders' Equity		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 178,517	\$ 147,368
Deferred premium revenue	795,906	592,585
Reinsurance premiums payable	13,952	310
Payable for investments purchased	5,435	-
Accounts payable, accrued expenses and other liabilities	<u>82,468</u>	<u>25,720</u>
Total liabilities	1,076,278	765,983
Minority interest - redeemable preferred shares of subsidiary	54,016	50,518
Shareholders' Equity		
Common stock	641	461
Additional paid-in capital	987,803	605,951
Retained earnings	397,781	281,709
Accumulated other comprehensive income	<u>(19,705)</u>	<u>(20,307)</u>
Total shareholders' equity	<u>1,366,520</u>	<u>867,814</u>
Total liabilities, minority interest and shareholders' equity	<u>\$ 2,496,814</u>	<u>\$ 1,684,315</u>

Security Capital Assurance Ltd

Investment Portfolio

As of December 31, 2006

(U.S. dollars in thousands)

Distribution by Security Type	Market Value	% of Market Value	Amortized Cost
Debt Securities:			
MBS/ABS	\$ 1,070,261	49.5%	\$ 1,077,846
U.S. Government	317,554	14.7%	323,638
Corporate	338,253	15.7%	343,200
Non-U.S. Sovereign	10,017	0.5%	10,126
States & Political Subs	<u>378</u>	<u>0.0%</u>	<u>375</u>
Total LT Fixed Maturity	1,736,462	80.4%	1,755,184
Short-term investments			
Cash and cash equivalents	202,548	9.4%	202,548
Short-term investments	<u>221,901</u>	<u>10.3%</u>	<u>222,930</u>
Total	<u>\$ 2,160,911</u>	<u>100.0%</u>	<u>\$ 2,180,662</u>

Quality Distribution	Market Value	% of Market Value
AAA	\$ 1,571,295	72.7%
AA	363,470	16.8%
A	226,136	10.5%
BBB	10	0.0%
BB & below	-	0.0%
Not Rated	<u>-</u>	<u>0.0%</u>
Total	<u>\$ 2,160,911</u>	<u>100.0%</u>
Average credit quality		AA+

Maturity	Market Value	% of Market Value
Within 1 Year	\$ 424,449	19.6%
1 to 5 Years	327,943	15.2%
5 to 10 Years	295,851	13.7%
Due after 10 Years	42,408	2.0%
Mortgage and asset-backed securities	<u>1,070,261</u>	<u>49.5%</u>
Total	<u>\$ 2,160,911</u>	<u>100.0%</u>

Yield to Maturity: 5.3%

Duration: 3.1

Security Capital Assurance Ltd

Claims Paying Resources

(U.S. dollars in millions)

	As of	
	12/31/2006	12/31/2005
Claims paying resources¹		
Policyholders' surplus	\$ 1,370	\$ 879
Contingency reserve	<u>21</u>	<u>13</u>
Qualified statutory capital	1,391	892
Deferred premium revenue ²	595	427
Loss & loss adjustment expense reserves ³	<u>82</u>	<u>72</u>
Total policyholders surplus & reserves	2,068	1,391
Soft capital	200	200
Net present value of installment premium	<u>399</u>	<u>358</u>
Total claims paying resources	<u>\$ 2,666</u>	<u>\$ 1,949</u>

Notes:

¹ XLFA numbers are our estimate of U.S. statutory as the company files Bermuda statutory financial statements.

² Deferred premium revenue for XLFA is U.S. GAAP based and net of prepaid reinsurance premiums and DAC.

³ Loss & loss adjustment expense reserves for XLFA is U.S. GAAP based and net of unpaid losses and loss expense recoverable.

Security Capital Assurance Ltd

Unpaid Losses and Loss Adjustment Expenses

(U.S. dollars in thousands)

	Year Ended 12/31/2005		Three Months Ended 3/31/2006 (Unaudited)		Six Months Ended 6/30/2006 (Unaudited)		Nine Months Ended 9/30/2006 (Unaudited)		Year Ended 12/31/2006	
	Case Reserves	Unallocated Reserves	Case Reserves	Unallocated Reserves	Case Reserves	Unallocated Reserves	Case Reserves	Unallocated Reserves	Case Reserves	Unallocated Reserves
Gross unpaid losses and loss expenses at beginning of year	\$ 50,771	\$ 64,963	\$ 69,382	\$ 77,986	\$ 69,382	\$ 77,986	\$ 69,382	\$ 77,986	\$ 69,382	\$ 77,986
Unpaid losses and loss expenses recoverable	(43,407)	(17,507)	(52,316)	(16,901)	(52,316)	(16,901)	(52,316)	(16,901)	(52,316)	(16,901)
Net unpaid losses and loss expense at beginning of year	7,364	47,456	17,066	61,085	17,066	61,085	17,066	61,085	17,066	61,085
Increase (decrease) in net losses and loss expenses incurred in respect of losses incurred in:										
Current year	12,392	13,629	-	2,465	-	5,077	-	9,935	-	14,307
Prior years	-	-	984	-	1,252	-	1,388	-	651	-
Less net losses and loss expenses paid	(2,690)	-	(660)	-	(1,563)	-	(3,134)	-	(3,208)	-
Net unpaid losses and loss expense at end of period	17,066	61,085	17,390	63,550	16,755	66,162	15,320	71,020	14,509	75,392
Unpaid losses and loss expenses recoverable	52,316	16,901	52,316	17,671	52,345	18,117	52,745	17,565	70,842	17,774
Gross unpaid losses and loss expenses at end of period	\$ 69,382	\$ 77,986	\$ 69,706	\$ 81,221	\$ 69,100	\$ 84,279	\$ 68,065	\$ 88,585	\$ 85,351	\$ 93,166
Net losses and loss expenses paid	2,690		660		1,563		3,134		3,208	
Net premiums earned	151,839		37,813		93,354		138,809		183,115	
Ratio of net losses and loss expenses paid to premiums earned	1.8%		1.7%		1.7%		2.3%		1.8%	

Security Capital Assurance Ltd

Net Premiums Earned

(Unaudited)

(U.S. dollars in thousands, except per share data)

Net Premiums Earned	Three Months Ended		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Public Finance				
Up-front premiums earned	\$ 6,692	\$ 14,659	\$ 45,490	\$ 34,921
Installment premiums earned	233	93	904	203
Total public finance premiums earned	<u>6,925</u>	<u>14,752</u>	<u>46,394</u>	<u>35,124</u>
Structured Finance				
Up-front premiums earned	134	2,849	5,665	8,059
Installment premiums earned	<u>17,667</u>	<u>13,041</u>	<u>64,535</u>	<u>63,063</u>
Total structured finance premiums earned	<u>17,801</u>	<u>15,890</u>	<u>70,200</u>	<u>71,122</u>
International Finance				
Up-front premiums earned	10,419	4,040	19,489	13,069
Installment premiums earned	<u>9,161</u>	<u>10,327</u>	<u>47,031</u>	<u>32,525</u>
Total international finance premiums earned	<u>19,580</u>	<u>14,367</u>	<u>66,520</u>	<u>45,594</u>
Net premiums earned	<u>\$ 44,306</u>	<u>\$ 45,008</u>	<u>\$ 183,115</u>	<u>\$ 151,839</u>

Effect of Refundings, Calls and Other Accelerations	Three Months Ended		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Earned premium recognized from refundings, calls and other accelerations	\$ 1,800	\$ 10,400	\$ 27,400	\$ 14,700
Net income effect	1,713	9,476	24,527	13,392
Net income per diluted share effect	\$ 0.03	\$ 0.21	\$ 0.46	\$ 0.29

Security Capital Assurance Ltd
Financial Guarantee Production - Current Quarter
(Unaudited)
(U.S. dollars in millions)

	12/31/2006		12/31/2005		Three Months Ended		12/31/2006		12/31/2005	
	Financial Guarantee Insurance		Financial Guarantee Reinsurance		Consolidated FG					
Public Finance										
Up-front premium written / assumed	\$ 29.1	\$ 17.0	\$ 0.4	\$ 0.1	\$ 29.5	\$ 17.1				
Installment premium written / assumed	<u>0.0</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>0.0</u>	<u>0.2</u>				
Total premium written / assumed	29.1	17.2	0.4	0.1	29.5	17.3				
Adjusted gross premium	14.4	16.9	-	-	14.4	16.9				
Structured Finance										
Up-front premium written / assumed	29.7	2.6	-	-	29.7	2.6				
Installment premium written / assumed	<u>17.1</u>	<u>14.5</u>	<u>1.2</u>	<u>3.2</u>	<u>18.3</u>	<u>17.8</u>				
Total premium written / assumed	46.8	17.1	1.2	3.2	48.0	20.4				
Adjusted gross premium	107.6	34.7	-	-	107.6	34.7				
International Finance										
Up-front premium written / assumed	32.3	9.2	12.6	5.9	44.9	15.1				
Installment premium written / assumed	<u>10.3</u>	<u>10.0</u>	<u>0.9</u>	<u>5.8</u>	<u>11.2</u>	<u>15.8</u>				
Total premium written / assumed	42.5	19.2	13.5	11.8	56.1	30.9				
Adjusted gross premium	64.6	58.1	10.7	-	75.2	58.1				
Grand Total										
Up-front premium written / assumed	91.1	28.8	13.0	6.0	104.1	34.8				
Installment premium written / assumed	<u>27.4</u>	<u>24.7</u>	<u>2.1</u>	<u>9.1</u>	<u>29.5</u>	<u>33.8</u>				
Total premium written / assumed	\$ 118.5	\$ 53.5	\$ 15.1	\$ 15.1	\$ 133.6	\$ 68.6				
Adjusted gross premium	\$ 186.6	\$ 109.7	\$ 10.7	\$ -	\$ 197.2	\$ 109.7				

Security Capital Assurance Ltd
Financial Guarantee Production - Year to Date
(Unaudited)
(U.S. dollars in millions)

	12/31/2006		12/31/2005		Year Ended		12/31/2006		12/31/2005	
	Financial Guarantee Insurance		Financial Guarantee Reinsurance		Consolidated FG					
Public Finance										
Up-front premium written / assumed	\$ 129.0	\$ 93.5	\$ 1.1	\$ 2.3	\$ 130.1	\$ 95.8				
Installment premium written / assumed	<u>4.3</u>	<u>0.4</u>	<u>-</u>	<u>-</u>	<u>4.3</u>	<u>0.4</u>				
Total premium written / assumed	133.3	93.8	1.1	2.3	134.4	96.1				
Adjusted gross premium	140.3	92.0	1.9	1.1	142.2	93.2				
Structured Finance										
Up-front premium written / assumed	38.0	6.4	-	12.1	38.0	18.6				
Installment premium written / assumed	<u>63.3</u>	<u>61.4</u>	<u>7.9</u>	<u>11.4</u>	<u>71.3</u>	<u>72.8</u>				
Total premium written / assumed	101.3	67.9	7.9	23.5	109.2	91.4				
Adjusted gross premium	206.8	104.1	1.2	25.8	208.0	129.9				
International Finance										
Up-front premium written / assumed	75.5	33.1	34.8	16.4	110.2	49.5				
Installment premium written / assumed	<u>43.7</u>	<u>38.5</u>	<u>11.5</u>	<u>10.0</u>	<u>55.2</u>	<u>48.4</u>				
Total premium written / assumed	119.2	71.6	46.3	26.3	165.4	97.9				
Adjusted gross premium	167.0	145.9	38.8	26.9	205.8	172.8				
Grand Total										
Up-front premium written / assumed	242.4	133.1	35.9	30.8	278.3	163.9				
Installment premium written / assumed	<u>111.3</u>	<u>100.2</u>	<u>19.4</u>	<u>21.4</u>	<u>130.7</u>	<u>121.6</u>				
Total premium written / assumed	<u>\$ 353.7</u>	<u>\$ 233.3</u>	<u>\$ 55.3</u>	<u>\$ 52.2</u>	<u>\$ 409.0</u>	<u>\$ 285.4</u>				
Adjusted gross premium	\$ 514.1	\$ 342.0	\$ 41.9	\$ 53.9	\$ 556.1	\$ 395.8				

Security Capital Assurance Ltd

Public Finance New Issuance

(U.S. dollars in millions)

	Total New Issue Market Par Value			Par Value Insured by XLCA	
	Issued ¹	Insured ¹	Insured	Insured ²	Market Share
			Percent		Percent
2006 By Quarter					
Fourth	\$ 117,318	\$ 55,432	47.2%	\$ 2,732	4.9%
Third	87,462	41,553	47.5%	3,110	7.5%
Second	109,020	50,485	46.3%	5,018	9.9%
First	69,625	37,314	53.6%	3,986	10.7%
2005 By Quarter					
Fourth	93,147	44,671	48.0%	2,109	4.7%
Third	100,193	50,482	50.4%	3,404	6.7%
Second	111,460	65,020	58.3%	3,726	5.7%
First	98,328	58,580	59.6%	2,764	4.7%
Full Year and Year-to-Date					
2006	387,707	190,591	49.2%	14,822	7.8%
2005	408,266	233,046	57.1%	12,004	5.2%
2004	357,732	195,422	54.6%	9,816	5.0%
2003	379,711	189,709	50.0%	9,734	5.1%

Notes:

¹Source of data is the February 12, 2007 Bond Buyer.

Security Capital Assurance Ltd

Debt Service and Premium Amortization

(U.S. dollars in millions)

Debt Service (Principal and Interest)	Scheduled Net Debt Service Amortization	Principal & Interest Outstanding
		\$ 183,702
2007	13,658	170,044
2008	10,766	159,278
2009	10,175	149,103
2010	8,837	140,266
2011-2015	45,426	94,840
2016-2020	25,925	68,915
2021-2025	20,546	48,369
2026 and Thereafter	48,369	(0)
	<u>\$ 183,702</u>	

(U.S. dollars in thousands)

Net Premium Amortization	U.S. GAAP Deferred Premium ¹	Scheduled Amortization of Deferred Premium ¹	Scheduled Installment Premiums Earned	Scheduled Net Premiums Earned
	\$ 735,923			
1st Quarter 2007	721,196	14,727	27,950	42,677
2nd Quarter 2007	706,738	14,458	27,394	41,852
3rd Quarter 2007	692,459	14,279	25,913	40,191
4th Quarter 2007	678,497	13,962	24,569	38,531
2008	624,730	53,767	90,564	144,331
2009	574,068	50,662	80,552	131,214
2010	528,108	45,960	70,856	116,815
2011-2015	340,602	187,506	247,643	435,149
2016-2020	205,493	135,109	135,215	270,325
2021-2025	111,266	94,227	92,249	186,476
2026 and Thereafter	0	111,265	201,402	312,668
		<u>\$ 735,923</u>	<u>\$ 1,024,306</u>	<u>\$ 1,760,229</u>

Note:

¹Net of prepaid reinsurance premiums

Security Capital Assurance Ltd
Insured Portfolio - Insurance Segment Par Outstanding
(U.S. dollars in millions)

	As of			As of			
	12/31/2003	12/31/2004	12/31/2005	Par Value Outstanding		12/31/2006	
	Net	Net	Net	Gross	%	Net	%
Public Finance							
General Obligation	\$ 5,429	\$ 7,795	\$ 13,273	\$ 20,410	42.1%	\$ 19,853	43.1%
Utility	2,653	4,927	6,602	9,886	20.4%	9,091	19.7%
Transportation	1,955	3,157	3,659	6,375	13.1%	6,051	13.1%
Higher Education	1,253	1,842	3,469	4,886	10.1%	4,771	10.3%
Non Ad Valorem	797	2,252	3,416	5,800	12.0%	5,253	11.4%
Other	1,271	1,180	881	1,129	2.3%	1,087	2.4%
Total Public Finance	13,358	21,153	31,300	48,486	100.0%	46,106	100.0%
Structured Finance							
Pooled Debt Obligations	7,338	8,789	13,440	24,078	46.4%	23,441	47.9%
Consumer ABS	3,094	12,927	8,726	10,930	21.1%	9,962	20.4%
Financial Products	2,382	3,558	5,207	6,260	12.1%	5,779	11.8%
Power & Utility	2,081	3,736	4,113	5,547	10.7%	5,184	10.6%
Commercial ABS	2,354	3,540	1,826	2,725	5.3%	2,440	5.0%
Other	115	603	1,191	2,363	4.6%	2,099	4.3%
Total Structured Finance	17,364	33,153	34,503	51,903	100.0%	48,905	100.0%
International Finance							
Power & Utility	562	896	2,091	3,835	24.6%	3,322	24.0%
Infrastructure	-	-	917	3,634	23.3%	3,205	23.1%
Transportation	294	945	1,344	2,474	15.9%	2,245	16.2%
Pooled Debt Obligations	495	1,143	1,017	1,706	10.9%	1,699	12.3%
Future Flow	702	1,197	2,116	1,949	12.5%	1,672	12.1%
Financial Products	-	-	-	-	0.0%	-	0.0%
Consumer ABS	525	350	348	480	3.1%	461	3.3%
Other	671	337	283	1,521	9.8%	1,249	9.0%
Total International Finance	3,249	4,868	8,116	15,599	100.0%	13,853	100.0%
Net Par Outstanding	\$ 33,971	\$ 59,174	\$ 73,919	\$115,988		\$108,864	
Percent of Net Par Outstanding							
Public Finance	39.3%	35.7%	42.3%				42.4%
Structured Finance	51.1%	56.0%	46.7%				44.9%
International Finance	9.6%	8.2%	11.0%				12.7%

Security Capital Assurance Ltd

Insured Portfolio - Reinsurance Segment Par Outstanding

(U.S. dollars in millions)

	As of			As of			
	12/31/2003	12/31/2004	12/31/2005	Par Value		12/31/2006	
	Net	Net	Net	Gross	%	Net	%
Public Finance							
General Obligation	\$ 1,474	\$ 1,420	\$ 1,437	\$ 1,308	61.1%	\$ 1,308	61.1%
Utility	256	294	294	141	6.6%	141	6.6%
Transportation	176	234	232	279	13.0%	279	13.0%
Higher Education	300	300	300	300	14.0%	300	14.0%
Non Ad Valorem	-	96	96	96	4.5%	96	4.5%
Other	13	12	11	16	0.7%	16	0.7%
Total Public Finance	2,219	2,356	2,370	2,140	100.0%	2,140	100.0%
Structured Finance							
Pooled Debt Obligations	748	318	191	39	1.9%	39	1.9%
Consumer ABS	1,743	1,138	672	278	13.3%	278	13.9%
Financial Products	185	174	167	339	16.2%	291	14.5%
Power & Utility	-	-	-	-	0.0%	-	0.0%
Commercial ABS	402	303	208	234	11.2%	234	11.7%
Other	134	417	1,085	1,207	57.6%	1,161	58.0%
Total Structured Finance	3,212	2,350	2,323	2,097	100.0%	2,003	100.0%
International Finance							
Power & Utility	313	510	802	1,341	26.2%	1,342	26.8%
Infrastructure	230	284	288	700	13.7%	700	14.0%
Transportation	360	367	494	667	13.1%	631	12.6%
Pooled Debt Obligations	168	59	31	15	0.3%	15	0.3%
Future Flow	15	15	14	17	0.3%	-	0.0%
Financial Products	885	893	842	890	17.4%	890	17.8%
Consumer ABS	644	244	23	14	0.3%	14	0.3%
Other	866	682	784	1,467	28.7%	1,413	28.2%
Total International Finance	3,481	3,054	3,278	5,111	100.0%	5,005	100.0%
Net Par Outstanding	\$ 8,912	\$ 7,760	\$ 7,972	\$ 9,348		\$ 9,148	
Percent of Net Par Outstanding							
Public Finance	24.9%	30.4%	29.7%				23.4%
Structured Finance	36.0%	30.3%	29.1%				21.9%
International Finance	39.1%	39.4%	41.1%				54.7%

Security Capital Assurance Ltd

Insured Portfolio - Combined Insurance and Reinsurance Segment Par Outstanding (U.S. dollars in millions)

	As of			As of			
	12/31/2003	12/31/2004	12/31/2005	Par Value		12/31/2006	
	Net	Net	Net	Gross	%	Net	%
Public Finance							
General Obligation	\$ 6,903	\$ 9,215	\$ 14,710	\$ 21,718	42.9%	\$ 21,161	43.9%
Utility	2,909	5,221	6,896	10,027	19.8%	9,232	19.1%
Transportation	2,131	3,391	3,891	6,654	13.1%	6,330	13.1%
Higher Education	1,553	2,142	3,769	5,186	10.2%	5,071	10.5%
Non Ad Valorem	797	2,348	3,512	5,896	11.6%	5,349	11.1%
Other	1,284	1,192	892	1,145	2.3%	1,103	2.3%
Total Public Finance	15,577	23,509	33,670	50,626	100.0%	48,246	100.0%
Structured Finance							
Pooled Debt Obligations	\$ 8,086	\$ 9,109	\$ 13,631	\$ 24,117	44.7%	\$ 23,480	46.1%
Consumer ABS	4,837	14,065	9,398	11,208	20.8%	10,240	20.1%
Financial Products	2,567	3,732	5,374	6,599	12.2%	6,070	11.9%
Power & Utility	2,081	3,736	4,113	5,547	10.3%	5,184	10.2%
Commercial ABS	2,756	3,843	2,034	2,959	5.5%	2,674	5.3%
Other	249	1,018	2,276	3,570	6.6%	3,260	6.4%
Total Structured Finance	20,576	35,503	36,826	54,000	100.0%	50,908	100.0%
International Finance							
Power & Utility	875	1,406	2,893	5,176	25.0%	4,664	24.7%
Infrastructure	230	284	1,205	4,334	20.9%	3,905	20.7%
Transportation	654	1,312	1,838	3,141	15.2%	2,876	15.3%
Pooled Debt Obligations	663	1,202	1,048	1,721	8.3%	1,714	9.1%
Future Flow	717	1,212	2,130	1,966	9.5%	1,672	8.9%
Financial Products	885	893	842	890	4.3%	890	4.7%
Consumer ABS	1,169	594	371	494	2.4%	475	2.5%
Other	1,537	1,019	1,067	2,988	14.4%	2,662	14.1%
Total International Finance	6,730	7,922	11,394	20,710	100.0%	18,858	100.0%
Net Par Outstanding	\$ 42,883	\$ 66,934	\$ 81,891	\$125,336		\$118,012	
Percent of Net Par Outstanding							
Public Finance	36.3%	35.1%	41.1%				40.9%
Structured Finance	48.0%	53.0%	45.0%				43.1%
International Finance	15.7%	11.8%	13.9%				16.0%

Security Capital Assurance Ltd
Insured Portfolio - Summary of Below Investment Grade Exposures
(U.S. dollars in millions)

As of 12/31/2006	
Net Par Outstanding	
Public Finance	
General Obligation	\$ 57
Utility	-
Transportation	-
Higher Education	-
Non Ad Valorem	-
Other	-
Total Public Finance	<u>57</u>
Structured Finance	
Pooled Debt Obligations	3
Consumer ABS	2
Financial Products	-
Power & Utility	9
Commercial ABS	411
Other	10
Total Structured Finance	<u>435</u>
International Finance	
Power & Utility	-
Infrastructure	-
Transportation	-
Pooled Debt Obligations	-
Future Flow	-
Financial Products	-
Consumer ABS	-
Other	-
Total International Finance	<u>-</u>
Total Below Investment Grade	<u>\$ 492</u>
Below Investment Grade as a Percentage of Net Par Outstanding	<u>0.4%</u>

Note:

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

Security Capital Assurance Ltd

Insured Portfolio - Insurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 12/31/2006				Year Ended 12/31/2006				Year Ended 12/31/2005			
	Par Written				Par Written				Par Written			
	Gross	%	Net	%	Gross	%	Net	%	Gross	%	Net	%
Public Finance												
General Obligation	\$ 1,407	10.9%	\$ 1,407	12.3%	\$ 6,112	12.1%	\$ 6,081	12.9%	\$ 6,060	18.5%	\$ 5,764	19.0%
Utility	288	2.2%	289	2.5%	2,441	4.8%	2,359	5.0%	2,317	7.1%	2,174	7.2%
Transportation	46	0.4%	46	0.4%	2,728	5.4%	2,456	5.2%	838	2.6%	812	2.7%
Higher Education	248	1.9%	248	2.2%	1,386	2.7%	1,374	2.9%	1,652	5.0%	1,652	5.4%
Non Ad Valorem	941	7.3%	903	7.9%	1,977	3.9%	1,890	4.0%	1,224	3.7%	1,212	4.0%
Other	1	0.0%	-	0.0%	534	1.1%	493	1.0%	-	0.0%	-	0.0%
Total Public Finance	<u>2,931</u>	<u>22.8%</u>	<u>2,893</u>	<u>25.3%</u>	<u>15,178</u>	<u>30.0%</u>	<u>14,653</u>	<u>31.1%</u>	<u>12,091</u>	<u>36.9%</u>	<u>11,614</u>	<u>38.3%</u>
Structured Finance		0.0%										
Pooled Debt Obligations	4,337	33.7%	4,073	35.7%	\$ 12,964	25.6%	12,327	26.2%	6,030	18.4%	6,030	19.9%
Consumer ABS	(269)	-2.1%	(271)	-2.4%	6,868	13.6%	6,355	13.5%	3,191	9.7%	2,846	9.4%
Financial Products	1,393	10.8%	1,005	8.8%	3,136	6.2%	2,748	5.8%	4,498	13.7%	4,077	13.5%
Power & Utility	833	6.5%	843	7.4%	1,827	3.6%	1,779	3.8%	440	1.3%	440	1.5%
Commercial ABS	330	2.6%	401	3.5%	1,922	3.8%	1,758	3.7%	423	1.3%	387	1.3%
Other	851	6.6%	537	4.7%	1,153	2.3%	927	2.0%	668	2.0%	593	2.0%
Total Structured Finance	<u>7,475</u>	<u>58.1%</u>	<u>6,588</u>	<u>57.7%</u>	<u>27,870</u>	<u>55.1%</u>	<u>25,894</u>	<u>55.0%</u>	<u>15,250</u>	<u>46.6%</u>	<u>14,373</u>	<u>47.4%</u>
International Finance		0.0%		0.0%								
Power & Utility	288	2.2%	170.0	1.5%	\$ 1,237	2.4%	1,012	2.2%	1,828	5.6%	1,378	4.5%
Infrastructure	928	7.2%	772.0	6.8%	2,432	4.8%	2,094	4.4%	1,412	4.3%	1,263	4.2%
Transportation	372	2.9%	272.0	2.4%	1,126	2.2%	996	2.1%	230	0.7%	230	0.8%
Pooled Debt Obligations	772	6.0%	754.0	6.6%	1,059	2.1%	1,041	2.2%	-	0.0%	-	0.0%
Future Flow	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,775	5.4%	1,332	4.4%
Financial Products	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumer ABS	-	0.0%	-	0.0%	123	0.2%	123	0.3%	49	0.1%	49	0.2%
Other	95	0.7%	(35)	-0.3%	1,536	3.0%	1,254	2.7%	115	0.4%	67	0.2%
Total International Finance	<u>2,455</u>	<u>19.1%</u>	<u>1,933</u>	<u>16.9%</u>	<u>7,513</u>	<u>14.9%</u>	<u>6,520</u>	<u>13.9%</u>	<u>5,409</u>	<u>16.5%</u>	<u>4,319</u>	<u>14.3%</u>
Total	<u>\$12,861</u>	<u>100.0%</u>	<u>\$11,414</u>	<u>100.0%</u>	<u>\$ 50,561</u>	<u>100.0%</u>	<u>\$ 47,067</u>	<u>100.0%</u>	<u>\$ 32,750</u>	<u>100.0%</u>	<u>\$ 30,306</u>	<u>100.0%</u>

Security Capital Assurance Ltd

Insured Portfolio - Reinsurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 12/31/2006				Year Ended 12/31/2006				Year Ended 12/31/2005			
	Par Written				Par Written				Par Written			
	Gross	%	Net	%	Gross	%	Net	%	Gross	%	Net	%
Public Finance												
General Obligation	\$ -	0.0%	\$ -	0.0%	\$ 53	3.3%	\$ 53	3.3%	\$ 212	11.9%	\$ 212	13.8%
Utility	-	0.0%	-	0.0%	19	1.2%	19	1.2%	5	0.3%	5	0.3%
Transportation	-	0.0%	-	0.0%	50	3.1%	50	3.1%	-	0.0%	-	0.0%
Higher Education	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non Ad Valorem	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	6	0.4%	6	0.4%	-	0.0%	-	0.0%
Total Public Finance	-	0.0%	-	0.0%	128	7.9%	128	7.9%	217	12.2%	217	14.1%
Structured Finance												
Pooled Debt Obligations	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumer ABS	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Financial Products	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Power & Utility	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial ABS	-	0.0%	-	0.0%	100	6.2%	100	6.2%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%	890	50.1%	753	48.8%
Total Structured Finance	-	0.0%	-	0.0%	100	6.2%	100	6.2%	890	50.1%	753	48.8%
International Finance												
Power & Utility	178	44.1%	178	44.1%	317	19.6%	317	19.6%	240	13.5%	240	15.5%
Infrastructure	-	0.0%	-	0.0%	398	24.6%	398	24.6%	3	0.2%	3	0.2%
Transportation	-	0.0%	-	0.0%	11	0.7%	11	0.7%	100	5.6%	100	6.5%
Pooled Debt Obligations	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Future Flow	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Financial Products	34	8.4%	34	8.4%	34	2.1%	34	2.1%	32	1.8%	32	2.1%
Consumer ABS	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	191	47.4%	191	47.4%	632	39.0%	632	39.0%	296	16.6%	197	12.8%
Total International Finance	403	100.0%	403	100.0%	1,392	85.9%	1,392	85.9%	671	37.7%	572	37.1%
Total	\$ 403	100.0%	\$ 403	100.0%	\$ 1,620	100.0%	\$ 1,620	100.0%	\$ 1,778	100.0%	\$ 1,542	100.0%

Security Capital Assurance Ltd

Insured Portfolio - Combined Insurance and Reinsurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 12/31/2006				Year Ended 12/31/2006				Year Ended 12/31/2005			
	Par Written				Par Written				Par Written			
	Gross	%	Net	%	Gross	%	Net	%	Gross	%	Net	%
Public Finance:												
General Obligation	\$ 1,407	10.6%	\$ 1,407	11.9%	\$ 6,165	11.8%	\$ 6,134	12.6%	\$ 6,273	18.2%	\$ 5,977	18.8%
Utility	288	2.2%	289	2.4%	2,460	4.7%	2,378	4.9%	2,322	6.7%	2,179	6.8%
Transportation	46	0.3%	46	0.4%	2,778	5.3%	2,506	5.1%	838	2.4%	812	2.6%
Higher Education	248	1.9%	248	2.1%	1,386	2.7%	1,374	2.8%	1,652	4.8%	1,652	5.2%
Non Ad Valorem	941	7.1%	903	7.6%	1,977	3.8%	1,890	3.9%	1,224	3.6%	1,212	3.8%
Other	1	0.0%	-	0.0%	540	1.0%	499	1.0%	-	0.0%	-	0.0%
Total Public Finance	2,931	22.1%	2,893	24.5%	15,306	29.3%	14,781	30.4%	12,309	35.7%	11,831	37.2%
Structured Finance:												
Pooled Debt Obligations	4,337	32.7%	4,073	34.5%	12,964	24.8%	12,327	25.3%	6,030	17.5%	6,030	18.9%
Consumer ABS	(269)	-2.0%	(271)	-2.3%	6,868	13.2%	6,355	13.1%	3,191	9.2%	2,846	8.9%
Financial Products	1,393	10.5%	1,005	8.5%	3,136	6.0%	2,748	5.6%	4,498	13.0%	4,077	12.8%
Power & Utility	833	6.3%	843	7.1%	1,827	3.5%	1,779	3.7%	440	1.3%	440	1.4%
Commercial ABS	330	2.5%	401	3.4%	1,922	3.7%	1,858	3.8%	423	1.2%	387	1.2%
Other	851.0	6.4%	537.0	4.5%	1,253	2.4%	927	1.9%	1,558	4.5%	1,345	4.2%
Total Structured Finance	7,475	56.4%	6,588	55.8%	27,970	53.6%	25,994	53.4%	16,140	46.7%	15,125	47.4%
International Finance:												
Power & Utility	466	3.5%	348	2.9%	1,554	3.0%	1,329	2.7%	2,068	6.0%	1,618	5.1%
Infrastructure	928	7.0%	772	6.5%	2,830	5.4%	2,492	5.1%	1,415	4.1%	1,266	4.0%
Transportation	372	2.8%	272	2.3%	1,137	2.2%	1,007	2.1%	330	1.0%	330	1.0%
Pooled Debt Obligations	772	5.8%	754	6.4%	1,059	2.0%	1,041	2.1%	-	0.0%	-	0.0%
Future Flow	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,775	5.1%	1,332	4.2%
Financial Products	34	0.3%	34	0.3%	34	0.1%	34	0.1%	32	0.1%	32	0.1%
Consumer ABS	-	0.0%	-	0.0%	123	0.2%	123	0.3%	49	0.1%	49	0.2%
Other	286	2.2%	156	1.3%	2,168	4.2%	1,886	3.9%	411	1.2%	265	0.8%
Total International Finance	2,858	21.5%	2,336	19.8%	8,905	17.1%	7,912	16.3%	6,080	17.6%	4,891	15.4%
Total	\$13,264	100.0%	\$11,817	100.0%	\$ 52,181	100.0%	\$ 48,687	100.0%	\$ 34,529	100.0%	\$ 31,847	100.0%

Security Capital Assurance Ltd
Insured Portfolio - Profile by Geographic Distribution
(U.S. dollars in millions)

As of 12/31/2006					
	Gross		Par Value Outstanding		%
	\$	%	\$	%	
Geographic Distribution					
United States					
California	\$ 12,901	10.3%	\$ 12,051	10.2%	
New York	9,184	7.3%	8,790	7.4%	
Delaware	3,211	2.6%	3,085	2.6%	
Illinois	3,156	2.5%	2,760	2.3%	
Texas	2,932	2.3%	2,741	2.3%	
Florida	2,631	2.1%	2,503	2.1%	
New Jersey	2,504	2.0%	2,429	2.1%	
Alabama	2,962	2.4%	2,338	2.0%	
Massachusetts	2,349	1.9%	2,258	1.9%	
Pennsylvania	2,172	1.7%	2,172	1.8%	
Subtotal	<u>44,002</u>	35.1%	<u>41,127</u>	34.8%	
Other States & Territories	24,056	19.2%	23,242	19.7%	
Nationally Diversified	<u>36,568</u>	<u>29.2%</u>	<u>34,786</u>	<u>29.5%</u>	
Total United States	104,626	83.5%	99,155	84.0%	
Non-United States					
United Kingdom	8,365	6.7%	7,644	6.5%	
Australia	2,190	1.7%	1,936	1.6%	
Canada	998	0.8%	838	0.7%	
Spain	868	0.7%	858	0.7%	
Chile	867	0.7%	831	0.7%	
Turkey	837	0.7%	693	0.6%	
New Zealand	770	0.6%	726	0.6%	
Italy	691	0.6%	461	0.4%	
Mexico	645	0.5%	599	0.5%	
Norway	567	0.5%	491	0.4%	
France	450	0.4%	450	0.4%	
Japan	442	0.4%	423	0.4%	
Brazil	428	0.3%	335	0.3%	
Portugal	277	0.2%	269	0.2%	
Egypt	194	0.2%	189	0.2%	
Ireland	163	0.1%	162	0.1%	
Guatemala	125	0.1%	125	0.1%	
El Salvador	102	0.1%	96	0.1%	
Panama	35	0.0%	35	0.0%	
Costa Rica	15	0.0%	15	0.0%	
Luxembourg	10	0.0%	10	0.0%	
Subtotal	<u>19,039</u>	15.2%	<u>17,186</u>	14.6%	
Internationally Diversified	<u>1,671</u>	<u>1.3%</u>	<u>1,671</u>	<u>1.4%</u>	
Total Non-United States	<u>20,710</u>	<u>16.5%</u>	<u>18,857</u>	<u>16.0%</u>	
Total	<u>\$ 125,336</u>	<u>100.0%</u>	<u>\$ 118,012</u>	<u>100.0%</u>	

Security Capital Assurance Ltd
Insured Portfolio - Distribution by Rating
(U.S. dollars in millions)

Distribution by Ratings ¹	As of			
	12/31/2006		12/31/2005	
	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 34,559	29.3%	\$ 22,697	27.7%
AA	17,846	15.1%	10,641	13.0%
A	35,226	29.8%	27,185	33.2%
BBB	29,889	25.3%	20,962	25.6%
Below investment grade	<u>492</u>	<u>0.4%</u>	<u>406</u>	<u>0.5%</u>
Total exposure	<u>\$ 118,012</u>	<u>100.0%</u>	<u>\$ 81,891</u>	<u>100.0%</u>

Note:

¹ Based on S&P ratings if available and internal SCA ratings if no S&P rating is available.

Security Capital Assurance Ltd

Insured Portfolio - CDO Exposure by Rating and Year of Issue

(U.S. dollars in millions)

Distribution by Ratings of CDO Exposure ¹	As of			
	12/31/2006		12/31/2005	
	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 21,123	86.0%	\$ 12,709	86.6%
AA	2,505	10.2%	1,365	9.3%
A	821	3.3%	589	4.0%
BBB	113	0.5%	1	0.0%
Below investment grade	4	0.0%	15	0.1%
Total exposure	<u>\$ 24,566</u>	<u>100.0%</u>	<u>\$ 14,679</u>	<u>100.0%</u>

Distribution of CDO Exposure by Year of Issue	Net Par Outstanding	%	Net Par Outstanding	%
2000 and prior	\$ 22	0.1%	\$ 171	1.2%
2001	944	3.8%	2,638	18.0%
2002	1,989	8.1%	2,274	15.5%
2003	1,147	4.7%	1,998	13.6%
2004	1,625	6.6%	1,830	12.5%
2005	5,978	24.3%	5,768	39.3%
2006	12,861	52.4%		

Note:

¹ Based on S&P ratings if available and internal SCA ratings if no S&P rating is available.

Security Capital Assurance Ltd
Insured Portfolio - 25 Largest Public Finance Credits
(U.S. dollars in millions)

As of 12/31/2006		
	Obligor Name	Net Par Outstanding
1	State of New York - GO	\$ 1,198
2	State of California - GO	968
3	State of New Jersey - GO	906
4	Jefferson County, Alabama - Water/Sewer Revenue	814
5	San Francisco International Airport - General Revenue	720
6	City of New York - GO	716
7	State of Wisconsin - GO	707
8	East Bay Municipal Utility District, California - Water/Sewer Revenue	597
9	Oklahoma Turnpike Authority - Toll/Gas Revenue	588
10	LCOR Alexandria LLC - Pre-Insured Federal Lease Backed	580
11	Commonwealth of Puerto Rico - GO	576
12	State of California - Sales Tax	562
13	City of Houston, Texas - Water/Sewer Revenue	528
14	Denver International Airport - General Revenue	526
15	Chicago O'Hare International Airport - General Revenue	501
16	Puerto Rico Electric Power Authority - Electric Revenue	485
17	Commonwealth of Massachusetts - GO	452
18	Bay Area Toll Authority, California - Toll Revenue	425
19	Long Island Power Authority - Electric Revenue	418
20	Port Authority of New York and New Jersey - General Revenue	414
21	Jacksonville Electric Authority, Florida - Electric Revenue	413
22	City Of Dallas/Fort Worth, International Airport - Revenue Bonds	379
23	South Carolina Transportation Infrastructure Bank - State Gas and Motor Vehicle Tax	366
24	Metropolitan Transportation Authority of New York - General Revenue	350
25	Natural Gas Acquisition Corporation of City of Clarksville, TN - Gas Revenue Obligation Bonds	338
	Total	\$ 14,527
	Total Portfolio Exposure	\$ 118,012
	% of Total Portfolio	12.3%

Security Capital Assurance Ltd

Insured Portfolio - Top 10 Structured Finance Servicer Exposures

(U.S. dollars in millions)

As of 12/31/2006		
	Servicer Name ¹	Net Par Outstanding
1	Countrywide Financial Corporation	\$ 4,319
2	Capital One Financial Corporation	1,386
3	GMAC Mortgage Corporation	1,142
4	IndyMac Bank, F.S.B.	676
5	AmeriCredit Financial Services, Inc	525
6	Ameriquest Mortgage Company	509
7	Cendant Corporation	479
8	Sanwa Finance Co. Ltd.	423
9	Dollar Thrifty Automotive Group, Inc.	364
10	Servicer X ⁽²⁾	308
Total		<u>\$ 10,133</u>

Note:

¹Servicer may be an operating subsidiary of the named entity.

²Servicer not revealed due to confidentiality.

Security Capital Assurance Ltd

Reconciliation of Non - GAAP Measures

This Operating Supplement contains the presentation of AGP, ANP, PVFIP, NPVFIP, operating income, core income and ABV. These measures are "non-GAAP financial measures" as defined in Regulation G. The reconciliations of AGP and ANP to total premiums written, and core income and operating income to net income and ABV to total shareholders' equity (the most directly comparable GAAP financial measures) presented on the following pages are in accordance with Regulation G.

We present our operations in the way we believe will be most meaningful and useful to investors, analysts, rating agencies and others who use our financial information in evaluating our performance. These non-GAAP financial measures are included herein because investors in SCA-insured bonds and other users of our financial information consider such measures important in analyzing our financial performance.

Adjusted Gross Premiums

Adjusted gross premiums is a non-GAAP measure of new business production that management uses to evaluate our business because it provides comparability between upfront premiums and installment premiums, unlike GAAP total premiums written. Because adjusted gross premiums includes premiums due on future on installment business written in the period, management believes it provides an additional, useful measure of new business production than only GAAP total premiums written.

Management uses this measure to review trends in new business written because it views this method as providing comparability between business written on an upfront premium basis and business written on an installment basis. This measure is viewed by management as an essential component of information necessary to assess forward-looking earning potential, which is substantially dependent on the size of our in-force book of business.

Management also compares our adjusted gross premiums production to industry figures on a quarterly basis and uses this measure to assess employee productivity, as well as our market share and competitive position. In the past, as wholly-owned subsidiaries of XL Capital, aggregate compensation at XLCA and XLFA has historically been determined within the context of XL Capital's compensation plans taking into consideration certain unique aspects of the XLCA's and XLFA's business, including their start up nature, and has been based upon several key performance factors, including adjusted gross premiums production. Allocation of such compensation by XLCA and XLFA to their individual employees is based upon similar key performance criteria and financial results. Going forward, our employee compensation plans will consider various performance factors (company and individual) when determining the amount of overall compensation and individual awards.

In addition to presenting total premiums written, we believe that disclosure of adjusted gross premiums enables investors and other users of our financial information to analyze our performance in a manner similar to the way in which management analyzes performance. In this regard, we believe that providing only a GAAP presentation of gross premiums written makes it more difficult for users of our financial information to evaluate our underlying business. Also, we believe that analysts, investors and rating agencies who follow us and our subsidiaries include these items in their analyses for the same reasons, and they request that we and our subsidiaries provide this non-GAAP financial information on a regular basis.

Operating Income and Core Income

We believe operating income and core income are useful measures for management, equity analysts and investors because the presentation of operating income and core income enhances the understanding of our results of operations by highlighting the underlying profitability of our business. We exclude net realized gains (losses) on investments and net realized and unrealized gains (losses) on credit derivatives because the amount of these gains (losses) is heavily influenced by, and fluctuates in part according to, market interest rates, credit spreads and other factors that management cannot control or predict. Although the investment of premiums to generate income (or loss) and realized capital gains (or losses) is an integral part of our operations, the determination to realize capital gains (or losses) is independent of the underwriting process. In addition, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value without actual realization. In this regard, certain users of our financial information, including certain rating agencies, evaluate earnings before tax and capital gains to understand the profitability of the recurring sources of income without the effects of these two variables. Furthermore, these users believe that, for many companies, the timing of the realization of capital gains is largely opportunistic and are a function of economic and interest rate conditions. In addition, with respect to credit derivatives, because we generally hold our financial guarantee contracts written in derivative form to maturity, the net effects of the changes in fair value of these credit derivatives are excluded (similar with other companies in the financial guarantee business) as the changes in fair value each quarter are not indicative of underlying business performance of our financial guarantee operations. In addition, the impact of refundings of upfront policies is excluded from core income. These measures should not be viewed as a substitute for net income determined in accordance with GAAP.

Adjusted Book Value

We believe ABV is a useful measure for management, equity analysts and investors because the calculation of adjusted book value permits an evaluation of the net present value of our in-force premiums and capital base. The premiums described above will be earned in future periods, but may differ materially from the estimated amounts used in determining current adjusted book value due to changes in market interest rates, refinancing or refunding activity, pre-payment speeds, policy changes or terminations, credit defaults, and other factors that management cannot control or predict. This measure should not be viewed as a substitute for book value determined in accordance with GAAP.

In summary, we evaluate the performance of and manage our business to produce an underwriting profit. In addition to presenting total premiums written, we believe that showing both GAAP and these non-GAAP items enable investors and other users of our financial information to analyze our performance in a manner similar to how our management analyzes performance. In this regard, we believe that providing only a GAAP presentation of total written premium makes it more difficult for users of our financial information to evaluate our underlying business. Also, as stated above, we believe that analysts, investors and rating agencies that follow us (and the financial guarantee insurance industry as a whole) include these items in their analyses for the same reasons, and they request that we provide this non-GAAP financial information on a regular basis.

Security Capital Assurance Ltd

Reconciliation of Non-U.S. GAAP Measures

(Unaudited)

(U.S. dollars in millions)

TOTAL PREMIUMS WRITTEN TO AGP AND ANP	Three Months		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Total premiums written	\$ 133.6	\$ 68.6	\$ 409.0	\$ 285.4
Total upfront premium written	104.1	34.8	278.3	163.9
Total installment premium written	29.5	33.8	130.7	121.5
PVFIP	63.6	41.1	147.1	110.4
AGP	197.2	109.7	556.1	395.8
Ceded premiums net of commission received	<u>16.9</u>	<u>7.2</u>	<u>29.8</u>	<u>26.4</u>
ANP	<u>\$ 180.4</u>	<u>\$ 102.5</u>	<u>\$ 526.2</u>	<u>\$ 369.4</u>

NET INCOME TO OPERATING INCOME AND CORE INCOME	Three Months		Year Ended	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Net income	\$ 35.8	\$ 27.0	\$ 117.4	\$ 80.4
Net realized (gains) / losses on investments	(0.4)	1.1	16.2	3.2
Net realized and unrealized losses on credit derivatives	<u>1.6</u>	<u>2.5</u>	<u>8.4</u>	<u>6.7</u>
Operating Income	37.1	30.6	141.9	90.3
Effect of refundings	<u>1.7</u>	<u>9.5</u>	<u>24.5</u>	<u>13.3</u>
Core Income	<u>\$ 35.4</u>	<u>\$ 21.1</u>	<u>\$ 117.4</u>	<u>\$ 77.0</u>

TOTAL SHAREHOLDERS' EQUITY TO ABV	As of	
	12/31/2006	12/31/2005
Total shareholders' equity	\$ 1,366.5	\$ 867.8
Deferred premium revenue net of prepaid reinsurance premiums and DAC	610.0	439.9
NPVFIP	<u>378.8</u>	<u>340.3</u>
Total ABV	<u>\$ 2,355.3</u>	<u>\$ 1,648.0</u>