

FIRST QUARTER 2007 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 2006 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 1st Quarter 2007 Operating Supplement has been amended on May 15, 2007 to (i) reclassify \$168K from Up-front premiums earned to Installment premiums earned in International Finance for the Three Months Ended 3/31/2006 and (ii) reclassify Long-term Debt Securities within the Distribution by Security Type and Maturity sections.

Security Capital Assurance Ltd Certain Definitions

Adjusted book value^{1,4} (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 premium^{1,4} (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 premium^{1,4} (ANP)	The sum of net upfront premiums and ceding commissions, plus the net present value of future installment premiums and ceding commissions written on insurance policies and structured credit derivatives during the relevant reporting period, discounted at 7%.
Core income⁴	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 premium^{1,4} (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 income⁴	Net income excluding realized gains (losses) on investments and realized and unrealized gains (losses) on derivative financial instruments.
Present value of future installment premium^{1,4} (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 annual report on Form 10-K 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.

⁴See Reconciliation of Non-GAAP Financial Measures on pages 28-29.

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

	As of			
	3/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Income Statement Data:				
Adjusted gross premiums	\$ 139	\$ 556	\$ 396	\$ 295
Total premiums written	105	409	285	277
Net premiums earned	46	183	152	116
Net investment income	26	78	51	36
Net losses and loss adjustment expenses	(1)	15	26	21
Acquisition and operating expenses	24	89	80	67
Insurance Segment AGP	127	514	342	267
Reinsurance Segment AGP	12	42	54	28
Net income per diluted share ¹	\$ 0.58	\$ 2.18	\$ 1.74	\$ 1.28
Net income per diluted share growth rate	3.4%	25.3%	35.9%	
Operating return on equity	12.6%	10.7%	6.5%	0.0%
Common dividends per diluted share	\$ 0.02	\$ 0.02	\$ -	\$ -

U.S. GAAP Financial Ratios:

Loss and loss expense ratio	-1.7%	8.2%	17.1%	18.3%
Underwriting expense ratio	52.2%	48.5%	52.6%	57.3%
Combined ratio	50.5%	56.7%	69.7%	75.6%

	As of			
	3/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Balance Sheet Data:				
Investments	\$ 1,903	\$ 1,958	\$ 1,364	\$ 1,157
Total assets	2,565	2,497	1,684	1,472
Deferred premium revenue	851	796	593	487
Gross unpaid losses and loss adjustment expenses	176	179	147	116
Case	81	85	69	51
Unallocated	95	93	78	65
Net unpaid case losses and loss adjustment expenses	11	15	17	5
Long-term debt	-	-	-	-
Total shareholders' equity	1,410	1,367	868	805
Common shares outstanding	64,136,364	64,136,364	46,127,245	46,127,245
Adjusted book value per actual share	\$ 38.25	\$ 36.72	\$ 35.73	\$ 31.62

Statutory Data:

Qualified statutory capital	\$ 1,415	\$ 1,391	\$ 892	\$ 820
Deferred premium revenue	625	595	427	348
Net losses and loss adjustment expense reserves	81	82	72	54
Policyholders' reserves	2,121	2,068	1,391	1,222
Soft capital	200	200	200	200
NPVFIP	424	399	358	303
Total claims-paying resources	\$ 2,745	\$ 2,666	\$ 1,949	\$ 1,725
Net par outstanding	\$ 127,672	\$ 118,012	\$ 81,891	\$ 66,934
Net principal and interest outstanding	197,061	183,702	121,898	97,301

Security Capital Assurance Ltd

Return on Equity

(Unaudited)

Period Ended	Reported	Operating
Three months ended 3/31/2007	10.6% ¹	12.6% 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%

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)

	Three Months Ended 3/31/2007			Three Months Ended 3/31/2006		
	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total
AGP (U.S. Dollars in Millions)						
U.S. public finance	\$ 35.7	\$ 0.8	\$ 36.5	\$ 42.4	\$ 1.3	\$ 43.7
U.S. structured finance	41.2	-	41.2	28.4	-	28.4
International	49.8	11.5	61.3	26.1	12.1	38.2
Total AGP	<u>\$ 126.6</u>	<u>\$ 12.3</u>	<u>\$ 138.9</u>	<u>\$ 96.9</u>	<u>\$ 13.4</u>	<u>\$ 110.3</u>
Income statement: (U.S. Dollars in Thousands)						
Gross written premiums	\$ 89,495	\$ -	\$ 89,495	\$ 70,780	\$ -	\$ 70,780
Reinsurance premiums assumed	-	15,463	15,463	-	11,403	11,403
Total premiums written	89,495	15,463	104,958	70,780	11,403	82,183
Ceded premiums	(20,233)	-	(20,233)	(7,592)	-	(7,592)
Net premiums written	69,262	15,463	84,725	63,188	11,403	74,591
Change in net deferred premium revenue	(29,901)	(8,445)	(38,346)	(32,844)	(3,934)	(36,778)
Net premiums earned	39,361	7,018	46,379	30,344	7,469	37,813
Fee income and other	-	-	-	1,260	-	1,260
Net losses and loss adjustment expenses	(1,218)	417	(801)	2,536	913	3,449
Acquisition costs, net	2,611	1,359	3,970	1,284	1,398	2,682
Operating expenses	16,550	3,702	20,252	15,437	1,658	17,095
Underwriting income	<u>\$ 21,418</u>	<u>\$ 1,540</u>	<u>\$ 22,958</u>	<u>\$ 12,347</u>	<u>\$ 3,500</u>	<u>\$ 15,847</u>
Loss and loss expense ratio	-3.1%	5.9%	-1.7%	8.4%	12.2%	9.1%
Underwriting expense ratio	48.7%	72.1%	52.2%	55.1%	40.9%	52.3%
Combined ratio	45.6%	78.1%	50.5%	63.5%	53.1%	61.4%

Security Capital Assurance Ltd
Summary Financial Information - U.S. GAAP Basis

(Unaudited)

(U.S. dollars in millions, except share data)

	As of	
	3/31/2007 ¹	12/31/2006 ¹
Per Actual Shares Outstanding		
Book value	\$ 21.98	\$ 21.31
Deferred premium revenue	12.60	11.79
Prepaid reinsurance premiums	1.13	0.89
Deferred acquisition costs	1.48	1.39
Net deferred premium revenue	9.98	9.51
NPVFIP	6.29	5.91
Adjusted book value	<u>\$ 38.25</u>	<u>\$ 36.72</u>

Common Shares Outstanding		
Actual	64,136,364	64,136,364

	Three Months Ended	
	3/31/2007	3/31/2006 ²
Common Shares Outstanding		
Weighted Average Basic	64,136,364	46,127,245
Weighted Average Diluted	64,342,897	46,127,245

Net Income Per Common Share		
Basic	\$ 0.58	\$ 0.36
Diluted	\$ 0.58	\$ 0.36

Dividends Per Common Share		
Declared	\$ 0.02	\$ -
Paid	0.02	-

Notes:

¹Based on the total common shares issued and outstanding at the end of the period (excludes restricted share awards).

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

Security Capital Assurance Ltd
Interim Condensed Consolidated Statements of Operations

(Unaudited)

(U.S. dollars in thousands)

	Three Months Ended	
	3/31/2007	3/31/2006
Revenues		
Gross premiums written	\$ 89,495	\$ 70,780
Reinsurance premiums assumed	<u>15,463</u>	<u>11,403</u>
Total premiums written	104,958	82,183
Ceded premiums	<u>(20,233)</u>	<u>(7,592)</u>
Net premiums written	84,725	74,591
Change in net deferred premium revenue	<u>(38,346)</u>	<u>(36,778)</u>
Net premiums earned	46,379	37,813
Net investment income	26,125	15,062
Net realized gains (losses) on investments	112	(5,683)
Net realized and unrealized losses on derivative financial instruments	(6,929)	(3,850)
Fee income and other	<u>-</u>	<u>1,260</u>
Total revenues	<u>\$ 65,687</u>	<u>\$ 44,602</u>
Expenses		
Net losses and loss adjustment expenses	(801)	3,449
Acquisition costs, net	3,970	2,682
Operating expenses	<u>24,070</u>	<u>17,095</u>
Total expenses	<u>27,239</u>	<u>23,226</u>
Income before income tax and minority interest	38,448	21,376
Income tax expense	<u>79</u>	<u>15</u>
Income before minority interest	38,369	21,361
Minority interest	<u>1,114</u>	<u>4,612</u>
Net income	<u>\$ 37,255</u>	<u>\$ 16,749</u>

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

	As of	
	3/31/2007	12/31/2006
Assets		
Investments		
Debt securities available for sale, at fair value	\$ 1,683,875	\$ 1,736,462
Short-term investments, at fair value	218,746	221,901
Other invested assets	-	-
Total investments	<u>1,902,621</u>	<u>1,958,363</u>
Cash and cash equivalents	299,619	202,548
Accrued investment income	13,301	16,515
Deferred acquisition costs	100,187	93,809
Prepaid reinsurance premiums	76,336	59,983
Premiums receivable	17,192	12,936
Reinsurance balances recoverable on unpaid losses	87,206	88,616
Intangible assets - acquired licenses	11,529	11,529
Deferred income tax asset	18,406	18,182
Other assets	<u>38,131</u>	<u>34,333</u>
Total assets	<u>\$ 2,564,528</u>	<u>\$ 2,496,814</u>
Liabilities and Shareholders' Equity		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 175,926	\$ 178,517
Deferred premium revenue	850,604	795,906
Reinsurance premiums payable	14,360	13,952
Payable for investments purchased	-	5,435
Accounts payable, accrued expenses and other liabilities	<u>75,012</u>	<u>82,468</u>
Total liabilities	1,115,902	1,076,278
Minority interest - redeemable preferred shares of subsidiary	39,000	54,016
Shareholders' Equity		
Common stock and additional paid in capital	989,207	988,444
Retained earnings	433,753	397,781
Accumulated other comprehensive income	<u>(13,334)</u>	<u>(19,705)</u>
Total shareholders' equity	<u>1,409,626</u>	<u>1,366,520</u>
Total liabilities, minority interest and shareholders' equity	<u>\$ 2,564,528</u>	<u>\$ 2,496,814</u>

Security Capital Assurance Ltd

Investment Portfolio

As of March 31, 2007

(U.S. dollars in thousands)

Distribution by Security Type	Market Value	% of Market Value	Amortized Cost
Debt Securities:			
MBS/ABS	\$ 1,051,870	47.8%	\$ 1,056,423
U.S. Government	304,528	13.8%	309,292
Corporate	316,046	14.4%	319,311
Non-U.S. Sovereign	11,055	0.5%	11,081
States & Political Subs	376	0.0%	374
Total LT Fixed Maturity	1,683,875	76.5%	1,696,481
Short-term investments			
Cash and cash equivalents	299,619	13.6%	299,619
Short-term investments	218,746	9.9%	219,486
Total	<u>\$ 2,202,240</u>	<u>100.0%</u>	<u>\$ 2,215,586</u>

Quality Distribution	Market Value	% of Market Value
AAA	\$ 1,526,378	69.3%
AA	192,316	8.7%
A	478,195	21.7%
BBB	5,352	0.2%
BB & below	-	0.0%
Not Rated	-	0.0%
Total	<u>\$ 2,202,240</u>	<u>100.0%</u>
Average credit quality		AA+

Maturity	Market Value	% of Market Value
Within 1 Year	\$ 518,365	23.5%
1 to 5 Years	325,316	14.8%
5 to 10 Years	263,496	12.0%
Due after 10 Years	43,193	2.0%
Mortgage and asset-backed securities	1,051,870	47.8%
Total	<u>\$ 2,202,240</u>	<u>100.0%</u>

Yield to Maturity @ Book Value	4.8%
Yield to Maturity @ Market Value	5.2%
Duration (years)	2.9

Security Capital Assurance Ltd

Claims Paying Resources

(U.S. dollars in millions)

	As of	
	3/31/2007	12/31/2006
Claims paying resources¹		
Policyholders' surplus	\$ 1,391	\$ 1,370
Contingency reserve	24	21
Qualified statutory capital	1,415	1,391
Deferred premium revenue ²	625	595
Loss & loss adjustment expense reserves ³	81	82
Total policyholders surplus & reserves	2,121	2,068
Soft capital	200	200
Net present value of installment premiums	424	399
	<u>\$ 2,745</u>	<u>\$ 2,666</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		Three Months Ended	
	12/31/2006		3/31/2007	
	Case Reserves	Unallocated Reserves	Case Reserves	Unallocated Reserves
Gross unpaid losses and loss expenses at beginning of year	\$ 69,382	\$ 77,986	\$ 85,351	\$ 93,166
Unpaid losses and loss expenses recoverable	<u>(52,316)</u>	<u>(16,901)</u>	<u>(70,842)</u>	<u>(17,774)</u>
Net unpaid losses and loss expense at beginning of year	17,066	61,085	14,509	75,392
Increase (decrease) in net losses and loss expenses incurred in respect of losses incurred in:				
Current year	-	14,307	-	2,700
Prior years	651	-	(3,501)	-
Less net losses and loss expenses paid	<u>(3,208)</u>	<u>-</u>	<u>(380)</u>	<u>-</u>
Net unpaid losses and loss expense at end of period	14,509	75,392	10,628	78,092
Unpaid losses and loss expenses recoverable	<u>70,842</u>	<u>17,774</u>	<u>70,000</u>	<u>17,206</u>
Gross unpaid losses and loss expenses at end of period	<u>\$ 85,351</u>	<u>\$ 93,166</u>	<u>\$ 80,628</u>	<u>\$ 95,298</u>
Net losses and loss expenses paid	3,208		380	
Net premiums earned	183,115		46,379	
Ratio of net losses and loss expenses paid to premiums earned	1.8%		0.8%	

Security Capital Assurance Ltd

Net Premiums Earned

(Unaudited)

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

Net Premiums Earned	Three Months Ended	
	3/31/2007	3/31/2006
Public Finance		
Up-front premiums earned	\$ 12,166	\$ 7,144
Installment premiums earned	1,426	1,180
Total public finance premiums earned	<u>13,592</u>	<u>8,324</u>
Structured Finance		
Up-front premiums earned	(695)	2,478
Installment premiums earned	16,954	15,730
Total structured finance premiums earned	<u>16,259</u>	<u>18,208</u>
International Finance		
Up-front premiums earned	5,422	2,424
Installment premiums earned	11,107	8,857
Total international finance premiums earned	<u>16,529</u>	<u>11,281</u>
Total up-front premiums earned	16,893	12,047
Total installment premiums earned	29,487	25,766
Net premiums earned	<u>\$ 46,379</u>	<u>\$ 37,813</u>

Effect of Refundings, Calls and Other Accelerations	Three Months Ended	
	3/31/2007	3/31/2006
Earned premium recognized from refundings, calls and other accelerations	\$ 1,300	\$ 2,000
Net income effect	998	1,699
Net income per diluted share effect	\$ 0.02	\$ 0.04

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

	3/31/2007		3/31/2006		Three Months Ended		3/31/2007		3/31/2006	
	Financial Guarantee Insurance		Financial Guarantee Reinsurance		Consolidated FG					
Public Finance										
Up-front premium written / assumed	\$ 31.0	\$ 31.9	\$ 0.5	\$ 1.5	\$ 31.6	\$ 33.4				
Installment premium written / assumed	1.1	0.9	-	-	1.1	0.9				
Total premium written / assumed	<u>32.1</u>	<u>32.8</u>	<u>0.5</u>	<u>1.5</u>	<u>32.7</u>	<u>34.3</u>				
Adjusted gross premium	35.7	42.4	0.8	1.3	36.5	43.7				
Structured Finance										
Up-front premium written / assumed	5.0	0.3	0.5	-	5.5	0.3				
Installment premium written / assumed	16.6	13.7	1.7	3.7	18.3	17.4				
Total premium written / assumed	<u>21.6</u>	<u>14.0</u>	<u>2.3</u>	<u>3.7</u>	<u>23.8</u>	<u>17.7</u>				
Adjusted gross premium	41.2	28.4	-	-	41.2	28.4				
International Finance										
Up-front premium written / assumed	24.3	13.7	11.5	4.9	35.8	18.6				
Installment premium written / assumed	11.5	10.2	1.1	1.3	12.7	11.6				
Total premium written / assumed	<u>35.8</u>	<u>24.0</u>	<u>12.7</u>	<u>6.2</u>	<u>48.4</u>	<u>30.2</u>				
Adjusted gross premium	49.8	26.1	11.5	12.1	61.3	38.2				
Grand Total										
Up-front premium written / assumed	60.3	46.0	12.6	6.3	72.9	52.4				
Installment premium written / assumed	29.2	24.8	2.9	5.1	32.1	29.8				
Total premium written / assumed	<u>\$ 89.5</u>	<u>\$ 70.8</u>	<u>\$ 15.5</u>	<u>\$ 11.4</u>	<u>\$ 105.0</u>	<u>\$ 82.2</u>				
Adjusted gross premium	\$ 126.6	\$ 96.9	\$ 12.3	\$ 13.4	\$ 138.9	\$ 110.3				

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	Insured	Insured Percent	Insured	Market Share Percent
2007 By Quarter					
First	\$ 106,411	\$ 50,756	47.7%	\$ 2,352	4.6%
2006 By Quarter					
Fourth	120,900	57,789	47.8%	2,732	4.7%
Third	87,358	43,059	49.3%	3,110	7.2%
Second	109,620	52,491	47.9%	5,018	9.6%
First	69,649	37,252	53.5%	3,986	10.7%
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	359,716	195,422	54.3%	9,816	5.0%
2003	383,559	189,709	49.5%	9,734	5.1%

Notes:

Source of data is the 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
		\$ 197,061
2nd Quarter 2007	3,245	193,816
3rd Quarter 2007	4,330	189,487
4th Quarter 2007	4,249	185,238
2008	11,937	173,301
2009	11,144	162,157
2010	9,864	152,293
2011-2015	50,449	111,708
2016-2020	29,655	82,053
2021-2025	22,679	59,373
2026 and Thereafter	49,509	9,864
	\$ 197,061	

(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
	\$ 774,268			
2nd Quarter 2007	759,034	15,234	30,712	45,946
3rd Quarter 2007	743,991	15,043	28,833	43,877
4th Quarter 2007	729,261	14,730	27,363	42,092
2008	672,454	56,808	100,932	157,740
2009	619,293	53,160	95,612	148,773
2010	571,816	47,477	78,930	126,407
2011-2015	371,122	200,694	269,493	470,187
2016-2020	226,545	144,576	144,571	289,147
2021-2025	127,736	98,809	97,122	195,931
2026 and Thereafter	0	127,736	176,949	304,685
		\$ 774,268	\$ 1,050,518	\$ 1,824,785

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			
	12/31/2004	12/31/2005	12/31/2006	Par Value Outstanding		3/31/2007	
	Net	Net	Net	Gross	%	Net	%
Public Finance:							
General Obligation	\$ 7,795	\$ 13,273	\$ 19,853	\$ 21,420	42.4%	\$ 20,810	43.3%
Utility	4,927	6,602	9,091	10,047	19.9%	9,268	19.3%
Transportation	3,157	3,659	6,051	6,457	12.8%	6,134	12.8%
Higher Education	1,842	3,469	4,771	5,044	10.0%	4,929	10.3%
Non Ad Valorem	2,252	3,416	5,253	6,430	12.7%	5,788	12.0%
Other	1,180	881	1,087	1,179	2.3%	1,138	2.4%
Total Public Finance	21,153	31,300	46,106	50,578	100.0%	48,066	100.0%
Structured Finance:							
Pooled Debt Obligations	8,789	13,440	23,441	27,458	46.8%	26,381	49.0%
Consumer ABS	12,927	8,726	9,962	12,081	20.6%	10,637	19.8%
Financial Products	3,558	5,207	5,779	6,833	11.6%	5,718	10.6%
Power & Utility	3,736	4,113	5,184	5,278	9.0%	4,902	9.1%
Commercial ABS	3,540	1,826	2,440	4,247	7.2%	3,763	7.0%
Other	603	1,191	2,099	2,810	4.8%	2,413	4.5%
Total Structured Finance	33,153	34,503	48,905	58,708	100.0%	53,813	100.0%
International Finance:							
Power & Utility	896	2,091	3,322	4,164	22.2%	3,526	21.6%
Infrastructure	-	917	3,205	4,088	21.8%	3,272	20.1%
Transportation	945	1,344	2,245	2,684	14.3%	2,373	14.5%
Pooled Debt Obligations	1,143	1,017	1,699	2,572	13.7%	2,526	15.5%
Future Flow	1,197	2,116	1,672	2,239	11.9%	1,949	12.0%
Financial Products	-	-	-	-	0.0%	-	0.0%
Consumer ABS	350	348	461	542	2.9%	523	3.2%
Other	337	283	1,249	2,473	13.2%	2,139	13.1%
Total International Finance	4,868	8,116	13,853	18,761	100.0%	16,307	100.0%
Total Par Outstanding	<u>\$ 59,174</u>	<u>\$ 73,919</u>	<u>\$ 108,864</u>	<u>\$ 128,047</u>		<u>\$ 118,186</u>	
Percent of Net Par Outstanding							
Public Finance	35.7%	42.3%	42.4%				40.7%
Structured Finance	56.0%	46.7%	44.9%				45.5%
International Finance	8.2%	11.0%	12.7%				13.8%

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

	As of			As of			
	12/31/2004	12/31/2005	12/31/2006	Par Value		3/31/2007	
	Net	Net	Net	Gross	%	Net	%
Public Finance:							
General Obligation	\$ 1,420	\$ 1,437	\$ 1,308	\$ 1,348	60.6%	\$ 1,348	60.6%
Utility	294	294	141	139	6.2%	139	6.2%
Transportation	234	232	279	329	14.8%	329	14.8%
Higher Education	300	300	300	300	13.5%	300	13.5%
Non Ad Valorem	96	96	96	96	4.3%	96	4.3%
Other	12	11	16	15	0.7%	15	0.7%
Total Public Finance	2,356	2,370	2,140	2,226	100.0%	2,226	100.0%
Structured Finance:							
Pooled Debt Obligations	318	191	39	39	1.9%	39	0.0%
Consumer ABS	1,138	672	278	174	8.7%	174	0.0%
Financial Products	174	167	291	339	17.0%	291	0.0%
Power & Utility	-	-	-	-	0.0%	-	0.0%
Commercial ABS	303	208	234	227	11.4%	227	0.0%
Other	417	1,085	1,161	1,218	61.0%	1,170	0.0%
Total Structured Finance	2,350	2,323	2,003	1,997	100%	1,901	0.0%
International Finance:							
Power & Utility	510	802	1,342	1,603	29.3%	1,603	29.9%
Infrastructure	284	288	700	735	13.5%	735	13.7%
Transportation	367	494	631	678	12.4%	641	12.0%
Pooled Debt Obligations	59	31	15	15	0.3%	15	0.3%
Future Flow	15	14	-	165	3.0%	150	2.8%
Financial Products	893	842	890	893	16.3%	893	16.7%
Consumer ABS	244	23	14	11	0.2%	11	0.2%
Other	682	784	1,413	1,366	25.0%	1,310	24.4%
Total International Finance	3,054	3,278	5,005	5,467	100.0%	5,358	100.0%
Total Par Outstanding	\$ 7,760	\$ 7,971	\$ 9,148	\$ 9,690		\$ 9,486	
Percent of Net Par Outstanding							
Public Finance	30.4%	29.7%	23.4%				23.5%
Structured Finance	30.3%	29.1%	21.9%				20.0%
International Finance	39.4%	41.1%	54.7%				56.5%

Security Capital Assurance Ltd

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

	As of			As of			
	12/31/2004	12/31/2005	12/31/2006	Par Value		3/31/2007	
	Net	Net	Net	Gross	%	Net	%
Public Finance:							
General Obligation	\$ 9,215	\$ 14,710	\$ 21,161	\$ 22,768	43.1%	\$ 22,158	44.1%
Utility	5,221	6,896	9,232	10,186	19.3%	9,406	18.7%
Transportation	3,391	3,891	6,330	6,786	12.9%	6,463	12.8%
Higher Education	2,142	3,769	5,071	5,344	10.1%	5,229	10.4%
Non Ad Valorem	2,348	3,512	5,349	6,526	12.4%	5,884	11.7%
Other	1,192	892	1,103	1,194	2.3%	1,153	2.3%
Total Public Finance	23,509	33,670	48,246	52,805	100.0%	50,293	100.0%
Structured Finance:							
Pooled Debt Obligations	9,109	13,631	23,480	27,497	45.3%	26,420	47.4%
Consumer ABS	14,065	9,398	10,240	12,255	20.2%	10,811	19.4%
Financial Products	3,732	5,374	6,070	7,173	11.8%	6,009	10.8%
Power & Utility	3,736	4,113	5,184	5,278	8.7%	4,902	8.8%
Commercial ABS	3,843	2,034	2,674	4,474	7.4%	3,990	7.2%
Other	1,018	2,276	3,260	4,028	6.6%	3,583	6.4%
Total Structured Finance	35,503	36,826	50,908	60,705	100.0%	55,714	100.0%
International Finance:							
Power & Utility	1,406	2,893	4,664	5,767	23.8%	5,129	23.7%
Infrastructure	284	1,205	3,905	4,823	19.9%	4,008	18.5%
Transportation	1,312	1,838	2,876	3,362	13.9%	3,014	13.9%
Pooled Debt Obligations	1,202	1,048	1,714	2,587	10.7%	2,541	11.7%
Future Flow	1,212	2,130	1,672	2,404	9.9%	2,099	9.7%
Financial Products	893	842	890	893	3.7%	893	4.1%
Consumer ABS	594	371	475	553	2.3%	534	2.5%
Other	1,019	1,067	2,662	3,840	15.8%	3,449	15.9%
Total International Finance	7,922	11,394	18,858	24,228	100.0%	21,666	100.0%
Total Par Outstanding	\$ 66,934	\$ 81,891	\$ 118,012	\$ 137,737		\$ 127,672	
Percent of Net Par Outstanding							
Public Finance	35.1%	41.1%	40.9%				39.4%
Structured Finance	53.0%	45.0%	43.1%				43.6%
International Finance	11.8%	13.9%	16.0%				17.0%

Security Capital Assurance Ltd

Insured Portfolio - Summary of Below Investment Grade Exposures

(U.S. dollars in millions)

		As of 3/31/2007
		Net Par Outstanding
Public Finance:		
General Obligation	\$	57
Utility		2
Transportation		-
Higher Education		1
Non Ad Valorem		-
Other		-
Total Public Finance	\$	<u>60</u>
Structured Finance:		
Pooled Debt Obligations	\$	4
Consumer ABS		2
Financial Products		-
Power & Utility		9
Commercial ABS		408
Other		10
Total Structured Finance	\$	<u>433</u>
International Finance:		
Power & Utility	\$	-
Infrastructure		-
Transportation		-
Pooled Debt Obligations		-
Future Flow		-
Financial Products		-
Consumer ABS		-
Other		-
Total International Finance	\$	<u>-</u>
Total BIG	\$	<u>493</u>
BIG 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 3/31/2007				Three Months Ended 3/31/2006			
	Gross	Par Written		%	Gross	Par Written		%
		%	Net	%		%	Net	%
Public Finance:								
General Obligation	\$ 1,130	9.4%	\$ 1,125	10.1%	\$ 1,291	13.2%	\$ 1,291	13.5%
Utility	406	3.4%	406	3.6%	649	6.7%	649	6.8%
Transportation	-	0.0%	-	0.0%	1,250	12.8%	1,126	11.8%
Higher Education	155	1.3%	155	1.4%	362	3.7%	362	3.8%
Non Ad Valorem	636	5.3%	541	4.9%	352	3.6%	329	3.4%
Other	78	0.6%	78	0.7%	60	0.6%	60	0.6%
Total Public Finance	2,405	20.0%	2,305	20.7%	3,964	40.6%	3,817	40.0%
Structured Finance:								
Pooled Debt Obligations	3,747	31.2%	3,583	32.2%	1,301	13.3%	1,269	13.3%
Consumer ABS	2,462	20.5%	2,065	18.6%	2,439	25.0%	2,413	25.3%
Financial Products	411	3.4%	411	3.7%	460	4.7%	460	4.8%
Power & Utility	-	0.0%	-	0.0%	350	3.6%	350	3.7%
Commercial ABS	775	6.5%	746	6.7%	240	2.5%	240	2.5%
Other	195	1.6%	161	1.4%	60	0.6%	60	0.6%
Total Structured Finance	7,590	63.2%	6,966	62.6%	4,850	49.7%	4,792	50.2%
International Finance:								
Power & Utility	400	3.3%	309.0	2.8%	279	2.9%	279	2.9%
Infrastructure	-	0.0%	-	0.0%	409	4.2%	409	4.3%
Transportation	41	0.3%	41.0	0.4%	-	0.0%	-	0.0%
Pooled Debt Obligations	811	6.8%	789.0	7.1%	-	0.0%	-	0.0%
Future Flow	250	2.1%	230.0	2.1%	-	0.0%	-	0.0%
Financial Products	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumer ABS	73	0.6%	73	0.7%	254	2.6%	247	2.6%
Other	442	3.7%	417	3.7%	-	0.0%	-	0.0%
Total International Finance	2,017	16.8%	1,859	16.7%	942	9.7%	935	9.8%
Total Par Written	\$ 12,012	100.0%	\$ 11,130	100.0%	\$ 9,756	100.0%	\$ 9,544	100.0%

Security Capital Assurance Ltd

Insured Portfolio - Reinsurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 3/31/2007				Three Months Ended 3/31/2006			
	Gross	Par Written %	Net	%	Gross	Par Written %	Net	%
Public Finance:								
General Obligation	\$ 84	35.3%	\$ 84	35.4%	\$ 44	5.5%	\$ 44	5.5%
Utility	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Transportation	50	21.1%	50	21.1%	-	0.0%	-	0.0%
Higher Education	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non Ad Valorem	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Public Finance	134	56.4%	134	56.5%	44	5.5%	44	5.5%
Structured Finance:								
Pooled Debt Obligations	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumer ABS	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Financial Products	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Power & Utility	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial ABS	-	0.0%	-	0.0%	100	12.6%	100	12.6%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Structured Finance	-	0.0%	-	0.0%	100	12.6%	100	12.6%
International Finance:								
Power & Utility	103	43.6%	103	43.5%	125	15.7%	125	15.7%
Infrastructure	-	0.0%	-	0.0%	85	10.7%	85	10.7%
Transportation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pooled Debt Obligations	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Future Flow	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Financial Products	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumer ABS	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	442	55.5%	442	55.5%
Total International Finance	103	43.6%	103	43.5%	652	81.9%	652	81.9%
Total Par Written	\$ 237	100.0%	\$ 237	100.0%	\$ 796	100.0%	\$ 796	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 3/31/2007				Three Months Ended 3/31/2006			
	Gross	Par Written %	Net	%	Gross	Par Written %	Net	%
Public Finance:								
General Obligation	\$ 1,214	9.9%	\$ 1,209	10.6%	\$ 1,335	12.7%	\$ 1,335	12.9%
Utility	406	3.3%	406	3.6%	649	6.2%	649	6.3%
Transportation	50	0.4%	50	0.4%	1,250	11.8%	1,126	10.9%
Higher Education	155	1.3%	155	1.4%	362	3.4%	362	3.5%
Non Ad Valorem	636	5.2%	541	4.8%	352	3.3%	329	3.2%
Other	78	0.6%	78	0.7%	60	0.6%	60	0.6%
Total Public Finance	2,539	20.7%	2,439	21.5%	4,008	38.0%	3,861	37.3%
Structured Finance:								
Pooled Debt Obligations	3,747	30.6%	3,583	31.5%	1,301	12.3%	1,269	12.3%
Consumer ABS	2,462	20.1%	2,065	18.2%	2,439	23.1%	2,413	23.3%
Financial Products	411	3.4%	411	3.6%	460	4.4%	460	4.4%
Power & Utility	-	0.0%	-	0.0%	350	3.3%	350	3.4%
Commercial ABS	775	6.3%	746	6.6%	340	3.2%	340	3.3%
Other	195.0	1.6%	161.0	1.4%	60.0	0.6%	60.0	0.6%
Total Structured Finance	7,590	62.0%	6,966	61.3%	4,950	46.9%	4,892	47.3%
International Finance:								
Power & Utility	503	4.1%	412	3.6%	404	0.0%	404	3.9%
Infrastructure	-	0.0%	-	0.0%	494	0.0%	494	4.8%
Transportation	41	0.3%	41	0.4%	0	0.0%	-	0.0%
Pooled Debt Obligations	811	6.6%	789	6.9%	0	0.0%	-	0.0%
Future Flow	250	2.0%	230	2.0%	0	0.0%	-	0.0%
Financial Products	-	0.0%	-	0.0%	0	0.0%	-	0.0%
Consumer ABS	73	0.6%	73	0.6%	254	0.0%	247	2.4%
Other	442	3.6%	417	3.7%	442	0.0%	442	4.3%
Total International Finance	2,120	17.3%	1,962	17.3%	1,594	0.0%	1,587	15.3%
Total Par Written	\$12,249	100.0%	\$11,367	100.0%	\$ 10,552	84.9%	\$ 10,340	100.0%

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

As of 3/31/2007					
		Par Value Outstanding			
		Gross	%	Net	%
Geographic Distribution					
United States					
New York	\$	12,736	9.2%	\$ 11,904	9.3%
California		12,778	9.3%	12,140	9.5%
Delaware		4,136	3.0%	3,515	2.8%
Alabama		3,249	2.4%	2,516	2.0%
Illinois		3,224	2.3%	3,101	2.4%
Texas		3,083	2.2%	2,889	2.3%
Florida		2,797	2.0%	2,669	2.1%
New Jersey		2,525	1.8%	2,452	1.9%
Massachusetts		2,416	1.8%	2,325	1.8%
Pennsylvania		2,373	1.7%	2,373	1.9%
Subtotal		<u>49,316</u>	35.8%	<u>45,884</u>	35.9%
Other States & Territories		25,639	18.6%	24,131	18.9%
Nationally Diversified		<u>38,554</u>	<u>28.0%</u>	<u>35,991</u>	<u>28.2%</u>
Total United States		113,509	82.4%	106,006	83.0%
Non-United States					
United Kingdom		10,386	7.5%	9,304	7.3%
Australia		2,377	1.7%	1,841	1.4%
Turkey		1,180	0.9%	1,016	0.8%
Spain		1,165	0.8%	1,134	0.9%
Canada		970	0.7%	809	0.6%
Chile		902	0.7%	866	0.7%
New Zealand		777	0.6%	725	0.6%
Ireland		773	0.6%	756	0.6%
Italy		690	0.5%	461	0.4%
Mexico		646	0.5%	602	0.5%
Norway		576	0.4%	499	0.4%
France		454	0.3%	454	0.4%
Japan		434	0.3%	415	0.3%
Brazil		404	0.3%	319	0.2%
Portugal		280	0.2%	271	0.2%
Luxembourg		258	0.2%	252	0.2%
Egypt		181	0.1%	176	0.1%
Guatemala		125	0.1%	125	0.1%
Panama		104	0.1%	104	0.1%
El Salvador		95	0.1%	90	0.1%
Costa Rica		12	0.0%	12	0.0%
Subtotal		22,791	16.5%	20,229	15.8%
Internationally Diversified		<u>1,436</u>	<u>1.0%</u>	<u>1,436</u>	<u>1.1%</u>
Total Non-United States		<u>24,228</u>	<u>17.6%</u>	<u>21,666</u>	<u>17.0%</u>
Total par outstanding	\$	<u>137,737</u>	<u>100.0%</u>	\$ <u>127,672</u>	<u>100.0%</u>

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

	As of			
	3/31/2007		12/31/2006	
Distribution by Ratings¹	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 42,857	33.6%	\$ 34,559	29.3%
AA	17,506	13.7%	17,846	15.1%
A	33,878	26.5%	35,226	29.8%
BBB	32,938	25.8%	29,889	25.3%
Below investment grade	493	0.4%	492	0.4%
Net par outstanding	<u>\$ 127,672</u>	<u>100.0%</u>	<u>\$ 118,012</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			
	3/31/2007		12/31/2006	
	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 27,604	95.3%	\$ 21,123	86.6%
AA	1,030	3.6%	2,505	9.3%
A	312	1.1%	821	4.0%
BBB	10	0.0%	113	0.0%
Below investment grade	4	0.0%	4	0.1%
Total par outstanding	<u>\$ 28,960</u>	<u>100.0%</u>	<u>\$ 24,566</u>	<u>100.0%</u>

Distribution of CDO Exposure by Year of Issue	Net Par Outstanding	%	Net Par Outstanding	%
2001 and prior	\$ 777	2.7%	\$ 966	3.9%
2002	1,654	5.7%	1,989	8.1%
2003	1,196	4.1%	1,147	4.7%
2004	1,772	6.1%	1,625	6.6%
2005	6,258	21.6%	5,978	24.3%
2006	12,978	44.8%	12,861	52.4%
2007 year to date	4,325	14.9%	-	0.0%

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 3/31/2007		
	Obligor Name	Net Par Outstanding
1	State of New York - GO	\$ 1,132
2	State of California - GO	953
3	State of New Jersey - GO	903
4	Jefferson County, Alabama - Water/Sewer Revenue	811
5	San Francisco International Airport - General Revenue	720
6	State of Wisconsin - GO	706
7	City of New York - GO	705
8	South Carolina Transportation Infrastructure Bank - State Gas and Motor Vehicle Tax	620
9	LCOR Alexandria LLC - Pre-Insured Federal Lease Backed	595
10	Oklahoma Turnpike Authority - Toll/Gas Revenue	588
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	Commonwealth of Massachusetts - GO	505
16	Chicago O'Hare International Airport - General Revenue	501
17	Puerto Rico Electric Power Authority - Electric Revenue	485
18	New York, Metropolitan Transportation Authority	439
19	Bay Area Toll Authority, California - Toll Revenue	425
20	Long Island Power Authority - Electric Revenue	416
21	Port Authority of New York and New Jersey - General Revenue	414
22	Jacksonville Electric Authority, Florida - Electric Revenue	413
23	Dallas/Fort Worth International Airport - General Revenue	379
24	Jacksonville Electric Authority, Florida - Water/Sewer Revenue	371
25	Boston University, Massachusetts - General Revenue	276
	Total	\$ 14,552
	Net par outstanding	\$ 127,672
	% of Total Portfolio	11.4%

Security Capital Assurance Ltd

Insured Portfolio - Top 10 Structured Finance Servicer Exposures

(U.S. dollars in millions)

		As of 3/31/2007	
		Servicer Name ¹	Net Par Outstanding
1	Countrywide Financial Corporation	\$	3,869
2	Servicer X (See note 2)		1,629
3	AmeriCredit Financial Services Inc.		1,287
4	GMAC Mortgage Corporation		1,225
5	Cendant Corporation		693
6	IndyMac Bank. F.S.B.		639
7	Greenpoint Mortgage Funding, Inc.		569
8	Ameriquest Mortgage Company		486
9	Servicer Y (See note 2)		415
10	Servicer Z (See note 2)		364
Total		\$	11,175

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 earnings 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 derivative financial instruments 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 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	
	3/31/2007	3/31/2006
Total premiums written	\$ 105.0	\$ 82.2
Total upfront premium written	72.9	52.4
Total installment premium written	32.1	29.8
PVFIP	34.0	28.2
AGP	138.9	110.3
Ceded premiums net of commission received	<u>10.8</u>	<u>7.5</u>
ANP	<u>\$ 128.2</u>	<u>\$ 102.8</u>

NET INCOME TO OPERATING INCOME AND CORE INCOME	Three Months	
	3/31/2007	3/31/2006
Net income	\$ 37.3	\$ 16.7
Net realized (gains) / losses on investments	(0.1)	5.7
Net realized and unrealized losses on derivative financial instruments	<u>6.9</u>	<u>3.9</u>
Operating Income	44.1	26.3
Effect of refundings	<u>1.0</u>	<u>1.7</u>
Core Income	<u>\$ 43.1</u>	<u>\$ 24.6</u>

TOTAL SHAREHOLDERS' EQUITY TO ABV	As of	
	3/31/2007	12/31/2006
Total shareholders' equity	\$ 1,409.6	\$ 1,366.5
Deferred premium revenue net of prepaid reinsurance premiums and DAC	640.4	610.0
NPVFIP	<u>403.2</u>	<u>378.8</u>
Total ABV	<u>\$ 2,453.2</u>	<u>\$ 2,355.3</u>

XL Capital Assurance

Insured Portfolio Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 3/31/2007	
	Par Written	
	Gross	Net
Public Finance:		
General Obligation	\$ 1,130	\$ 283
Higher Education	155	39
Non Ad Valorem	636	159
Other	78	19
Transportation	-	-
Utility	406	138
Total Public Finance	2,405	638
Structured Finance:		
Commercial ABS	775	194
Consumer ABS	2,462	523
Financial Products	411	103
Other	195	22
Pooled Debt Obligations	3,747	903
Power & Utility	-	-
Total Structured Finance	7,590	1,745
International Finance:		
Consumer ABS	73	18
Future Flow	250	22
Infrastructure	-	-
Other	442	110
Pooled Debt Obligations	811	203
Power & Utilities	400	59
Transportation	41	10
Total International Finance	2,017	422
Total par written	\$ 12,012	\$ 2,805

XL Capital Assurance
Insured Portfolio Par Outstanding by XL Categories
(U.S. dollars in millions)

	As of 3/31/2007	
	Par Value Outstanding Gross	Net
Asset-Backed Securities:		
Auto	\$ 2,601	\$ 382
Commercial ABS - Other	1,613	154
Commercial Real Estate	1,458	364
Consumer ABS - Other	434	62
Consumer Mortgage	9,066	1,317
Credit Card	523	52
Fleet Financing	1,332	133
Pre-Insured	83	8
Equipment Lease/Loans	98	24
Total Asset-Backed Securities	17,207	2,498
Public Finance:		
General Obligation & Appropriation	21,519	2,727
Higher Education - Private	2,976	350
Higher Education - Public	2,068	288
Non Ad Valorem	6,430	1,059
Pre-Insured	745	88
Revenue Secured - Other	434	55
Transportation	6,457	872
Utility - Public	10,047	1,437
Total Public Finance	50,678	6,876
Collateralized Debt Obligations:		
CDO - Arbitrage Cash Flow	24,653	3,868
CDO - Market Value	512	128
CDO - Synthetic	4,236	596
CFO - Collateralized Fund Obligation	629	63
Total Collateralized Debt Obligations	30,030	4,655
Structured Single Risk:		
Bank Product	2,326	126
Financial / Insurance	557	56
Future Flow	2,239	152
GIC	3,950	603
Global Infrastructure - Other	3,901	375
Housing & Public Buildings	853	85
Power & Utility - Other	328	31
Pre-Insured	2,321	385
Sovereign	741	32
Specialized Risk - Other	505	44
Transportation	3,180	313
Utility - Private	8,468	823
Utility - Public	645	50
Whole Business Securitization	118	11
Total Structured Single Risk	30,132	3,084
Grand Total	\$ 128,047	\$ 17,113

XL Capital Assurance
Insured Portfolio - Geographic Distribution
(U.S. dollars in millions)

Three Months Ended 3/31/2007				
Par Value Outstanding				
	Gross	%	Net	%
Geographic Distribution				
United States				
California	\$ 12,385	9.7%	\$ 1,410	8.2%
New York	12,104	9.5%	2,007	11.7%
Delaware	4,136	3.2%	678	4.0%
Alabama	3,249	2.5%	340	2.0%
Texas	2,983	2.3%	381	2.2%
Florida	2,797	2.2%	941	5.5%
Illinois	2,675	2.1%	310	1.8%
Pennsylvania	2,373	1.9%	322	1.9%
Massachusetts	2,282	1.8%	266	1.6%
New Jersey	<u>2,144</u>	<u>1.7%</u>	<u>235</u>	<u>1.4%</u>
Subtotal	47,129	36.8%	6,890	40.3%
Other States & Territories	25,035	19.6%	1,248	7.3%
Nationally Diversified	<u>37,122</u>	<u>29.0%</u>	<u>7,021</u>	<u>41.0%</u>
United States	109,286	85.3%	15,159	88.6%
Non-United States				
United Kingdom	7,454	5.8%	688	4.0%
Australia	2,025	1.6%	286	1.7%
Turkey	1,180	0.9%	75	0.4%
Spain	1,160	0.9%	89	0.5%
New Zealand	777	0.6%	65	0.4%
Italy	744	0.6%	52	0.3%
Canada	699	0.5%	47	0.3%
Chile	660	0.5%	120	0.7%
Ireland	646	0.5%	162	0.9%
Norway	524	0.4%	51	0.3%
Mexico	496	0.4%	40	0.2%
Japan	434	0.3%	62	0.4%
Brazil	389	0.3%	25	0.1%
Portugal	280	0.2%	19	0.1%
Luxembourg	258	0.2%	65	0.4%
Egypt	181	0.1%	13	0.1%
Guatemala	125	0.1%	13	0.1%
Panama	104	0.1%	21	0.1%
El Salvador	95	0.1%	9	0.1%
Costa Rica	12	0.0%	1	0.0%
France	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>
Subtotal	18,244	14.2%	1,902	11.1%
Internationally Diversified	<u>517</u>	<u>0.4%</u>	<u>52</u>	<u>0.3%</u>
Total Non-United States	<u>18,761</u>	<u>14.7%</u>	<u>1,954</u>	<u>11.4%</u>
Total	<u>\$ 128,047</u>	<u>100%</u>	<u>\$ 17,113</u>	<u>100%</u>

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

As of 3/31/2007			
Distribution by Ratings ¹	Net Par Outstanding	%	
AAA	\$ 6,569	38.4%	
AA	2,483	14.5%	
A	4,257	24.9%	
BBB	3,759	22.0%	
Below investment grade	45	0.3%	
Total exposure	\$ 17,113	100.0%	

Note:

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



XL Capital Assurance

Insured Portfolio - 10 Largest Credits within Each Business Area

(U.S. dollars in millions)

	As of 3/31/2007			
	Par Value Outstanding			
	Gross	%	Net	%
Asset-Backed Securities:				
Countrywide Home Equity Loan Trust 2006D	\$ 1,277	1.0%	\$ 128	0.7%
Americredit Automobile Receivables Trust 2007-A-X	1,146	0.9%	198	1.2%
Greenpoint Mortgage Funding Trust 2006-HE1	1,052	0.8%	142	0.8%
Capital One Small Business Master Note Trust, Series 2004-1	1,000	0.8%	100	0.6%
Countrywide Home Equity Loan Trust 2006-S7	946	0.7%	197	1.2%
Nomura NSCR 2007-3	675	0.5%	169	1.0%
GreenPoint Mortgage Funding Trust 2007-HE1	641	0.5%	160	0.9%
CWABS, Home Equity Revolving Loan Trust 2005-K	549	0.4%	55	0.3%
Capital One Multi-Asset Execution Trust	500	0.4%	50	0.3%
Indymac Home Equity Mortgage Loan Asset Backed Trust Series 2006-H3	438	0.3%	110	0.6%
Total	8,225	6.4%	1,308	7.6%
Total ABS Portfolio	17,207	13.4%	2,498	14.6%
Collateralized Debt Obligations:				
Secondary Market Transaction	1,335	1.0%	207	1.2%
Secondary Market Transaction	1,320	1.0%	132	0.8%
Secondary Market Transaction	1,192	0.9%	207	1.2%
Secondary Market Transaction	1,076	0.8%	183	1.1%
Private Synthetic CDO Transaction	1,050	0.8%	105	0.6%
Secondary Market Transaction	1,000	0.8%	180	1.1%
Secondary Market Transaction	959	0.7%	206	1.2%
Private Synthetic CDO Transaction	890	0.7%	89	0.5%
Private Synthetic CDO Transaction	725	0.6%	72	0.4%
Secondary Market Transaction	670	0.5%	168	1.0%
Total	10,216	8.0%	1,549	9.1%
Total CDO Portfolio	30,030	23.5%	4,655	27.2%
Public Finance:				
Jefferson County, AL - Water/Sewer Revenue	1,230	1.0%	104	0.6%
State of California - GO/AA	1,009	0.8%	101	0.6%
State of California - Sales Tax	1,000	0.8%	100	0.6%
State of New York - GO/AA	963	0.8%	99	0.6%
State of Wisconsin - GO/AA	962	0.8%	96	0.6%
City and County of San Francisco, CA International Airport - Revenue Bonds	770	0.6%	77	0.5%
State of New Jersey - GO/AA	654	0.5%	65	0.4%
City of Houston, TX - Water/Sewer Revenue Bonds	653	0.5%	65	0.4%
State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	652	0.5%	108	0.6%
City of New York, NY - GO/AA	650	0.5%	65	0.4%
Total	8,543	6.7%	880	5.1%
Total Public Finance Portfolio	50,678	39.6%	6,876	40.2%
Structured Single Risk:				
XLAF Municipal Investment Agreement Program	3,930	3.1%	601	3.5%
Southern Gas Network, UK	1,265	1.0%	22	0.1%
Railcorp Rolling Stock PPP	912	0.7%	177	1.0%
JP Morgan Bank (Colorado)	894	0.7%	23	0.1%
Inspired (South Lanarkshire School Project) Scotland	679	0.5%	68	0.4%
Pre-Insured - Ambac	667	0.5%	67	0.4%
Newcastle Hospitals PFI Project	665	0.5%	22	0.1%
Atlantide S.R.L. (Region of Lazio, Italy)	617	0.5%	21	0.1%
National Grid Electricity Transmission, UK	574	0.4%	18	0.1%
Dalrymple Bay Coal Terminal (DBCT), Australia	547	0.4%	55	0.3%
Total	10,750	8.4%	1,072	6.3%
Total SSR Portfolio	30,132	23.5%	3,084	18.0%
Grand Total	\$ 128,047	100%	\$ 17,113	100%