

YEAR-END 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 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 financial guarantee insurance and reinsurance

SECURITY CAPITAL ASSURANCE

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SECURITY CAPITAL ASSURANCE

Certain Definitions

Adjusted book value^{1,2} (ABV)	GAAP book value attributable to common shareholders plus the after-tax effects of deferred premium revenue, net of prepaid reinsurance premiums and deferred acquisition costs, plus the after-tax effect of the net present value of future installment premiums.
Adjusted gross premiums^{1,2} (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%. AGP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.
Core net premiums earned²	Net premiums earned excluding the impact of refundings, calls and other accelerations.
Core income²	Operating income (see below) excluding the impact of refundings, calls and other accelerations.
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 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 premiums¹ (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 income²	Net income excluding net realized gains (losses) on investments and the after-tax impact of net realized and unrealized gains (losses) on non-trading derivative financial instruments and certain other items.
Present value of future installment premiums¹ (PVFIP)	Expected future installment premiums discounted at 7% on business written during the reporting period. PVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.

This 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.

Numbers throughout the supplement may not add due to rounding.

Notes:

¹Includes certain management estimates.

²See Reconciliation of Non-GAAP Financial Measures on pages 29-30.

SECURITY CAPITAL ASSURANCE

Financial and Statistical Data

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

	Year Ended			
	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Income Statement Data:				
Adjusted gross premiums	\$ 549	\$ 556	\$ 396	\$ 295
Total premiums written	378	409	285	277
Net premiums earned	216	183	152	116
Net investment income	121	78	51	36
Net losses and loss adjustment expenses	721	15	26	21
Acquisition and operating expenses	100	89	80	67
Insurance Segment AGP	479	514	342	267
Reinsurance Segment AGP	71	42	54	28
Net (loss) income per diluted share	\$ (19.09) ²	\$ 2.18	\$ 1.74 ¹	\$ 1.28 ¹
Net (loss) income per diluted share growth rate	NM	25.3%	35.9%	-3.8%
Operating return on common shareholders' equity	NM	12.6%	10.9%	6.6%
Common dividends per diluted share	\$ 0.08	\$ 0.02	\$ -	\$ -

U.S. GAAP Financial Ratios:

Loss and loss expense ratio	NM	8.2%	17.1%	18.3%
Underwriting expense ratio	46.4%	48.5%	52.6%	57.3%
Combined ratio	NM	56.7%	69.7%	75.6%

	As of			
	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Balance Sheet Data:				
Investments	\$ 2,431	\$ 1,958	\$ 1,364	\$ 1,157
Total assets	3,604	2,497	1,684	1,472
Deferred premium revenue	927	796	593	487
Gross unpaid losses and loss adjustment expenses	1,253	179	147	116
Case	1,142	85	69	51
Unallocated	111	93	78	65
Net unpaid case losses and loss adjustment expenses	709	15	17	5
Long-term debt	-	-	-	-
Total preferred shareholders' equity	247	-	-	-
Total common shareholders' equity	180	1,367	868	805
Common shares outstanding (excludes restricted shares)	64,169,788	64,136,364	46,127,245	46,127,245
Adjusted book value attributable to common shares	\$ 23.39	\$ 38.17	\$ 34.66	\$ 30.73

Statutory Data:

Qualified statutory capital	\$ 1,169	\$ 1,392	\$ 898	\$ 806
Deferred premium revenue	738	656	474	389
Loss and loss adjustment expense reserves	791	82	72	54
Total policyholders' surplus and reserves	2,698	2,130	1,443	1,250
Soft capital	200	200	200	200
Net present value of installment premiums ³	766	573	358	303
Total claims paying resources	\$ 3,663	\$ 2,902	\$ 2,001	\$ 1,753
Net par outstanding	\$ 165,012	\$ 118,012	\$ 81,891	\$ 66,934
Net principal and interest outstanding	256,440	183,702	121,898	97,301

Notes:

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

²Because we reported net losses for the twelve months ended December 31, 2007, under GAAP we cannot take into consideration dilutive securities when calculating a net loss per share.

³Excludes \$95.1 million of NPVFIP that is netted against certain of our case-basis reserves for losses and loss adjustment expenses at December 31, 2007.

NM - Not meaningful

SECURITY CAPITAL ASSURANCE
Return on Common Shareholders' Equity
(Unaudited)

Period Ended	Reported ¹	Operating ²
Year ended 12/31/2007	NM	NM
Nine months ended 9/30/2007	-2.6%	12.6%
Six months ended 6/30/2007	8.9%	12.7%
Three months ended 3/31/2007	10.6%	12.6%
Year ended 12/31/06	10.3%	12.6%
Year ended 12/31/05	9.5%	10.9%
Year ended 12/31/04	8.3%	6.6%

Notes:

¹Annualized net (loss) income available to common shareholders divided by average common shareholders' equity less accumulated other comprehensive (loss) income.

²Annualized operating income divided by average common shareholders' equity less accumulated other comprehensive (loss) income and less the tax effect of the derivative asset (liability).

NM - Not meaningful

SECURITY CAPITAL ASSURANCE

Segment Consolidation

(Unaudited)

	Year Ended 12/31/2007			Year Ended 12/31/2006		
	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total
AGP (U.S. dollars in millions)						
U.S. Public Finance	\$ 153.4	\$ 3.0	\$ 156.4	\$ 140.3	\$ 1.9	\$ 142.2
U.S. Structured Finance	175.3	-	175.3	206.8	1.2	208.0
International Finance	149.8	67.6	217.4	167.0	38.8	205.8
Total AGP	<u>\$ 478.6</u>	<u>\$ 70.5</u>	<u>\$ 549.1</u>	<u>\$ 514.1</u>	<u>\$ 41.9</u>	<u>\$ 556.1</u>
Income statement: (U.S. dollars in thousands)						
Gross premiums written	\$ 321,929	\$ -	\$ 321,929	\$ 353,728	\$ -	\$ 353,728
Reinsurance premiums assumed	-	56,384	56,384	-	55,271	55,271
Total premiums written	321,929	56,384	378,313	353,728	55,271	408,999
Ceded premiums	(72,254)	-	(72,254)	(13,067)	-	(13,067)
Net premiums written	249,675	56,384	306,059	340,661	55,271	395,932
Change in net deferred premium revenue	(72,980)	(17,360)	(90,340)	(185,098)	(27,719)	(212,817)
Net premiums earned	176,695	39,024	215,719	155,563	27,552	183,115
Fee income and other	215	-	215	2,365	-	2,365
Net losses and loss adjustment expenses	708,570	11,962	720,532	12,639	2,319	14,958
Acquisition costs, net	12,170	7,801	19,971	10,537	5,703	16,240
Operating expenses	67,924	12,128	80,052	62,592	10,055	72,647
Underwriting (loss) profit	<u>\$ (611,754)</u>	<u>\$ 7,133</u>	<u>\$ (604,621)</u>	<u>\$ 72,160</u>	<u>\$ 9,475</u>	<u>\$ 81,635</u>
Loss and loss expense ratio	NM	30.7%	NM	8.1%	8.4%	8.2%
Underwriting expense ratio	45.3%	51.1%	46.4%	47.0%	57.2%	48.5%
Combined ratio	NM	81.7%	NM	55.1%	65.6%	56.7%

	Three Months Ended 12/31/2007			Three Months Ended 12/31/2006		
	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total	Financial Guarantee Insurance	Financial Guarantee Reinsurance	Total
AGP (U.S. dollars in millions)						
U.S. Public Finance	\$ 64.6	\$ 1.8	\$ 66.4	\$ 14.4	\$ -	\$ 14.4
U.S. Structured Finance	23.1	-	23.1	107.6	-	107.6
International Finance	24.5	41.7	66.2	64.6	10.7	75.2
Total AGP	<u>\$ 112.1</u>	<u>\$ 43.5</u>	<u>\$ 155.6</u>	<u>\$ 186.6</u>	<u>\$ 10.7</u>	<u>\$ 197.2</u>
Income statement: (U.S. dollars in thousands)						
Gross premiums written	\$ 79,142	\$ -	\$ 79,142	\$ 118,516	\$ -	\$ 118,516
Reinsurance premiums assumed	-	12,772	12,772	-	15,087	15,087
Total premiums written	79,142	12,772	91,914	118,516	15,087	133,603
Ceded premiums	(17,911)	-	(17,911)	(14,223)	-	(14,223)
Net premiums written	61,231	12,772	74,003	104,293	15,087	119,380
Change in net deferred premium revenue	(18,818)	1,786	(17,032)	(66,806)	(8,268)	(75,074)
Net premiums earned	42,413	14,558	56,971	37,487	6,819	44,306
Fee income and other	130	-	130	75	-	75
Net losses and loss adjustment expenses	700,191	10,749	710,940	3,490	145	3,635
Acquisition costs, net	4,778	3,050	7,828	1,976	1,216	3,192
Operating expenses	13,683	2,597	16,280	15,816	4,118	19,934
Underwriting (loss) profit	<u>\$ (676,109)</u>	<u>\$ (1,838)</u>	<u>\$ (677,947)</u>	<u>\$ 16,280</u>	<u>\$ 1,340</u>	<u>\$ 17,620</u>
Loss and loss expense ratio	NM	73.8%	NM	9.3%	2.1%	8.2%
Underwriting expense ratio	43.5%	38.8%	42.3%	47.5%	78.2%	52.2%
Combined ratio	NM	112.6%	NM	56.8%	80.3%	60.4%

Note:

NM - Not meaningful

SECURITY CAPITAL ASSURANCE
Summary Financial Information - U.S. GAAP Basis
(Unaudited)

		As of	
		12/31/2007¹	12/31/2006¹
Per Actual Shares Outstanding			
Book value attributable to common shareholders	\$	2.81	\$ 21.31
Deferred premium revenue		12.86	11.04
Prepaid reinsurance premiums		(1.40)	(0.83)
Deferred acquisition costs		<u>(1.50)</u>	<u>(1.30)</u>
Net deferred premium revenue		9.96	8.91
NPVFIP ³		<u>10.62</u>	<u>7.95</u>
Adjusted book value	\$	<u>23.39</u>	<u>\$ 38.17</u>

Common Shares Outstanding

Actual (excluding restricted shares)	64,169,788	64,136,364
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	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Common Shares Outstanding				
Weighted Average Basic	64,169,788	64,136,364	64,150,375	53,676,273
Weighted Average Diluted	64,169,788	64,237,292	64,150,375	53,718,326

Operating (Loss) Income Per Common Share

Basic	\$	(10.57)	\$	0.58	\$	(8.27)	\$	2.64
Diluted		(10.57)		0.58		(8.27)		2.64

Net (Loss) Income Per Common Share

Basic	\$	(18.67)	\$	0.56	\$	(19.09)	\$	2.19
Diluted ²		(18.67)		0.56		(19.09)		2.18

Dividends Per Common Share

Declared	\$	0.02	\$	0.02	\$	0.08	\$	0.02
Paid		0.02		0.02		0.08		0.02

Notes:

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

²Because we reported net losses for the three months and full year ended December 31, 2007, under GAAP we cannot take into consideration dilutive securities when calculating a net loss per share.

³NPVFIP is net of \$95.1 million which is netted against certain of our case-basis reserves for losses and loss adjustment expenses at December 31, 2007.

SECURITY CAPITAL ASSURANCE
Condensed Consolidated Statements of Operations
(U.S. dollars in thousands)

	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Revenues				
Total premiums written	\$ 91,914	\$ 133,603	\$ 378,313	\$ 408,999
Ceded premiums	(17,911)	(14,223)	(72,254)	(13,067)
Net premiums written	74,003	119,380	306,059	395,932
Change in net deferred premium revenue	(17,032)	(75,074)	(90,340)	(212,817)
Net premiums earned	56,971	44,306	215,719	183,115
Net investment income	32,701	24,698	120,710	77,724
Net realized (losses) gains on investments	(983)	376	(2,517)	(16,180)
Net realized and unrealized (losses) on derivative financial instruments	(518,838)	(1,620)	(690,917)	(8,385)
Fee income and other	130	75	215	2,365
Total revenues	(430,019)	67,835	(356,790)	238,639
Expenses				
Net losses and loss adjustment expenses	710,940	3,635	720,532	14,958
Acquisition costs, net	7,828	3,192	19,971	16,240
Operating expenses	22,704	23,551	98,931	78,999
Total expenses	741,472	30,378	839,434	110,197
(Loss) Income before income tax and minority interest	(1,171,491)	37,457	(1,196,224)	128,442
Income tax expense	25,563	574	16,389	3,133
(Loss) Income before minority interest	(1,197,054)	36,883	(1,212,613)	125,309
Minority interest - dividends on redeemable preferred shares	804	1,077	3,527	7,954
Net (loss) income	(1,197,858)	35,806	(1,216,140)	117,355
Dividends on Series A perpetual non-cumulative preference shares	-	-	8,409	-
Net (loss) income available to common shareholders	\$ (1,197,858)	\$ 35,806	\$ (1,224,549)	\$ 117,355

SECURITY CAPITAL ASSURANCE
Condensed Consolidated Balance Sheets
(U.S. dollars in thousands)

	As of	
	12/31/2007	12/31/2006
Assets		
Investments		
Debt securities available for sale, at fair value	\$ 2,381,249	\$ 1,736,462
Short-term investments, at fair value	<u>49,760</u>	<u>221,901</u>
Total investments	2,431,009	1,958,363
Cash and cash equivalents	249,116	202,548
Accrued investment income	21,039	16,515
Deferred acquisition costs	108,117	93,809
Prepaid reinsurance premiums	101,122	59,983
Premiums receivable	24,494	12,936
Reinsurance balances recoverable on unpaid losses	450,733	88,616
Intangible assets - acquired licenses	11,529	11,529
Deferred income tax asset	-	18,182
Derivative assets	168,364	11,976
Other assets	<u>38,572</u>	<u>22,357</u>
Total assets	<u>\$ 3,604,095</u>	<u>\$ 2,496,814</u>
Liabilities and Shareholders' Equity		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 1,253,088	\$ 178,517
Deferred premium revenue	927,385	795,906
Derivative liabilities	850,126	5,117
Reinsurance premiums payable	36,485	13,952
Payable for investments purchased	-	5,435
Accounts payable, accrued expenses and other liabilities	<u>70,948</u>	<u>77,351</u>
Total liabilities	3,138,032	1,076,278
Minority interest - redeemable preferred shares of subsidiary	39,000	54,016
Shareholders' Equity		
Total paid-in capital, preferred equity	246,593	-
Total paid-in capital, common equity	994,569	988,444
Retained earnings (deficit)	(831,900)	397,781
Accumulated other comprehensive income (loss)	<u>17,801</u>	<u>(19,705)</u>
Total shareholders' equity	<u>427,063</u>	<u>1,366,520</u>
Total liabilities, minority interest and shareholders' equity	<u>\$ 3,604,095</u>	<u>\$ 2,496,814</u>

SECURITY CAPITAL ASSURANCE

Investment Portfolio

As of December 31, 2007

(U.S. dollars in thousands)

Distribution by Security Type			
	Market Value	% of Market Value	Amortized Cost
Debt Securities:			
MBS/ABS	\$ 1,385,135	51.7%	\$ 1,379,631
U.S. Government	304,579	11.4%	296,486
Corporate	679,657	25.4%	674,769
Non-U.S. Sovereign	11,057	0.4%	10,829
States & Political Subs	821	0.0%	823
Total LT Fixed Maturity	2,381,249	88.8%	2,362,538
Short-term investments			
Cash and cash equivalents	249,116	9.3%	249,116
Short-term investments	49,760	1.9%	49,882
Total	<u>\$ 2,680,124</u>	<u>100.0%</u>	<u>\$ 2,661,536</u>

Quality Distribution		
	Market Value	% of Market Value
AAA	\$ 1,917,255	71.5%
AA	462,971	17.3%
A	288,740	10.8%
BBB	11,159	0.4%
BB & below	-	0.0%
Not Rated	-	0.0%
Total	<u>\$ 2,680,124</u>	<u>100.0%</u>
Average credit quality		AA+

Maturity		
	Market Value	% of Market Value
Within 1 Year	\$ 298,876	11.2%
1 to 5 Years	586,886	21.9%
5 to 10 Years	367,370	13.7%
Due after 10 Years	41,857	1.6%
Mortgage and asset-backed securities	1,385,135	51.7%
Total	<u>\$ 2,680,124</u>	<u>100.0%</u>

Yield to Maturity @ Book Value	5.1%
Yield to Maturity @ Market Value	5.0%
Duration (years)	3.3

SECURITY CAPITAL ASSURANCE
Claims Paying Resources
(U.S. dollars in millions)

	As of	
	12/31/2007	12/31/2006
Claims paying resources¹		
Policyholders' surplus	\$ 1,127	\$ 1,371
Contingency reserve	42	21
Qualified statutory capital	1,169	1,392
Deferred premium revenue ²	738	656
Loss & loss adjustment expense reserves ³	791	82
Total policyholders surplus & reserves	2,698	2,130
Soft capital	200	200
NPVFIP ⁴	766	573
Total claims paying resources	<u>\$ 3,663</u>	<u>\$ 2,903</u>

Notes:

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

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

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

⁴Excludes \$95.1 million of NPVFIP that is netted against certain of our case-basis reserves for losses and loss adjustment expenses at December 31, 2007.

SECURITY CAPITAL ASSURANCE

Unpaid Losses and Loss Adjustment Expenses

(U.S. dollars in thousands)

	Year Ended 12/31/2006		Three Months Ended 3/31/2007		Six Months Ended 6/30/2007		Nine Months Ended 9/30/2007		Year Ended 12/31/2007	
	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	\$ 69,382	\$ 77,986	\$ 85,351	\$ 93,166	\$ 85,351	\$ 93,166	\$ 85,351	\$ 93,166	\$ 85,351	\$ 93,166
Unpaid losses and loss expenses recoverable	(52,316)	(16,901)	(70,842)	(17,774)	(70,842)	(17,774)	(70,842)	(17,774)	(70,842)	(17,774)
Net unpaid losses and loss expense at beginning of year	17,066	61,085	14,509	75,392	14,509	75,392	14,509	75,392	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	-	5,891	-	12,129	706,638	17,547
Prior years	651	-	(3,501)	-	(3,664)	-	(2,537)	-	(3,653)	-
Less net losses and loss expenses paid	(3,208)	-	(380)	-	(375)	-	(1,533)	-	(8,078)	-
Net unpaid losses and loss expense at end of period	14,509	75,392	10,628	78,092	10,470	81,283	10,439	87,521	709,416	92,939
Unpaid losses and loss expenses recoverable	70,842	17,774	70,000	17,206	65,565	17,210	65,561	17,864	432,236	18,497
Gross unpaid losses and loss expenses at end of period	\$ 85,351	\$ 93,166	\$ 80,628	\$ 95,298	\$ 76,035	\$ 98,493	\$ 76,000	\$ 105,385	\$ 1,141,652	\$ 111,436
Net losses and loss expenses paid	\$ 3,208		\$ 380		\$ 375		\$ 1,533		\$ 8,078	
Net premiums earned	183,115		46,379		100,571		158,748		215,719	
Ratio of net losses and loss expenses paid to premiums earned	1.8%		0.8%		0.4%		1.0%		3.7%	

SECURITY CAPITAL ASSURANCE

Net Premiums Earned

(Unaudited)

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

Net Premiums Earned	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
U.S. Public Finance				
Upfront premiums earned	\$ 13,866	\$ 6,692	\$ 50,836	\$ 45,490
Installment premiums earned	<u>2,660</u>	<u>233</u>	<u>3,667</u>	<u>904</u>
Total public finance premiums earned	16,527	6,925	54,503	46,394
U.S. Structured Finance				
Upfront premiums earned	2,154	134	6,185	5,665
Installment premiums earned	<u>12,677</u>	<u>17,667</u>	<u>74,062</u>	<u>64,535</u>
Total structured finance premiums earned	14,830	17,801	80,247	70,200
International Finance				
Upfront premiums earned	12,314	10,419	31,112	19,489
Installment premiums earned	<u>13,301</u>	<u>9,161</u>	<u>49,858</u>	<u>47,031</u>
Total international finance premiums earned	<u>25,614</u>	<u>19,580</u>	<u>80,970</u>	<u>66,520</u>
Total upfront premiums earned	28,334	17,246	88,133	70,645
Total installment premiums earned	<u>28,638</u>	<u>27,060</u>	<u>127,586</u>	<u>112,470</u>
Net premiums earned	\$ 56,971	\$ 44,306	\$ 215,719	\$ 183,115
Effect of Refundings, Calls and Other Accelerations	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Net premiums earned	\$ 56,971	\$ 44,306	\$ 215,719	\$ 183,115
Earned premium recognized from refundings, calls and other accelerations	<u>(2,640)</u>	<u>(1,800)</u>	<u>(14,682)</u>	<u>(27,400)</u>
Core net premiums earned	\$ 54,331	\$ 42,506	\$ 201,037	\$ 155,715
Effect of refundings, calls and other accelerations	\$ 840	\$ 1,713	\$ 12,022	\$ 24,527
Net income per diluted share effect of refundings	0.01	0.03	0.19	0.46

SECURITY CAPITAL ASSURANCE
Financial Guarantee Production - Current Quarter
(Unaudited)
(U.S. dollars in millions)

	12/31/2007		12/31/2006		Three Months Ended		12/31/2007		12/31/2006		12/31/2007		12/31/2006	
	Financial Guarantee Insurance				Financial Guarantee Reinsurance				Consolidated FG					
U.S. Public Finance														
Upfront premiums written / assumed	\$	34.2	\$	29.1	\$	3.5	\$	0.4	\$	37.7	\$	29.5		
Installment premiums written / assumed		<u>1.4</u>		<u>0.0</u>		<u>-</u>		<u>-</u>		<u>1.4</u>		<u>0.0</u>		
Total premiums written		35.6		29.1		3.5		0.4		39.1		29.5		
Adjusted gross premiums		64.6		14.4		1.8		-		66.4		14.4		
U.S. Structured Finance														
Upfront premiums written / assumed		1.7		29.7		-		-		1.7		29.7		
Installment premiums written / assumed		<u>23.7</u>		<u>17.1</u>		<u>0.9</u>		<u>1.2</u>		<u>24.6</u>		<u>18.3</u>		
Total premiums written		25.4		46.8		0.9		1.2		26.3		48.0		
Adjusted gross premiums		23.1		107.6		-		-		23.1		107.6		
International Finance														
Upfront premiums written / assumed		5.8		32.3		5.0		12.6		10.8		44.9		
Installment premiums written / assumed		<u>12.4</u>		<u>10.3</u>		<u>3.4</u>		<u>0.9</u>		<u>15.7</u>		<u>11.2</u>		
Total premiums written		18.1		42.5		8.4		13.5		26.5		56.1		
Adjusted gross premiums		24.5		64.6		41.7		10.7		66.2		75.2		
Grand Total														
Upfront premiums written / assumed		41.7		91.1		8.5		13.0		50.2		104.1		
Installment premiums written / assumed		<u>37.5</u>		<u>27.4</u>		<u>4.2</u>		<u>2.1</u>		<u>41.7</u>		<u>29.5</u>		
Total premiums written	\$	<u>79.1</u>	\$	<u>118.5</u>	\$	<u>12.8</u>	\$	<u>15.1</u>	\$	<u>91.9</u>	\$	<u>133.6</u>		
Adjusted gross premiums	\$	112.1	\$	186.6	\$	43.5	\$	10.7	\$	155.6	\$	197.2		

SECURITY CAPITAL ASSURANCE
Financial Guarantee Production - Year to Date
(Unaudited)
(U.S. dollars in millions)

			Year Ended			
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
	Financial Guarantee Insurance		Financial Guarantee Reinsurance		Consolidated FG	
U.S. Public Finance						
Upfront premium writtens / assumed	\$ 110.7	\$ 129.0	\$ 5.7	\$ 1.1	\$ 116.4	\$ 130.1
Installment premium writtens / assumed	<u>2.9</u>	<u>4.3</u>	<u>0.0</u>	<u>-</u>	<u>2.9</u>	<u>4.3</u>
Total premium writtens	113.6	133.3	5.7	1.1	119.3	134.4
Adjusted gross premiums	153.4	140.3	3.0	1.9	156.4	142.2
U.S. Structured Finance						
Upfront premium writtens / assumed	15.3	38.0	1.1	-	16.4	38.0
Installment premium writtens / assumed	<u>87.5</u>	<u>63.3</u>	<u>6.3</u>	<u>7.9</u>	<u>93.8</u>	<u>71.3</u>
Total premium writtens	102.8	101.3	7.4	7.9	110.2	109.2
Adjusted gross premiums	175.3	206.8	-	1.2	175.3	208.0
International Finance						
Upfront premium writtens / assumed	55.8	75.5	34.4	34.8	90.2	110.2
Installment premium writtens / assumed	<u>49.8</u>	<u>43.7</u>	<u>8.9</u>	<u>11.5</u>	<u>58.6</u>	<u>55.2</u>
Total premium writtens	105.5	119.2	43.3	46.3	148.8	165.4
Adjusted gross premiums	149.8	167.0	67.6	38.8	217.4	205.8
Grand Total						
Upfront premium writtens / assumed	181.8	242.4	41.2	35.9	223.0	278.3
Installment premium writtens / assumed	<u>140.2</u>	<u>111.3</u>	<u>15.2</u>	<u>19.4</u>	<u>155.4</u>	<u>130.7</u>
Total premium writtens	<u>\$ 321.9</u>	<u>\$ 353.7</u>	<u>\$ 56.4</u>	<u>\$ 55.3</u>	<u>\$ 378.3</u>	<u>\$ 409.0</u>
Adjusted gross premiums	\$ 478.6	\$ 514.1	\$ 70.5	\$ 41.9	\$ 549.1	\$ 556.1

SECURITY CAPITAL ASSURANCE
U.S. 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					
Fourth	\$ 103,737	\$ 36,500	35.2%	\$ 3,249	8.9%
Third	92,393	50,177	54.3%	3,978	7.9%
Second	123,125	52,892	43.0%	3,852	7.3%
First	107,203	50,756	47.3%	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					
2007	426,458	190,325	44.6%	13,431	7.1%
2006	387,527	190,591	49.2%	14,846	7.8%
2005	408,266	233,046	57.1%	12,004	5.2%
2004	359,716	195,422	54.3%	9,816	5.0%

Note:

Source of data is the Bond Buyer.

SECURITY CAPITAL ASSURANCE

Debt Service and Premium Amortization

(U.S. dollars in millions)		
Debt Service (Principal and Interest)	Scheduled Net Debt Service Amortization	Principal & Interest Outstanding
		\$ 256,440
1st Quarter 2008	7,675	248,764
2nd Quarter 2008	4,555	244,209
3rd Quarter 2008	4,169	240,040
4th Quarter 2008	4,549	235,491
2009	13,478	222,013
2010	11,551	210,461
2011-2015	65,158	145,303
2016-2020	48,151	97,152
2021-2025	30,558	66,594
2026 and thereafter	66,594	0
	<u>\$ 256,440</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
	\$ 826,263			
1st Quarter 2008	809,034	17,229	37,824	55,053
2nd Quarter 2008	792,691	16,343	36,130	52,474
3rd Quarter 2008	776,744	15,947	35,184	51,131
4th Quarter 2008	761,194	15,550	33,078	48,629
2009	702,228	58,965	132,542	191,507
2010	649,087	53,141	107,527	160,668
2011-2015	425,320	223,767	409,032	632,799
2016-2020	263,042	162,278	243,382	405,660
2021-2025	151,551	111,491	167,159	278,650
2026 and thereafter	0	151,551	340,997	492,548
		<u>\$ 826,263</u>	<u>\$ 1,542,856</u>	<u>\$ 2,369,119</u>

Note:

¹Net of prepaid reinsurance premiums

SECURITY CAPITAL ASSURANCE
Insured Portfolio - Insurance Segment Par Outstanding
(U.S. dollars in millions)

	As of			As of			
	12/31/2004	12/31/2005	12/31/2006	12/31/2007			
	Par Value Outstanding						
	Net	Net	Net	Gross	%	Net	%
U.S Public Finance:							
General Obligation	\$ 7,795	\$ 13,273	\$ 19,853	\$ 33,546	46.8%	\$ 31,588	47.3%
Utility	4,927	6,602	9,091	13,184	18.4%	12,195	18.3%
Transportation	3,157	3,659	6,051	7,795	10.9%	6,646	10.0%
Higher Education	1,842	3,469	4,771	6,407	8.9%	6,292	9.4%
Non Ad Valorem	2,252	3,416	5,253	6,945	9.7%	6,629	9.9%
Other	1,180	881	1,087	3,851	5.4%	3,406	5.1%
Total U.S. Public Finance	21,153	31,300	46,106	71,728	100.0%	66,756	100.0%
U.S. Structured Finance:							
Pooled Debt Obligations	8,789	13,440	24,194	43,858	58.1%	41,493	60.4%
Consumer ABS	12,927	8,726	9,962	14,289	18.9%	12,769	18.6%
Financial Products	3,558	5,207	5,779	6,915	9.2%	5,993	8.7%
Power & Utility	3,736	4,113	5,184	6,055	8.0%	5,653	8.2%
Commercial ABS	3,540	1,826	1,688	3,622	4.8%	2,397	3.5%
Other	603	1,191	2,099	750	1.0%	444	0.6%
Total U.S. Structured Finance	33,153	34,503	48,905	75,489	100.0%	68,749	100.0%
International Finance:							
Power & Utility	896	2,091	3,322	6,697	25.5%	4,941	25.4%
Infrastructure	-	917	3,205	3,056	11.6%	2,349	12.1%
Transportation	945	1,344	2,245	6,690	25.5%	3,781	19.4%
Pooled Debt Obligations	1,143	1,017	1,699	4,110	15.6%	4,010	20.6%
Future Flow	1,197	2,116	1,672	2,078	7.9%	1,737	8.9%
Financial Products	-	-	-	601	2.3%	578	3.0%
Consumer ABS	350	348	461	1,787	6.8%	1,101	5.7%
Other	337	283	1,249	1,243	4.7%	986	5.1%
Total International Finance	4,868	8,116	13,853	26,262	100.0%	19,483	100.0%
Total Par Outstanding	\$ 59,174	\$ 73,919	\$ 108,864	\$ 173,479		\$ 154,988	
Percent of Net Par Outstanding							
U.S. Public Finance	35.7%	42.3%	42.4%				43.1%
U.S. Structured Finance	56.0%	46.7%	44.9%				44.4%
International Finance	8.2%	11.0%	12.7%				12.6%

SECURITY CAPITAL ASSURANCE
Insured Portfolio - Reinsurance Segment Par Outstanding
(U.S. dollars in millions)

	As of			As of			
	12/31/2004	12/31/2005	12/31/2006	12/31/2007			
				Par Value			
	Net	Net	Net	Gross	%	Net	%
U.S. Public Finance:							
General Obligation	\$ 1,420	\$ 1,437	\$ 1,308	\$ 1,686	65.6%	\$ 1,686	65.6%
Utility	294	294	141	165	6.4%	165	6.4%
Transportation	234	232	279	276	10.7%	276	10.7%
Higher Education	300	300	300	287	11.2%	287	11.2%
Non Ad Valorem	96	96	96	145	5.6%	145	5.6%
Other	12	11	16	13	0.5%	13	0.5%
Total U.S. Public Finance	2,356	2,370	2,140	2,572	100.0%	2,572	100.0%
U.S. Structured Finance:							
Pooled Debt Obligations	318	191	39	13	1.0%	13	1.0%
Consumer ABS	1,138	672	278	64	4.7%	64	4.9%
Financial Products	174	167	291	339	24.9%	339	25.8%
Power & Utility	-	-	-	-	-	-	-
Commercial ABS	303	208	234	251	18.5%	251	19.1%
Other	417	1,085	1,161	693	50.9%	645	49.2%
Total U.S. Structured Finance	2,350	2,323	2,003	1,360	100.0%	1,312	100.0%
International Finance:							
Power & Utility	510	802	1,342	2,078	33.2%	2,078	33.8%
Infrastructure	284	288	700	944	15.1%	944	15.4%
Transportation	367	494	631	1,275	20.4%	1,234	20.1%
Pooled Debt Obligations	59	31	15	12	0.2%	12	0.2%
Future Flow	15	14	-	161	2.6%	150	2.4%
Financial Products	893	842	890	768	12.3%	768	12.5%
Consumer ABS	244	23	14	5	0.1%	5	0.1%
Other	682	784	1,413	1,007	16.1%	949	15.5%
Total International Finance	3,054	3,278	5,005	6,250	100.0%	6,140	100.0%
Total Par Outstanding	\$ 7,760	\$ 7,971	\$ 9,148	\$ 10,182		\$ 10,024	
Percent of Net Par Outstanding							
U.S. Public Finance	30.4%	29.7%	23.4%				25.7%
U.S. Structured Finance	30.3%	29.1%	21.9%				13.1%
International Finance	39.4%	41.1%	54.7%				61.3%

SECURITY CAPITAL ASSURANCE

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	12/31/2007			
	Net		Net	Par Value		Net	%
				Gross	%		
U.S. Public Finance:							
General Obligation	\$ 9,215	\$ 14,710	\$ 21,161	\$ 35,232	47.4%	\$ 33,274	48.0%
Utility	5,221	6,896	9,232	13,349	18.0%	12,360	17.8%
Transportation	3,391	3,891	6,330	8,071	10.9%	6,922	10.0%
Higher Education	2,142	3,769	5,071	6,694	9.0%	6,579	9.5%
Non Ad Valorem	2,348	3,512	5,349	7,090	9.5%	6,774	9.8%
Other	1,192	892	1,103	3,864	5.2%	3,419	4.9%
Total U.S. Public Finance	23,509	33,670	48,246	74,300	100.0%	69,328	100.0%
U.S. Structured Finance:							
Pooled Debt Obligations	9,109	13,631	23,480	43,871	57.1%	41,506	59.2%
Consumer ABS	14,065	9,398	10,240	14,353	18.7%	12,833	18.3%
Financial Products	3,732	5,374	6,070	7,254	9.4%	6,332	9.0%
Power & Utility	3,736	4,113	5,184	6,055	7.9%	5,653	8.1%
Commercial ABS	3,843	2,034	2,674	3,873	5.0%	2,648	3.8%
Other	1,018	2,276	3,260	1,443	1.9%	1,089	1.6%
Total U.S. Structured Finance	35,503	36,826	50,908	76,849	100.0%	70,061	100.0%
International Finance:							
Power & Utility	1,406	2,893	4,664	8,775	27.0%	7,019	27.4%
Infrastructure	284	1,205	3,905	4,000	12.3%	3,293	12.9%
Transportation	1,312	1,838	2,876	7,965	24.5%	5,015	19.6%
Pooled Debt Obligations	1,202	1,048	1,714	4,122	12.7%	4,022	15.7%
Future Flow	1,212	2,130	1,672	2,239	6.9%	1,887	7.4%
Financial Products	893	842	890	1,369	4.2%	1,346	5.3%
Consumer ABS	594	371	475	1,792	5.5%	1,106	4.3%
Other	1,019	1,067	2,662	2,250	6.9%	1,935	7.6%
Total International Finance	7,922	11,394	18,858	32,512	100.0%	25,623	100.0%
Total Par Outstanding	\$ 66,934	\$ 81,891	\$ 118,012	\$ 183,661		\$ 165,012	
Percent of Net Par Outstanding							
U.S. Public Finance	35.1%	41.1%	40.9%				42.1%
U.S. Structured Finance	53.0%	45.0%	43.1%				42.5%
International Finance	11.8%	13.9%	16.0%				15.5%

SECURITY CAPITAL ASSURANCE

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures

(U.S. dollars in millions)

As of 12/31/2007		
Net Par Outstanding		
U.S. Public Finance:		
General Obligation	\$	61
Utility		-
Transportation		-
Higher Education		-
Non Ad Valorem		-
Other		326
Total U.S. Public Finance		<u>387</u>
U.S. Structured Finance:		
Pooled Debt Obligations		3
Consumer ABS		2
Financial Products		-
Power & Utility		9
Commercial ABS		398
Other		-
Total U.S. Structured Finance		<u>412</u>
International Finance:		
Power & Utility		-
Infrastructure		-
Transportation		166
Pooled Debt Obligations		-
Future Flow		-
Financial Products		-
Consumer ABS		86
Other		-
Total International Finance		<u>252</u>
Total Below Investment Grade	\$	<u>1,051</u>
BIG as a percentage of net par outstanding		<u>0.6%</u>

Note:

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

SECURITY CAPITAL ASSURANCE

Insured Portfolio - Insurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 12/31/2007				Year Ended 12/31/2007				Year Ended 12/31/2006			
	Gross	%	Net	%	Gross	%	Net	%	Gross	%	Net	%
U.S. Public Finance:												
General Obligation	\$ 6,735	39.9%	\$ 5,930	42.5%	\$ 14,498	21.6%	\$ 13,156	21.8%	\$ 6,112	12.1%	\$ 6,081	12.9%
Utility	1,027	6.1%	993	7.1%	3,650	5.4%	3,452	5.7%	2,441	4.8%	2,359	5.0%
Transportation	981	5.8%	855	6.1%	1,365	2.0%	1,131	1.9%	2,728	5.4%	2,456	5.2%
Higher Education	324	1.9%	324	2.3%	1,412	2.1%	1,412	2.3%	1,386	2.7%	1,374	2.9%
Non Ad Valorem	1,279	7.6%	1,313	9.4%	2,436	3.6%	2,353	3.9%	1,977	3.9%	1,890	4.0%
Other	223	1.3%	(61)	-0.4%	1,819	2.7%	1,535	2.5%	534	1.1%	493	1.0%
Total U.S. Public Finance	10,569	62.6%	9,354	67.0%	25,180	37.6%	23,039	38.1%	15,178	30.0%	14,653	31.1%
U.S. Structured Finance:												
Pooled Debt Obligations	1,410	8.4%	1,326	9.5%	20,160	30.1%	18,743	31.0%	13,746	27.2%	13,080	27.8%
Consumer ABS	2,298	13.6%	2,135	15.3%	8,027	12.0%	7,155	11.8%	6,868	13.6%	6,355	13.5%
Financial Products	673	4.0%	625	4.5%	2,372	3.5%	2,324	3.8%	3,136	6.2%	2,748	5.8%
Power & Utility	265	1.6%	263	1.9%	542	0.8%	511	0.8%	1,827	3.6%	1,779	3.8%
Commercial ABS	239	1.4%	140	1.0%	2,057	3.1%	1,831	3.0%	1,140	2.3%	1,005	2.1%
Other	(800)	-4.7%	(728)	-5.2%	-	-	-	-	1,153	2.3%	927	2.0%
Total U.S. Structured Finance	4,085	24.2%	3,761	26.9%	33,158	49.5%	30,564	50.6%	27,870	55.1%	25,894	55.0%
International Finance:												
Power & Utilities	613	3.6%	587	4.2%	1,833	2.7%	1,656	2.7%	1,237	2.4%	1,012	2.2%
Infrastructure	-	-	-	-	19	0.0%	19	0.0%	2,432	4.8%	2,094	4.4%
Transportation	1,710	10.1%	1,002	7.2%	1,764	2.6%	1,045	1.7%	1,126	2.2%	996	2.1%
Pooled Debt Obligations	-	-	-	-	2,220	3.3%	2,150	3.6%	1,059	2.1%	1,041	2.2%
Future Flow	325	1.9%	247	1.8%	675	1.0%	529	0.9%	-	-	-	-
Financial Products	311	1.8%	287	2.1%	611	0.9%	587	1.0%	-	-	-	-
Consumer ABS	1,390	8.2%	719	5.1%	1,463	2.2%	792	1.3%	123	0.2%	123	0.3%
Other	(2,120)	-12.6%	(1,991)	-14.3%	50	0.1%	50	0.1%	1,536	3.0%	1,254	2.7%
Total International Finance	2,229	13.2%	851	6.1%	8,635	12.9%	6,828	11.3%	7,513	14.9%	6,520	13.9%
Total Par Written	\$ 16,883	100.0%	\$ 13,966	100.0%	\$ 66,973	100.0%	\$ 60,431	100.0%	\$ 50,561	100.0%	\$ 47,067	100.0%

SECURITY CAPITAL ASSURANCE

Insured Portfolio - Reinsurance Par Written by Bond Type

(U.S. dollars in millions)

	Three Months Ended 12/31/2007				Year Ended 12/31/2007				Year Ended 12/31/2006			
	Gross	Par Written	Net	%	Gross	Par Written	Net	%	Gross	Par Written	Net	%
U.S. Public Finance:												
General Obligation	\$ 387	27.3%	\$ 387	27.3%	\$ 471	21.8%	\$ 471	21.8%	\$ 53	3.3%	\$ 53	3.3%
Utility	-	-	-	-	25	1.2%	25	1.2%	19	1.2%	19	1.2%
Transportation	-	-	-	-	-	-	-	-	50	3.1%	50	3.1%
Higher Education	-	-	-	-	-	-	-	-	-	-	-	-
Non Ad Valorem	-	-	-	-	50	2.3%	50	2.3%	-	-	-	-
Other	-	-	-	-	-	-	-	-	6	0.4%	6	0.4%
Total U.S. Public Finance	387	27.3%	387	27.3%	546	25.2%	546	25.2%	128	7.9%	128	7.9%
U.S. Structured Finance:												
Pooled Debt Obligations	-	-	-	-	-	-	-	-	-	-	-	-
Consumer ABS	-	-	-	-	-	-	-	-	-	-	-	-
Financial Products	-	-	-	-	-	-	-	-	-	-	-	-
Power & Utility	-	-	-	-	-	-	-	-	-	-	-	-
Commercial ABS	(150)	-10.6%	(150)	-10.6%	-	-	-	-	100	6.2%	100	6.2%
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total U.S. Structured Finance	(150)	-10.6%	(150)	-10.6%	-	-	-	-	100	6.2%	100	6.2%
International Finance:												
Power & Utility	102	7.2%	102	7.2%	423	19.5%	423	19.5%	317	19.6%	317	19.6%
Infrastructure	(51)	-3.6%	(51)	-3.6%	64	3.0%	64	3.0%	398	24.6%	398	24.6%
Transportation	782	55.1%	782	55.1%	782	36.1%	782	36.1%	11	0.7%	11	0.7%
Pooled Debt Obligations	-	-	-	-	-	-	-	-	-	-	-	-
Future Flow	-	-	-	-	-	-	-	-	-	-	-	-
Financial Products	-	-	-	-	-	-	-	-	34	2.1%	34	2.1%
Consumer ABS	-	-	-	-	-	-	-	-	-	-	-	-
Other	350	24.6%	350	24.6%	350	16.2%	350	16.2%	632	39.0%	632	39.0%
Total International Finance	1,183	83.3%	1,183	83.3%	1,619	74.8%	1,619	74.8%	1,392	85.9%	1,392	85.9%
Total Par Written	\$ 1,420	100.0%	\$ 1,420	100.0%	\$ 2,165	100.0%	\$ 2,165	100.0%	\$ 1,620	100.0%	\$ 1,620	100.0%

SECURITY CAPITAL ASSURANCE

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

(U.S. dollars in millions)

	Three Months Ended 12/31/2007				Year Ended 12/31/2007				Year Ended 12/31/2006			
	Gross	%	Par Written Net	%	Gross	%	Par Written Net	%	Gross	%	Par Written Net	%
U.S. Public Finance:												
General Obligation	\$ 7,122	38.9%	\$ 6,317	41.1%	\$ 14,969	21.7%	\$ 13,627	21.8%	\$ 6,165	11.8%	\$ 6,134	12.6%
Utility	1,027	5.6%	993	6.5%	3,675	5.3%	3,477	5.6%	2,460	4.7%	2,378	4.9%
Transportation	981	5.4%	855	5.6%	1,365	2.0%	1,131	1.8%	2,778	5.3%	2,506	5.1%
Higher Education	324	1.8%	324	2.1%	1,412	2.0%	1,412	2.3%	1,386	2.7%	1,374	2.8%
Non Ad Valorem	1,279	7.0%	1,313	8.5%	2,486	3.6%	2,403	3.8%	1,977	3.8%	1,890	3.9%
Other	223	1.2%	(61)	-0.4%	1,819	2.6%	1,535	2.5%	540	1.0%	499	1.0%
Total U.S. Public Finance	10,956	59.9%	9,741	63.3%	25,726	37.2%	23,585	37.7%	15,306	29.3%	14,781	30.4%
U.S. Structured Finance:												
Pooled Debt Obligations	1,410	7.7%	1,326	8.6%	20,160	29.2%	18,743	29.9%	13,746	26.3%	13,080	26.9%
Consumer ABS	2,298	12.6%	2,135	13.9%	8,027	11.6%	7,155	11.4%	6,868	13.2%	6,355	13.1%
Financial Products	673	3.7%	625	4.1%	2,372	3.4%	2,324	3.7%	3,136	6.0%	2,748	5.6%
Power & Utility	265	1.4%	263	1.7%	542	0.8%	511	0.8%	1,827	3.5%	1,779	3.7%
Commercial ABS	89	0.5%	(10)	-0.1%	2,057	3.0%	1,831	2.9%	1,240	2.4%	1,105	2.3%
Other	(800)	-4.4%	(728)	-4.7%	-	-	-	-	1,153	2.2%	927	1.9%
Total U.S. Structured Finance	3,935	21.5%	3,611	23.5%	33,158	48.0%	30,564	48.8%	27,970	53.6%	25,994	53.4%
International Finance:												
Power & Utility	715	3.9%	689	4.5%	2,256	3.3%	2,079	3.3%	1,554	3.0%	1,329	2.7%
Infrastructure	(51)	-0.3%	(51)	-0.3%	83	0.1%	83	0.1%	2,830	5.4%	2,492	5.1%
Transportation	2,492	13.6%	1,784	11.6%	2,546	3.7%	1,827	2.9%	1,137	2.2%	1,007	2.1%
Pooled Debt Obligations	-	-	-	-	2,220	3.2%	2,150	3.4%	1,059	2.0%	1,041	2.1%
Future Flow	325	1.8%	247	1.6%	675	1.0%	529	0.8%	-	-	-	-
Financial Products	311	1.7%	287	1.9%	611	0.9%	587	0.9%	34	0.1%	34	0.1%
Consumer ABS	1,390	7.6%	719	4.7%	1,463	2.1%	792	1.3%	123	0.2%	123	0.3%
Other	(1,770)	-9.7%	(1,641)	-10.7%	400	0.6%	400	0.6%	2,168	4.2%	1,886	3.9%
Total International Finance	3,412	18.6%	2,034	13.2%	10,254	14.8%	8,447	13.5%	8,905	17.1%	7,912	16.3%
Total Par Written	\$ 18,303	100.0%	\$ 15,386	100.0%	\$ 69,138	100.0%	\$ 62,596	100.0%	\$ 52,181	100.0%	\$ 48,687	100.0%

SECURITY CAPITAL ASSURANCE
Insured Portfolio - Profile by Geographic Distribution
(U.S. dollars in millions)

As of 12/31/2007					
Par Value Outstanding					
	Gross	%	Net	%	
Geographic Distribution					
United States					
New York	\$ 20,712	11.3%	\$ 19,162	11.6%	
California	15,453	8.4%	14,171	8.6%	
Illinois	5,377	2.9%	5,084	3.1%	
Texas	5,025	2.7%	4,488	2.7%	
Florida	4,926	2.7%	4,070	2.5%	
Delaware	4,653	2.5%	4,047	2.5%	
Alabama	3,644	2.0%	2,888	1.8%	
Massachusetts	3,555	1.9%	3,464	2.1%	
Pennsylvania	3,492	1.9%	3,451	2.1%	
New Jersey	3,397	1.8%	3,308	2.0%	
Subtotal	70,234	38.2%	64,133	38.9%	
Other States & Territories	33,178	18.1%	31,299	19.0%	
Nationally Diversified	47,737	26.0%	43,957	26.6%	
Total United States	151,149	82.3%	139,389	84.5%	
Non-United States					
United Kingdom	14,456	7.9%	11,182	6.8%	
Australia	2,976	1.6%	2,048	1.2%	
Ireland	2,116	1.2%	2,067	1.3%	
France	1,998	1.1%	1,329	0.8%	
Spain	1,292	0.7%	859	0.5%	
Turkey	1,263	0.7%	1,054	0.6%	
Canada	1,068	0.6%	768	0.5%	
Chile	1,030	0.6%	989	0.6%	
Italy	899	0.5%	669	0.4%	
New Zealand	811	0.4%	755	0.5%	
Netherlands	782	0.4%	753	0.5%	
Norway	629	0.3%	137	0.1%	
Mexico	455	0.2%	455	0.3%	
Brazil	308	0.2%	247	0.1%	
Japan	302	0.2%	286	0.2%	
Portugal	292	0.2%	283	0.2%	
Luxembourg	276	0.2%	269	0.2%	
Jamaica	225	0.1%	161	0.1%	
Egypt	139	0.1%	135	0.1%	
El Salvador	136	0.1%	122	0.1%	
Qatar	100	0.1%	96	0.1%	
Panama	87	0.0%	87	0.1%	
Costa Rica	7	0.0%	7	0.0%	
Subtotal	31,647	17.2%	24,758	15.0%	
Internationally Diversified	865	0.5%	865	0.5%	
Total Non-United States	32,512	17.7%	25,623	15.5%	
Total Par Outstanding	\$ 183,661	100.0%	\$ 165,012	100.0%	

SECURITY CAPITAL ASSURANCE

Insured Portfolio - Distribution by Rating

(U.S. dollars in millions)

	As of			
	12/31/2007		12/31/2006	
Distribution by Ratings ¹	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 68,447	41.5%	\$ 34,559	29.3%
AA	24,525	14.9%	17,846	15.1%
A	40,987	24.8%	35,226	29.9%
BBB	30,002	18.2%	29,889	25.3%
Below investment grade	1,051	0.6%	492	0.4%
Net par outstanding	<u>\$ 165,012</u>	<u>100.0%</u>	<u>\$ 118,012</u>	<u>100.0%</u>

Note:

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

SECURITY CAPITAL ASSURANCE

Insured Portfolio - CDO Exposure by Rating and Year of Issue

(U.S. dollars in millions)

Distribution by Ratings of CDO Exposure ¹	12/31/2007		As of		12/31/2006	
	Net Par Outstanding	%			Net Par Outstanding	%
AAA	\$ 44,370	97.5%	\$		22,481	86.6%
AA	907	2.0%			2,529	9.8%
A	242	0.5%			821	3.2%
BBB	6	0.0%			113	0.4%
Below investment grade	3	0.0%			3	0.0%
Total par outstanding	<u>\$ 45,528</u>	<u>100.0%</u>	<u>\$</u>		<u>25,947</u>	<u>100.0%</u>

Distribution of CDO Exposure by Year of Issue	Net Par Outstanding	%		Net Par Outstanding	%
2001 and prior	\$ 549	1.2%	\$	966	3.7%
2002	1,262	2.8%		1,989	7.7%
2003	1,155	2.5%		1,212	4.7%
2004	1,412	3.1%		1,820	7.0%
2005	6,248	13.7%		6,173	23.8%
2006	13,934	30.6%		13,787	53.1%
2007	20,968	46.1%		-	-

Note:

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

SECURITY CAPITAL ASSURANCE
Insured Portfolio - 25 Largest Public Finance Credits
(U.S. dollars in millions)

As of 12/31/07			
Obligor Name		Net Par Outstanding	
1	Commonwealth of Massachusetts - GO	\$	1,075
2	State of New York - Annual Appropriation		929
3	State of New Jersey - Annual Appropriation		899
4	State of California - GO		855
5	State of Texas - GO		828
6	Jefferson County, Alabama - Water/Sewer Revenue		811
7	State of Maryland - GO		785
8	East Bay Municipal Utility District, California - Water/Sewer Revenue		753
9	City of New York - GO		732
10	State of Wisconsin - Annual Appropriation		689
11	San Diego Family Housing LLC Pre-Insured Federal Lease Backed		672
12	State of Ohio - GO		643
13	Illinois State Toll Highway Authority - Toll Revenue		636
14	State of Illinois - GO		624
15	South Carolina Transportation Infrastructure Bank - State Gas and Motor Vehicle Tax		616
16	State of North Carolina - GO		602
17	State of Delaware - GO		597
18	LCOR Alexandria LLC - Pre-Insured Federal Lease Backed		580
19	State of Florida - GO		553
20	City of Houston, Texas - Water/Sewer Revenue		536
21	Commonwealth of Virginia, - GO		505
22	Chicago O'Hare International Airport - General Revenue		501
23	Denver International Airport - General Revenue		500
24	Commonwealth of Puerto Rico - GO		491
25	Dot Headquarters - Federal Lease Backed		483
Total Net Par Outstanding of the 25 Largest Public Finance Credits		\$	16,895
Total Portfolio Net Par Outstanding		\$	165,012
% of Total Portfolio			10.2%

SECURITY CAPITAL ASSURANCE

Insured Portfolio - Top 10 Structured Finance Servicer Exposures

(U.S. dollars in millions)

As of 12/31/2007			
Servicer Name ¹		Net Par Outstanding	
1	Countrywide Home Loans Inc.	\$	2,888
2	Residential Capital LLC f/k/a GMAC Mortgage Corporation		1,458
3	EMC Mortgage Corporation		1,244
4	Capital One, F.S.B.		1,075
5	IndyMac Bank F.S.B.		929
6	AmeriCredit Financial Services Inc.		813
7	Servicer X ²		717
8	Servicer Y ²		582
9	Option One Mortgage Corporation		553
10	Servicer Z ²		505
Total		\$	10,764

Notes:

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

²Servicer not revealed due to confidentiality.

SECURITY CAPITAL ASSURANCE

Reconciliation of Non-GAAP Measures

This Operating Supplement contains the presentation of AGP, core net premiums earned, operating income, core income and ABV. These measures are "non-GAAP financial measures" as defined in Regulation G. The reconciliations of total premiums written to AGP; net premiums earned to core net premiums earned; net (loss) income available to common shareholders to operating income (loss) and core income (loss); and total shareholders' equity to common shareholders' equity and ABV (the most directly comparable GAAP financial measures) presented on the following page 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 U.S. GAAP total premiums written. Because adjusted gross premiums includes premiums due on future installment business written in the period, management believes it provides an additional, useful measure of new business production than only U.S. 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. Also, AGP is considered among other factors when determining compensation to employees. 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 total 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.

Core Net Premiums Earned

Core net premiums earned, which is a non-GAAP financial measure, is defined as net premiums earned excluding the impact of refundings, calls and other accelerations. We believe core net premiums earned is a useful measure for management, equity analysts and investors because the presentation of core net premiums excludes the impact of refundings, calls and other accelerations that management cannot control or predict.

Operating Income (Loss) and Core Income (Loss)

While operating income (loss) and core income (loss) are not substitutes for net income (loss) computed in accordance with GAAP, they are useful measures of performance used by management, equity analysts and investors. We believe operating income (loss) and core income (loss) enhance the understanding of our results of operations by highlighting the underlying profitability of our business. Operating income (loss) measures net (loss) income available to common shareholders, as determined in accordance with GAAP, excluding net realized gains (losses) on investments and the after-tax impact of net realized and unrealized gains (losses) on derivative financial instruments, and expenses related to XL Capital's secondary offering of SCA's shares. Core income (loss) represents operating income (loss) excluding the after-tax impact of refundings, calls and other accelerations. The definitions of operating income (loss) and core income (loss) used by the Company may differ from definitions of operating earnings and core earnings used by other financial guarantors.

Net realized gains (losses) on investments and the after-tax impact of net realized and unrealized gains and losses on derivative financial instruments (which principally consist of credit derivatives we issue and interest rate swap contracts we guarantee) are excluded from operating income (loss) because they are heavily influenced by, and fluctuate, 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 investment income (loss) and realized gains (losses) on investments is an integral part of our operations, the determination to realize gains (losses) on investments 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 net gains (losses) on investments 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 gains (losses) on investments is largely opportunistic. In addition, with respect to credit derivatives and guaranteed interest rate swap contracts discussed above, because we generally hold such contracts to maturity and, accordingly, will not realize the periodic effect of the changes in fair value of these instruments, therefore, we exclude such changes from operating income (loss) (similar to other companies in the financial guarantee industry) as the changes in fair value each quarter are not indicative of underlying business performance of our operations. Also, in determining operating income (loss) for the twelve-month period ended December 31, 2007, we excluded from operating income (loss) expenses incurred by the Company in connection with the secondary offering of our common shares by XL Capital as such expenses are not related to the conduct of the Company's business.

Adjusted Book Value

Adjusted Book Value ("ABV") represents GAAP book value attributable to common shareholders plus the after-tax effects of deferred premium revenue, net of prepaid reinsurance premiums and deferred acquisition costs, plus the after-tax effect of the net present value of future installment premiums. Since the Company expects these items to affect future results and, in general, they do not require any additional future performance obligation on the Company's part, ABV provides an indication of the Company's value in the absence of any new business activity. While ABV is not a substitute for GAAP book value, the Company believes the presentation of ABV provides another useful measure of the value of the Company for management, equity analysts and investors. The net present value of future installment premiums included in ABV may differ materially from actual future installment premiums collected due to changes in market interest rates, refinancing activity, pre-payment speeds, defaults and other factors that management cannot control or predict.

In summary, we believe that presenting both GAAP and the aforementioned non-GAAP financial measures enable investors and other users of our financial information to analyze our performance in a manner similar to how our management analyzes performance. 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 previously discussed, and they request that we provide this non-GAAP financial information on a regular basis.

SECURITY CAPITAL ASSURANCE

Reconciliation of Non-GAAP Measures

(Unaudited)

(U.S. dollars in millions)

Reconciliation of Total Premiums Written to Adjusted Gross Premiums	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Total upfront premiums written	\$ 50.2	\$ 104.1	\$ 222.9	\$ 278.3
Total installment premiums written	41.7	29.5	155.4	130.7
Total premiums written	91.9	133.6	378.3	409.0
Present value of future installments	63.7	63.6	170.8	147.1
Adjusted gross premiums	<u>\$ 155.6</u>	<u>\$ 197.2</u>	<u>\$ 549.1</u>	<u>\$ 556.1</u>

Reconciliation of Net Premiums Earned to Core Net Premiums Earned	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Net premiums earned	\$ 57.0	\$ 44.3	\$ 215.7	\$ 183.1
Earned premium recognized from refundings, calls and other accelerations	(2.6)	(1.8)	(14.7)	(27.4)
Core net premiums earned	<u>\$ 54.3</u>	<u>\$ 42.5</u>	<u>\$ 201.0</u>	<u>\$ 155.7</u>

Reconciliation of Net (Loss) Income to Operating (Loss) Income and Core (Loss) Income	Three Months Ended		Year Ended	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Net (loss) income available to common shareholders	\$ (1,197.9)	\$ 35.8	\$ (1,224.5)	\$ 117.4
Effect of:				
Expenses incurred in secondary offering	-	-	0.8	-
Perpetual non-cumulative preference share dividend	-	-	-	-
Net realized (gains) losses on investments	1.0	(0.4)	2.5	16.2
Net realized and unrealized losses on derivative financial instruments	518.8	1.6	690.9	8.4
Operating (loss) income	(678.1)	37.1	(530.3)	141.9
Effect of refundings, calls and other accelerations	(0.8)	(1.7)	(12.0)	(24.5)
Core (loss) income	<u>\$ (678.9)</u>	<u>\$ 35.3</u>	<u>\$ (542.3)</u>	<u>\$ 117.4</u>

Reconciliation of Total Shareholders' Equity to Common Shareholders' Equity and Adjusted Book Value (ABV)	As of	
	12/31/2007	12/31/2006
Total shareholders' equity	\$ 427.1	\$ 1,366.5
Series A perpetual non-cumulative preference shares	(246.6)	-
Common shareholders' equity	180.5	1,366.5
After-tax value of:		
Deferred premium revenue	825.4	708.4
Present value of future installment premiums ¹	681.4	509.8
Deferred acquisition costs	(96.2)	(83.5)
Prepaid reinsurance premiums	(90.0)	(53.4)
Adjusted book value	<u>\$ 1,501.1</u>	<u>\$ 2,447.8</u>

Note:

¹Excludes \$95.1 million of NPVFIP that is netted against certain of our case-basis reserves for losses and loss adjustment expenses at December 31, 2007.

XL CAPITAL ASSURANCE
Insured Portfolio Par Written By Bond Type
(U.S. dollars in millions)

	Year Ended 12/31/2007		Year Ended 12/31/2006	
	Par Written		Par Written	
	Gross	Net	Gross	Net
U.S. Public Finance:				
General Obligation	\$ 14,498	\$ 1,807	\$ 6,112	\$ 1,017
Higher Education	1,412	212	1,386	247
Non Ad Valorem	2,436	368	1,977	474
Other	1,819	205	534	67
Transportation	1,365	187	2,728	390
Utility	3,650	665	2,441	438
Total Public Finance	25,180	3,444	15,178	2,633
Structured Finance:				
Commercial ABS	2,057	186	1,140	200
Consumer ABS	8,027	1,304	6,868	1,202
Financial Products	2,372	473	3,136	549
Other	-	-	1,153	202
Pooled Debt Obligations	20,160	3,033	13,746	2,405
Power & Utility	542	68	1,827	320
Total Structured Finance	33,158	5,064	27,870	4,878
International Finance:				
Consumer ABS	1,463	211	123	22
Financial Products	611	76	-	-
Future Flow	675	49	-	-
Infrastructure	19	3	2,432	426
Other	50	6	1,536	269
Pooled Debt Obligations	2,220	277	1,059	185
Power & Utility	1,833	239	1,237	216
Transportation	1,764	98	1,126	197
Total International Finance	8,635	959	7,513	1,315
Total Par Written	\$ 66,973	\$ 9,467	\$ 50,561	\$ 8,826



Insured Portfolio Par Outstanding by XLCA Categories
(U.S. dollars in millions)

As of 12/31/2007		
	Par Value Outstanding	
	Gross	Net
Asset-Backed Securities		
Consumer Mortgage	\$ 10,718	\$ 1,281
Auto	2,146	381
Consumer ABS - Other	1,688	231
Fleet Financing	1,650	165
Credit Card	1,023	172
Commercial ABS - Other	747	27
Aircraft	665	77
Floor Plan	540	27
Student Loans	500	63
Equipment Lease/Loans	271	68
Total Asset-Backed Securities	19,948	2,491
Public Finance		
General Obligation & Appropriation	33,649	2,964
Utility - Muni	13,180	1,463
Transportation	7,795	684
Non Ad Valorem	6,945	849
Higher Education - Private	3,381	236
Higher Education - Public	3,026	304
Public Buildings	1,198	83
Municipal - Other	1,359	103
Housing	1,296	140
Total Public Finance	71,828	6,826
Collateralized Debt Obligations		
CDO - Arbitrage Cash Flow	35,191	4,426
CDO - Synthetic	11,320	1,198
CDO - Market Value	1,027	113
CFO	429	21
Total Collateralized Debt Obligations	47,967	5,758
Structured Single Risk		
Utility - Private	11,209	832
Transportation	7,186	461
GIC	4,103	552
Financial / Insurance	3,413	219
Public Buildings	3,056	179
Future Flow	2,078	108
Utility - Muni	1,307	101
Sovereign & Sub Sovereign	775	43
Specialized Risk - Other	255	26
Power & Utility - Project	237	19
Whole Business Securitization	119	9
Total Structured Single Risk	33,736	2,548
Grand Total	\$ 173,479	\$ 17,623

XL CAPITAL ASSURANCE
Insured Portfolio - Geographic Distribution
(U.S. dollars in millions)

As of 12/31/2007					
Par Value Outstanding					
	Gross	%	Net	%	
Geographic Distribution					
United States					
New York	\$ 19,942	11.5%	\$ 2,017	11.4%	
California	15,115	8.7%	1,161	6.6%	
Florida	4,926	2.8%	1,498	8.5%	
Texas	4,925	2.8%	379	2.2%	
Illinois	4,752	2.7%	431	2.4%	
Delaware	4,653	2.7%	636	3.6%	
Alabama	3,644	2.1%	236	1.3%	
Pennsylvania	3,492	2.0%	316	1.8%	
Massachusetts	3,224	1.9%	324	1.8%	
New Jersey	<u>2,980</u>	<u>1.7%</u>	<u>233</u>	<u>1.3%</u>	
Subtotal	67,652	39.0%	7,232	41.0%	
Other States & Territories	78,884	45.5%	8,285	47.0%	
Nationally Diversified	<u>683</u>	<u>0.4%</u>	<u>42</u>	<u>0.2%</u>	
United States	147,219	84.9%	15,558	88.3%	
Non-United States					
United Kingdom	10,810	6.2%	740	4.2%	
Australia	2,527	1.5%	214	1.2%	
Ireland	2,116	1.2%	265	1.5%	
France	1,386	0.8%	201	1.1%	
Spain	1,286	0.7%	88	0.5%	
Turkey	1,263	0.7%	48	0.3%	
New Zealand	811	0.5%	34	0.2%	
Canada	797	0.5%	41	0.2%	
Netherlands	782	0.5%	98	0.6%	
Chile	752	0.4%	69	0.4%	
Italy	617	0.4%	29	0.2%	
Norway	579	0.3%	45	0.3%	
Mexico	305	0.2%	19	0.1%	
Japan	302	0.2%	30	0.2%	
Brazil	297	0.2%	10	0.1%	
Portugal	292	0.2%	10	0.1%	
Luxembourg	276	0.2%	35	0.2%	
Jamaica	225	0.1%	22	0.1%	
Egypt	139	0.1%	10	0.1%	
El Salvador	136	0.1%	17	0.1%	
Qatar	100	0.1%	13	0.1%	
Panama	87	0.1%	10	0.1%	
Costa Rica	<u>7</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>	
Subtotal	25,892	14.9%	2,046	11.6%	
Internationally Diversified	<u>369</u>	<u>0.2%</u>	<u>18</u>	<u>0.1%</u>	
Total Non-United States	<u>26,261</u>	<u>15.1%</u>	<u>2,065</u>	<u>11.7%</u>	
Total	<u>\$ 173,479</u>	<u>100%</u>	<u>\$ 17,623</u>	<u>100%</u>	

XL CAPITAL ASSURANCE
Insured Portfolio - Distribution by Rating
(U.S. dollars in millions)

As of 12/31/2007		
Distribution by Ratings ¹	Net Par Outstanding	%
AAA	\$ 8,405	47.7%
AA	2,522	14.3%
A	3,683	20.9%
BBB	2,742	15.6%
Below investment grade	271	1.5%
Net Par Outstanding	<u>\$ 17,623</u>	<u>100.0%</u>

Note:

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



Insured Portfolio - 10 Largest Credits within Each Business Area
(U.S. dollars in millions)

As of 12/31/2007				
Par Value Outstanding				
	Gross	%	Net	%
Asset-Backed Securities:				
Private Consumer Loan Transaction	\$ 1,386	0.8%	\$ 201	1.1%
Countrywide Home Equity Loan Trust 2006-D	991	0.6%	99	0.6%
Greenpoint Mortgage Funding Trust 2006-HE1	863	0.5%	117	0.7%
Americredit Automobile Receivables Trust 2007-A-X	837	0.5%	144	0.8%
Countrywide Home Equity Loan Trust 2006-S7	810	0.5%	84	0.5%
Private Resecuritization	697	0.4%	87	0.5%
Option One Mortgage Loan Trust 2007-HL1	650	0.4%	81	0.5%
Cendant Rental Car (AESOP) Funding Series 2006-2	600	0.3%	60	0.3%
GreenPoint Mortgage Funding Trust 2007-HE1	541	0.3%	135	0.8%
Private Resecuritization	510	0.3%	64	0.4%
Total	7,885	4.5%	1,073	6.1%
Total Asset-Backed Securities Portfolio	19,948	11.5%	2,491	14.1%
Collateralized Debt Obligations:				
Secondary Market Cashflow CDO	1,800	1.0%	205	1.2%
Secondary Market Cashflow CDO	1,334	0.8%	207	1.2%
Secondary Market Cashflow CDO	1,320	0.8%	132	0.7%
Secondary Market Cashflow CDO	1,285	0.7%	204	1.2%
Secondary Market Cashflow CDO	1,192	0.7%	207	1.2%
Secondary Market Cashflow CDO	1,074	0.6%	183	1.0%
Private Synthetic CDO	1,050	0.6%	53	0.3%
Secondary Market Cashflow CDO	998	0.6%	180	1.0%
Secondary Market Cashflow CDO	959	0.6%	206	1.2%
Secondary Market Synthetic CDO	950	0.5%	81	0.5%
Total	11,960	6.9%	1,657	9.4%
Total Collateralized Debt Obligations Portfolio	47,967	27.7%	5,758	32.7%
Public Finance:				
Jefferson County, AL - Water/Sewer Revenue	1,230	0.7%	52	0.3%
Texas (State of) - GO	1,150	0.7%	88	0.5%
Florida (State of) - GO	1,100	0.6%	170	1.0%
California (State of) - GO	985	0.6%	69	0.4%
Wisconsin (State of) - AA	945	0.5%	47	0.3%
Maryland (State of) - GO	850	0.5%	106	0.6%
East Bay Municipal Utility District, CA - Water/Sewer Revenue	814	0.5%	70	0.4%
City and County of San Francisco, CA International Airport - Revenue Bonds	770	0.4%	39	0.2%
New York (State of) - AA	770	0.4%	40	0.2%
San Diego Family Housing LLC	750	0.4%	85	0.5%
Total	9,364	5.4%	765	4.3%
Total Public Finance Portfolio	71,828	41.4%	6,826	38.7%
Structured Single Risk:				
XLAF Guaranteed Investment Contract Program	4,030	2.3%	550	3.1%
Private Secondary European Infrastructure Transaction	1,427	0.8%	49	0.3%
Southern Gas Network, UK	1,326	0.8%	55	0.3%
Railcorp Rolling Stock PPP	973	0.6%	94	0.5%
Thames Water Utilities Ltd.	937	0.5%	52	0.3%
Newcastle Hospitals PFI Project	686	0.4%	32	0.2%
Inspired (South Lanarkshire School Project) Scotland	684	0.4%	54	0.3%
Private PFI Project	679	0.4%	34	0.2%
Atlantide S.R.L. (Region of Lazio, Italy)	617	0.4%	29	0.2%
Dalrymple Bay Coal Terminal (DBCT), Australia	595	0.3%	30	0.2%
Total	11,954	6.9%	978	5.6%
Total Structured Single Risk Portfolio	33,736	19.4%	2,548	14.5%
Grand Total	\$ 173,479	100%	\$ 17,623	100%