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NEWS RELEASE

IMMEDIATE

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XLCA-UK PROVIDES TRIPLE-A FINANCIAL GUARANTEE FOR BONDS BACKED BY OBLIGATIONS OF REGION OF LAZIO, ITALY

XLCA-UK Closes First Transaction in Italy

London, August 4, 2006 – XL Capital Assurance (U.K.) Limited (“XLCA-UK”) today announced that it has issued a triple-A rated financial guarantee for EUR482 million of notes offered in connection with the securitization of past due receivables for medical services and equipment provided to healthcare authorities within the region of Lazio, in Italy. Lazio, one of 20 Italian regions, encompasses the city of Rome and surrounding provinces in west central Italy.

Under the terms of this securitization transaction, Atlantide S.r.l. has been created as a special purpose vehicle to issue EUR964 million of notes, backed by payments it will receive from the region of Lazio on behalf of the region's 20 local healthcare authorities.

Atlantide S.r.l. has issued two series of 10-year insured notes, each totaling EUR482 million. XLCA-UK has provided a triple-A rated financial guarantee for one of the series, the Class A2 notes. UBS Limited and Banca Intesa S.p.A. acted as arrangers for the transaction.

These securities enable a range of local healthcare providers to receive payments for overdue and unpaid receivables while the region awaits payments from the central government, which is responsible for meeting most healthcare costs in Italy.

The transaction was made possible when the region, the local healthcare authorities and the healthcare suppliers signed a settlement agreement where (i) the suppliers agreed to drop any legal action against the healthcare authorities in relation to the unpaid receivables, (ii) the healthcare authorities agreed to reschedule their debt over 10 years and (iii) the region agreed to accept an assignment from the healthcare authorities, for the payments due under the settlement agreement.

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“Eliminating the structural weaknesses that have inhibited the region's ability to contain rising healthcare costs is a key driving force behind this transaction,” commented David D. Stortz, managing director and head of XL Capital Assurance’s Specialized Risk group. “This securitization promises to play a major role in enabling local healthcare authorities to meet their liabilities to suppliers.”

Commenting on the transaction, Frederick B. Hnat, senior managing director and chief operating officer of XLCA-UK, said, "We are delighted to have completed our first transaction in Italy, which is a major European securitization market and a country in which we have sought an appropriate opportunity. We are committed to building our presence in the Italian market, through healthcare receivables securitizations such as this, as well as infrastructure and consumer and commercial ABS transactions. We welcome also the opportunity to reinforce our existing relationship with UBS, with whom we have already executed a number of transactions, as well as to work with Banca Intesa."

About XL Capital Assurance (U.K.) Limited

XL Capital Assurance (U.K.) Limited is a wholly owned subsidiary of XL Capital Assurance Inc. (XLCA). XLCA, a wholly owned subsidiary of Security Capital Assurance Ltd (NYSE: SCA), is a triple-A rated monoline financial guarantee company that provides triple-A rated credit enhancement for the obligations of debt issuers worldwide. XLCA guarantees U.S. municipal bonds; asset-backed securities; debt backed by utilities and selected infrastructure projects; specialized risks, including future flow securitizations and bank deposit insurance; and structured investment products – in both the primary and secondary global markets. XLCA is assigned the highest financial strength ratings by the major credit rating agencies – Aaa by Moody's Investors Service, AAA by Standard & Poor's Ratings Service, and AAA by Fitch Ratings. For more information, please visit www.xlca.com.

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