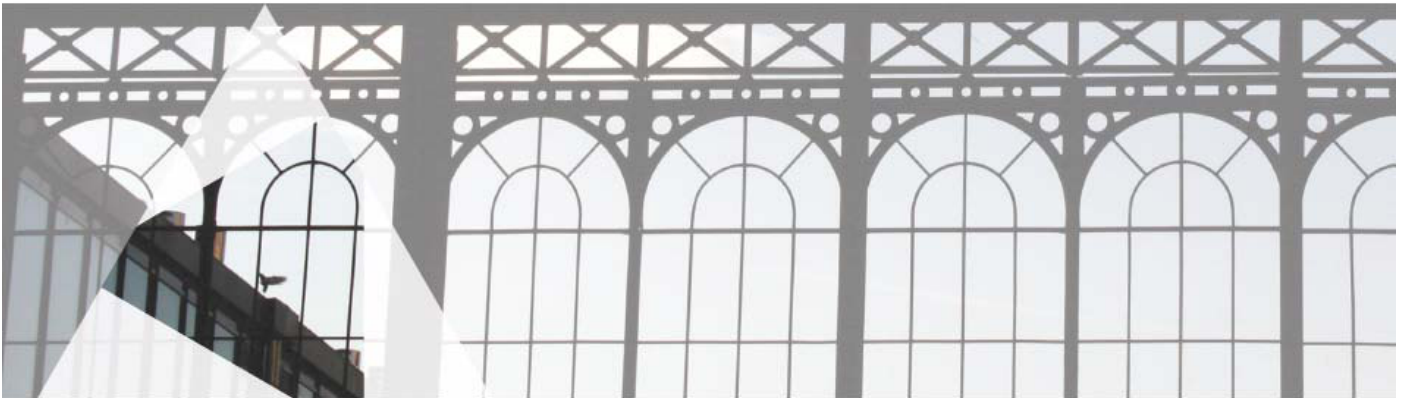


**Syncora Guarantee Inc.
Syncora Capital Assurance Inc.**

**3rd QUARTER 2014
OPERATING SUPPLEMENT**



Syncora Guarantee Inc. Syncora Capital Assurance Inc.

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Notes:

All information herein is presented on a statutory basis unless otherwise specified.
Numbers throughout the document may not add due to rounding.

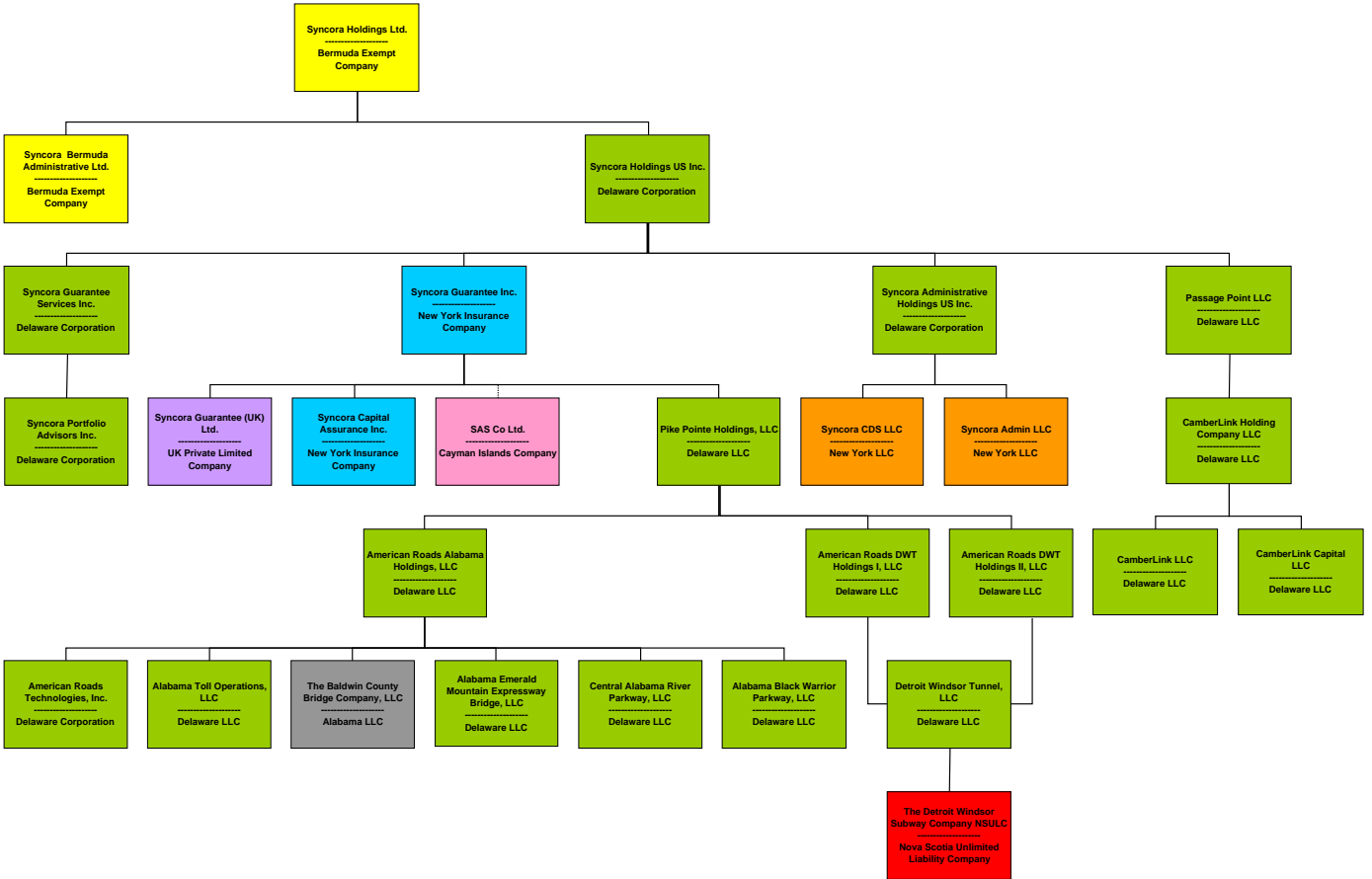
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

Leverage ratio¹	Net par outstanding divided by total claims paying resources.
Net par outstanding	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.
Net premiums written	Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.
Net present value of future installment premiums on insurance policies and credit derivative contracts (NPVFIP)¹	Estimated installment premiums written on insurance policies and credit derivative contracts 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 insurance policies and credit derivative contracts insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers.

Note:

¹Includes certain management estimates.

Syncora Legal Entity Structure



Assets, Liabilities, Surplus/(Deficit) and Other Funds (U.S. dollars in thousands)

Syncora Guarantee Inc.

	As of		
	9/30/2014	6/30/2014	3/31/2014
Assets			
Cash, cash equivalents and short-term investments	\$ 77,294	\$ 71,381	\$ 153,586
Bonds	868,702	868,923	805,731
Uninsured cash flow certificates	70,084	73,343	72,639
Interest rate derivatives	4,533	4,073	6,027
Investment in subsidiary - Syncora Guarantee (UK)	57,806	59,643	58,464
Investment in subsidiary - Syncora Capital Assurance	116,969	114,857	145,442
Receivables for securities	431	43	2,768
Subtotal, cash and invested assets	1,195,819	1,192,264	1,244,657
Investment income due and accrued	2,535	3,095	1,944
Uncollected premiums and reinsurance assets	4,262	4,598	3,195
Collateral deposit	3,600	5,100	3,100
Assets received as salvage	3,783	3,782	3,782
Other assets	353	3,880	4,472
Total Assets	\$ 1,210,352	\$ 1,212,719	\$ 1,261,150
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ (26,599)	\$ 5,233	\$ 720
Unearned premiums	148,976	159,205	159,563
Payable to parent, subsidiaries and affiliates	5,605	5,351	18,531
Mandatory contingency reserve	104,345	105,383	103,484
Other liabilities	5,932	7,718	14,513
Total Liabilities	238,259	282,889	296,810
Surplus notes	584,334	584,334	584,334
Preferred capital stock	200,000	200,000	200,000
Common capital stock	15,000	15,000	15,000
Gross paid in and contributed surplus	2,046,972	2,046,972	2,046,972
Unassigned funds (surplus)	(1,874,213)	(1,916,476)	(1,881,966)
Surplus as regards policyholders	972,093	929,830	964,340
Total Liabilities, Surplus and Other Funds	\$ 1,210,352	\$ 1,212,719	\$ 1,261,150

Syncora Capital Assurance Inc.

	As of		
	9/30/2014	6/30/2014	3/31/2014
Assets			
Cash, cash equivalents and short-term investments	\$ 54,064	\$ 70,277	\$ 96,669
Preferred stocks	3,687	3,725	3,725
Common stocks	19,998	19,372	16,325
Bonds	368,505	383,193	422,518
Uninsured cash flow certificates	63,710	69,424	47,838
Other invested assets	4,298	3,782	3,689
Receivables for securities	-	-	2,000
Subtotal, cash and invested assets	514,262	549,773	592,764
Investment income due and accrued	2,777	3,069	3,220
Uncollected premiums	2,531	1,670	1,382
Net deferred tax asset	3,229	2,755	1,116
Receivable from parent, subsidiaries and affiliates	817	79	11,477
Other assets	50	89	140
Total Assets	\$ 523,667	\$ 557,436	\$ 610,100
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 76,797	\$ 77,917	\$ 105,070
Unearned premiums	231,339	236,207	247,710
Payable to parent, subsidiaries and affiliates	8,102	9,968	611
Mandatory contingency reserve	89,691	105,757	104,498
Payable for securities	635	12,599	5,787
Other liabilities	128	125	945
Total Liabilities	406,693	442,573	464,622
Surplus notes	200,000	200,000	200,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	189,000	189,000	189,000
Unassigned funds (surplus)	(274,526)	(276,637)	(246,022)
Surplus as regards policyholders	116,974	114,863	145,478
Total Liabilities, Surplus and Other Funds	\$ 523,667	\$ 557,436	\$ 610,100

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	9/30/2014	6/30/2014	3/31/2014
Net premiums written	\$ 4,970	\$ 5,792	\$ 5,137
Underwriting Income			
Net premiums earned	\$ 15,199	\$ 6,150	\$ 17,285
Net losses/(releases) incurred	(32,829)	13,385	(19,055)
Loss adjustment expenses incurred	798	171	330
Other underwriting expenses incurred	6,671	7,332	7,726
Net underwriting gain/(loss)	40,558	(14,738)	28,283
Investment Income			
Net investment income earned	6,080	12,280	5,300
Net realized gains/(losses)	589	1,061	161
Total net investment gain/(loss)	6,669	13,342	5,461
Other Income			
Other income	331	187	-
Net income/(loss) before taxes	47,558	(1,209)	33,744
Federal and foreign income taxes incurred/(benefit)	(3,732)	(5,536)	4,721
Net income/(loss)	\$ 51,291	\$ 4,327	\$ 29,023

Syncora Capital Assurance Inc.

	Three Months Ended		
	9/30/2014	6/30/2014	3/31/2014
Net premiums written	\$ 4,969	\$ 3,423	\$ 4,494
Underwriting Income			
Net premiums earned	\$ 9,836	\$ 14,926	\$ 11,225
Net losses/(releases) incurred	9,252	30,414	30,189
Loss adjustment expenses incurred	(191)	5,462	9,631
Other underwriting expenses incurred	4,624	4,394	5,143
Net underwriting gain/(loss)	(3,848)	(25,343)	(33,738)
Investment Income			
Net investment income earned	5,404	(526)	5,889
Net realized capital gains	(11,207)	(500)	(19,380)
Total net investment gain/(loss)	(5,804)	(1,026)	(13,491)
Other Income			
Other income	124	5	3
Net income/(loss) before taxes	(9,528)	(26,364)	(47,226)
Federal and foreign income taxes incurred/(benefit)	4,071	5,899	(4,721)
Net income/(loss)	\$ (13,599)	\$ (32,262)	\$ (42,505)

Claims Paying Resources & Leverage Ratio (U.S. dollars in millions)

Syncora Guarantee Inc.

	As of		
	9/30/2014	6/30/2014	3/31/2014
Claims paying resources			
Policyholders' surplus	\$ 972	\$ 930	\$ 964
Contingency reserve	104	105	103
Qualified statutory capital	1,076	1,035	1,068
Unearned premium revenue	149	159	160
Loss & loss adjustment expense reserves ^{1,2,3}	201	237	228
Total policyholders' surplus & reserves	1,426	1,431	1,456
NPVFIP ⁴	94	104	102
Total claims paying resources	\$ 1,520	\$ 1,535	\$ 1,558
Net par outstanding	\$ 11,449	\$ 12,555	\$ 12,531
Leverage ratio (Net par outstanding/Total claims paying resources)	7.5	8.2	8.0

Notes:

¹ For the three months ended 9/30/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of four structured single risk credits (\$227.2 million).

² For the three months ended 6/30/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of four structured single risk credits (\$231.8 million).

³ For the three months ended 3/31/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of four structured single risk credits (\$227.7 million).

⁴ For the three months ended 3/31/2014, the reported NPVFIP revision is due to a revised data feed from a reinsurer and policy remediations completed during the quarter.

Syncora Capital Assurance Inc.

	As of		
	9/30/2014	6/30/2014	3/31/2014
Claims paying resources			
Policyholders' surplus	\$ 117	\$ 115	\$ 145
Contingency reserve	90	106	104
Qualified statutory capital	207	221	250
Unearned premium revenue	231	236	248
Loss & loss adjustment expense reserves	77	78	105
Total policyholders' surplus & reserves	515	535	603
NPVFIP	108	115	115
Total claims paying resources	\$ 623	\$ 650	\$ 718
Net par outstanding	\$ 33,766	\$ 35,706	\$ 36,965
Leverage ratio (Net par outstanding/Total claims paying resources)	54.2	54.9	51.5

Insured Portfolio - Net Par Outstanding (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 223		\$ 275		\$ 305	
Special Revenue	127		128		128	
Utility	62		62		62	
Appropriation	32		42		42	
Non Ad Valorem	-		-		-	
Total Public Finance	<u>\$ 444</u>	3.9%	<u>\$ 507</u>	4.0%	<u>\$ 538</u>	4.3%
Asset-Backed Securities						
RMBS	\$ 1,240		\$ 1,283		\$ 1,317	
Commercial ABS	19		122		152	
Total Asset-Backed Securities	<u>\$ 1,260</u>	11.0%	<u>\$ 1,405</u>	11.2%	<u>\$ 1,470</u>	11.7%
Collateralized Debt Obligations						
Cashflow CDO	\$ 511		\$ 530		\$ 563	
Total Collateralized Debt Obligations	<u>\$ 511</u>	4.5%	<u>\$ 530</u>	4.2%	<u>\$ 563</u>	4.5%
Structured Single Risk						
Global Infrastructure	\$ 4,910		\$ 5,283		\$ 5,221	
Power & Utilities	3,242		3,732		3,636	
Specialized Risk	1,082		1,098		1,103	
Total Structured Single Risk	<u>\$ 9,234</u>	80.7%	<u>\$ 10,113</u>	80.5%	<u>\$ 9,960</u>	79.5%
Total Net Par Outstanding	<u><u>\$ 11,449</u></u>	<u>100.0%</u>	<u><u>\$ 12,555</u></u>	<u>100.0%</u>	<u><u>\$ 12,531</u></u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 8,181		\$ 8,580		\$ 9,167	
Special Revenue	8,045		8,145		8,176	
Utility	4,070		4,159		4,206	
Non Ad Valorem	2,840		2,941		2,951	
Appropriation	1,412		1,479		1,531	
Total Public Finance	<u>\$ 24,548</u>	72.7%	<u>\$ 25,304</u>	70.9%	<u>\$ 26,031</u>	70.4%
Asset-Backed Securities						
Commercial ABS	\$ 197		\$ 219		\$ 251	
Total Asset-Backed Securities	<u>\$ 197</u>	0.6%	<u>\$ 219</u>	0.6%	<u>\$ 251</u>	0.7%
Collateralized Debt Obligations						
Cashflow CDO	\$ 1,981		\$ 2,393		\$ 2,664	
Synthetic CDO	1,605		2,117		2,426	
Total Collateralized Debt Obligations	<u>\$ 3,586</u>	10.6%	<u>\$ 4,510</u>	12.6%	<u>\$ 5,090</u>	13.8%
Structured Single Risk						
Power & Utilities	\$ 3,625		\$ 3,752		\$ 3,716	
Global Infrastructure	1,761		1,872		1,827	
Specialized Risk	50		50		50	
Total Structured Single Risk	<u>\$ 5,436</u>	16.1%	<u>\$ 5,674</u>	15.9%	<u>\$ 5,593</u>	15.1%
Total Net Par Outstanding	<u><u>\$ 33,766</u></u>	<u>100.0%</u>	<u><u>\$ 35,706</u></u>	<u>100.0%</u>	<u><u>\$ 36,965</u></u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q3 2014			Q2 2014			Q1 2014		
Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO
2014 Q3	\$ -	\$ 17,577	2014 Q2	\$ -	\$ 19,305	2014 Q1	\$ -	\$ 19,300
2014 Q4	407	17,170	2014 Q3	229	19,076	2014 Q2	204	19,096
Total 2014	\$ 407		2014 Q4	392	18,684	2014 Q3	176	18,920
			Total 2014	\$ 621		2014 Q4	389	18,531
						Total 2014	\$ 768	
2015	\$ 948	\$ 16,222	2015	\$ 999	\$ 17,685	2015	\$ 997	\$ 17,534
2016	1,304	14,918	2016	1,420	16,265	2016	1,433	16,101
2017	1,025	13,893	2017	1,072	15,193	2017	1,077	15,025
2018	995	12,898	2018	1,051	14,142	2018	1,047	13,978
Total 2015-2018	\$ 4,272		Total 2015-2018	\$ 4,542		Total 2015-2018	\$ 4,554	
2019-2023	\$ 2,854	\$ 10,044	2019-2023	\$ 2,980	\$ 11,162	2019-2023	\$ 2,997	\$ 10,981
2024-2028	2,053	7,992	2024-2028	2,120	9,042	2024-2028	2,093	8,887
2029-2033	1,402	6,589	2029-2033	1,395	7,647	2029-2033	1,395	7,493
2034 and thereafter	6,589	-	2034 and thereafter	7,647	-	2034 and thereafter	7,493	-
Total 2019-thereafter	\$ 12,898		Total 2019-thereafter	\$ 14,142		Total 2019-thereafter	\$ 13,978	
Total	\$ 17,577		Total	\$ 19,305		Total	\$ 19,300	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q3 2014			Q2 2014			Q1 2014		
Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO
2014 Q3	\$ -	\$ 52,554	2014 Q2	\$ -	\$ 55,323	2014 Q1	\$ -	\$ 57,669
2014 Q4	1,476	51,079	2014 Q3	1,490	53,833	2014 Q2	1,158	56,511
Total 2014	\$ 1,476		2014 Q4	1,491	52,342	2014 Q3	1,488	55,023
			Total 2014	\$ 2,981		2014 Q4	1,497	53,525
						Total 2014	\$ 4,143	
2015	\$ 3,742	\$ 47,337	2015	\$ 3,821	\$ 48,521	2015	\$ 3,886	\$ 49,640
2016	3,623	43,713	2016	3,725	44,797	2016	4,015	45,625
2017	3,117	40,596	2017	3,228	41,569	2017	3,290	42,334
2018	2,377	38,219	2018	2,432	39,136	2018	2,481	39,853
Total 2015-2018	\$ 12,859		Total 2015-2018	\$ 13,206		Total 2015-2018	\$ 13,672	
2019-2023	\$ 11,543	\$ 26,676	2019-2023	\$ 11,811	\$ 27,325	2019-2023	\$ 12,035	\$ 27,818
2024-2028	9,509	17,167	2024-2028	9,689	17,635	2024-2028	9,932	17,886
2029-2033	6,455	10,712	2029-2033	6,515	11,120	2029-2033	6,546	11,340
2034 and thereafter	10,712	-	2034 and thereafter	11,120	-	2034 and thereafter	11,340	-
Total 2019-thereafter	\$ 38,219		Total 2019-thereafter	\$ 39,136		Total 2019-thereafter	\$ 39,853	
Total	\$ 52,554		Total	\$ 55,323		Total	\$ 57,669	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Insured Portfolio - Composition & Loss Reserves (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 444	14	\$ 507	14	\$ 538	15
Asset-Backed Securities	1,260	35	1,405	36	1,470	36
Collateralized Debt Obligations	511	5	530	5	563	5
Structured Single Risk	9,234	42	10,113	42	9,960	42
Total Net Par Outstanding	<u>\$ 11,449</u>	<u>96</u>	<u>\$ 12,555</u>	<u>97</u>	<u>\$ 12,531</u>	<u>98</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 14		\$ 13		\$ 14	
Asset-Backed Securities	144		145		143	
Collateralized Debt Obligations	2		2		2	
Structured Single Risk	(211)		(182)		(187)	
Total Net Reserve	<u>\$ (52)</u>		<u>\$ (21)</u>		<u>\$ (29)</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 24,548	1,684	\$ 25,304	1,728	\$ 26,031	1,780
Asset-Backed Securities	197	2	219	2	251	2
Collateralized Debt Obligations	3,586	18	4,510	22	5,090	23
Structured Single Risk	5,436	34	5,674	33	5,593	32
Total Net Par Outstanding	<u>\$ 33,766</u>	<u>1,738</u>	<u>\$ 35,706</u>	<u>1,785</u>	<u>\$ 36,965</u>	<u>1,837</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 65		\$ 58		\$ 85	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	0		0		(0)	
Total Net Reserve	<u>\$ 65</u>		<u>\$ 58</u>		<u>\$ 85</u>	

Note:

Categories include domestic and international credits.

**Insured Portfolio - Watch List
As of September 30, 2014
(U.S. dollars in millions)**

Syncora Guarantee Inc.

	Q3 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	4	7	8	24	43
Remaining weighted-average contract period (in years)	16.9	6.2	7.8	9.5	8.6
Insured contractual payments outstanding:					
Principal	\$ 415.4	\$ 1,048.3	\$ 1,791.8	\$ 807.6	\$ 4,063.1
Interest	312.9	316.2	495.4	231.4	1,355.8
Total	<u>\$ 728.3</u>	<u>\$ 1,364.4</u>	<u>\$ 2,287.2</u>	<u>\$ 1,039.0</u>	<u>\$ 5,418.9</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.2
Net loss reserves	\$ -	\$ -	\$ -	\$ (51.9)	\$ (51.9)

Syncora Capital Assurance Inc.

	Q3 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	20	16	3	2	41
Remaining weighted-average contract period (in years)	6.9	17.8	4.5	7.3	11.5
Insured contractual payments outstanding:					
Principal	\$ 1,534.0	\$ 1,464.2	\$ 146.5	\$ 239.5	\$ 3,384.3
Interest	472.7	1,257.3	39.8	89.1	1,858.9
Total	<u>\$ 2,006.7</u>	<u>\$ 2,721.6</u>	<u>\$ 186.3</u>	<u>\$ 328.6</u>	<u>\$ 5,243.2</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 65.3	\$ 65.3
Net loss reserves	\$ -	\$ -	\$ -	\$ 65.3	\$ 65.3

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

Syncora Guarantee Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 637	5.6%	\$ 659	5.2%	\$ 483	3.9%
AA	777	6.8	795	6.3	1,024	8.2
A	1,759	15.4	1,961	15.6	1,883	15.0
BBB	4,954	43.3	5,513	43.9	5,494	43.8
Below Investment Grade	3,321	29.0	3,628	28.9	3,648	29.1
Total Net Par Outstanding	\$ 11,449	100.0%	\$ 12,555	100.0%	\$ 12,531	100.0%

Notes:

Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Syncora Capital Assurance Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 3,069	9.1%	\$ 3,901	10.9%	\$ 3,338	9.0%
AA	9,445	28.0	9,779	27.4	10,995	29.7
A	13,373	39.6	13,921	39.0	14,332	38.8
BBB	6,215	18.4	6,372	17.8	6,504	17.6
Below Investment Grade	1,665	4.9	1,734	4.9	1,795	4.9
Total Net Par Outstanding	\$ 33,766	100.0%	\$ 35,706	100.0%	\$ 36,965	100.0%

Notes:

Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Insured Portfolio - Distribution By Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 468	4.1%	\$ 488	3.9%	\$ 519	4.1%
aa	230	2.0	238	1.9	220	1.8
a	2,178	19.0	2,633	21.0	2,622	20.9
bbb	4,922	43.0	5,255	41.9	5,181	41.3
Below Investment Grade	3,651	31.9	3,940	31.4	3,989	31.8
Total Net Par Outstanding	\$ 11,449	100.0%	\$ 12,555	100.0%	\$ 12,531	100.0%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Syncora Capital Assurance Inc.

	Q3 2014		Q2 2014		Q1 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 2,057	6.1%	\$ 2,855	8.0%	\$ 3,371	9.1%
aa	5,264	15.6	5,537	15.5	5,752	15.6
a	17,164	50.8	17,744	49.7	17,862	48.3
bbb	7,432	22.0	7,692	21.5	8,011	21.7
Below Investment Grade	1,850	5.5	1,878	5.3	1,968	5.3
Total Net Par Outstanding	\$ 33,766	100.0%	\$ 35,706	100.0%	\$ 36,965	100.0%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2014	Q2 2014	Q1 2014
	NPO	NPO	NPO
Public Finance	\$ 32	\$ 80	\$ 94
Asset-Backed Securities	1,090	1,221	1,252
Collateralized Debt Obligations	2	2	2
Structured Single Risk	2,197	2,324	2,299
Total Below Investment Grade	<u>\$ 3,321</u>	<u>\$ 3,628</u>	<u>\$ 3,648</u>
Total Net Par Outstanding	\$ 11,449	\$ 12,555	\$ 12,531
BIG as % of Net Par Outstanding	29.0%	28.9%	29.1%

Notes:

Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

Syncora Capital Assurance Inc.

	Q3 2014	Q2 2014	Q1 2014
	NPO	NPO	NPO
Public Finance	\$ 1,302	\$ 1,346	\$ 1,382
Collateralized Debt Obligations	-	-	38
Structured Single Risk	363	388	375
Total Below Investment Grade	<u>\$ 1,665</u>	<u>\$ 1,734</u>	<u>\$ 1,795</u>
Total Net Par Outstanding	\$ 33,766	\$ 35,706	\$ 36,965
BIG as % of Net Par Outstanding	4.9%	4.9%	4.9%

Notes:

Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures by Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2014	Q2 2014	Q1 2014
	NPO	NPO	NPO
Public Finance	\$ 186	\$ 237	\$ 267
Asset-Backed Securities	1,131	1,265	1,297
Collateralized Debt Obligations	2	2	2
Structured Single Risk	2,331	2,436	2,422
Total Below Investment Grade	<u>\$ 3,651</u>	<u>\$ 3,940</u>	<u>\$ 3,989</u>
Total Net Par Outstanding	\$ 11,449	\$ 12,555	\$ 12,531
BIG as % of Net Par Outstanding	31.9%	31.4%	31.8%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Syncora Capital Assurance Inc.

	Q3 2014	Q2 2014	Q1 2014
	NPO	NPO	NPO
Public Finance	\$ 1,488	\$ 1,490	\$ 1,593
Structured Single Risk	363	388	375
Total Below Investment Grade	<u>\$ 1,850</u>	<u>\$ 1,878</u>	<u>\$ 1,968</u>
Total Net Par Outstanding	\$ 33,766	\$ 35,706	\$ 36,965
BIG as % of Net Par Outstanding	5.5%	5.3%	5.3%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

Syncora Guarantee Inc.

		Q3 2014		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 101	AA	b
2	Massachusetts (Commonwealth of) - GO	53	AA+	aa
3	Port Authority of New York and New Jersey, NY	40	AA	aa-
4	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA	aa-
5	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	38	AA	b
6	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	33	AA	a-
7	New Jersey (State of) - Annual Appropriation	32	AA	a+
8	City of Detroit, MI - GO/AA	32	D	d
9	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+	aa-
10	Port of Portland, OR - Airport Revenue Bonds	24	AA-	aa-
11	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA	c
12	JEA, FL Water & Sewer (Senior Lien)	8	AA-	aa
13	Jackson Energy Authority, TN - Water Revenue Bonds	1	A	a
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 444		
Total Portfolio Net Par Outstanding		\$ 11,449		
% of Total SGI Portfolio		3.9%		
Total Public Finance Portfolio Net Par Outstanding		\$ 444		
% of Total Public Finance Portfolio		100.0%		

Notes:

Individual Obligor may have policies with different ratings. Net Par Outstanding shown is grouped by the Obligor's lowest rating.

S&P Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Syncora Capital Assurance Inc.

		Q3 2014		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	AA-	a
2	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-	a-
3	San Diego Family Housing LLC - Class I	418	AA	aa
4	Miami-Dade County, FL - Aviation Revenue Bonds	391	A	a-
5	State of California - GO	370	A	a-
6	University System of Georgia, Board of Regents, GA	347	BBB	a+
7	Port Authority of New York and New Jersey, NY	343	AA-	aa-
8	City of Denver Convention Center Hotel Project, CO	340	BBB-	bbb-
9	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+	a
10	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-	bbb-
11	Dodger Tickets LLC	307	BBB-	bbb+
12	Miami-Dade County (Water/Sewer), FL	298	A+	a+
13	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	260	A	a
14	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	253	AA-	bb+
15	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	239	BB+	bbb-
16	City of San Jose, CA Redevelopment Agency - Tax Allocation	225	BBB	bb+
17	City of Denver, CO Airport System - Revenue Bonds	220	A+	a+
18	Riverside County, CA - Tax Allocation Bonds	213	BBB+	bbb-
19	City of Houston, TX Airport System - Revenue Bonds	209	A	a
20	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	192	CCC	c
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 6,305		
Total Portfolio Net Par Outstanding		\$ 33,766		
% of Total SCAI Portfolio		18.7%		
Total Public Finance Portfolio Net Par Outstanding		\$ 24,548		
% of Total Public Finance Portfolio		25.7%		

Notes:

Individual Obligor may have policies with different ratings. Net Par Outstanding shown is grouped by the Obligor's lowest rating.

S&P Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - Top 10 Structured Finance Servicer/Manager Exposures (U.S. dollars in millions)

Syncora Guarantee Inc.

		Q3 2014	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 1 ²	\$	303
2	American Home Servicing		267
3	Wells Fargo Bank, NA		249
4	Countrywide Home Loans		224
5	OneWest Bank, FSB		212
6	CLO Manager 2 ²		160
7	JP Morgan		149
8	CLO Manager 3 ²		144
9	TMF Administration Services Limited		54
10	CLO Manager 4 ²		46
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	1,806
Total Portfolio Net Par Outstanding		\$	11,449
% of Total Portfolio			15.8%
Total Structured Finance Portfolio Net Par Outstanding		\$	11,004
% of Total Structured Finance Portfolio			16.4%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q3 2014	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 5 ²	\$	574
2	CLO Manager 2 ²		329
3	CLO Manager 6 ²		312
4	CLO Manager 7 ²		233
5	CLO Manager 1 ²		195
6	Private Commercial ABS Transaction ²		154
7	CLO Manager 8 ²		143
8	CLO Manager 9 ²		94
9	CLO Manager 4 ²		46
10	Bombardier Services Corporation		43
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,124
Total Portfolio Net Par Outstanding		\$	33,766
% of Total Portfolio			6.3%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	9,218
% of Total U.S. Structured Finance Portfolio			23.0%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q3 2014				Q2 2014				Q1 2014			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Illinois	\$ 1,950	\$ 538	4.7%	Illinois	\$ 1,958	\$ 531	4.2%	Illinois	\$ 1,992	\$ 531	4.2%
Puerto Rico	489	154	1.3	Puerto Rico	578	205	1.6	Puerto Rico	606	233	1.9
Alabama	1,006	116	1.0	Other ¹	23,906	425	3.4	Other ¹	24,600	427	3.4
Other ¹	22,184	295	2.6	Non-PF Multi ²	1,996	1,988	15.8	Non-PF Multi ²	2,090	2,082	16.6
Non-PF Multi ^{2,3}	1,930	1,922	16.8	Total United States	\$ 28,437	\$ 3,149	25.1%	Total United States	\$ 29,287	\$ 3,273	26.1%
Total United States	\$ 27,560	\$ 3,025	26.4%								
International				International				International			
United Kingdom	\$ 4,979	\$ 4,561	39.8%	United Kingdom	\$ 5,537	\$ 5,091	40.6%	United Kingdom	\$ 5,393	\$ 4,962	39.6%
Australia	1,752	1,712	15.0	Australia	1,889	1,846	14.7	Australia	1,859	1,817	14.5
France	675	675	5.9	France	772	772	6.2	France	772	772	6.2
Chile	654	505	4.4	Chile	724	560	4.5	Chile	720	557	4.4
Italy	172	172	1.5	Spain	186	186	1.5	Spain	189	189	1.5
Spain	172	172	1.5	Italy	176	176	1.4	Italy	175	175	1.4
Canada	255	157	1.4	Canada	264	167	1.3	Canada	260	162	1.3
Other ¹	614	202	1.8	Other ¹	793	343	2.7	Norway	127	127	1.0
Non-PF Multi ^{2,4}	266	266	2.3	Non-PF Multi ²	266	266	2.1	Other ¹	677	230	1.8
Total International	\$ 9,540	\$ 8,424	73.6%	Total International	\$ 10,607	\$ 9,406	74.9%	Non-PF Multi ²	266	266	2.1
								Total International	\$ 10,438	\$ 9,258	73.9%
Total Outstanding	\$ 37,099	\$ 11,449	100.0%	Total Outstanding	\$ 39,044	\$ 12,555	100.0%	Total Outstanding	\$ 39,725	\$ 12,531	100.0%

Notes:

- ¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
² Non-Public Finance deals with underlying securities in multiple states/countries.
³ Consists of \$1,220 million in ABS, \$511 million in CDO and \$191 million in SSR net par.
⁴ Consists of \$266 million in SSR net par.

Syncora Capital Assurance Inc.

Q3 2014				Q2 2014				Q1 2014			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 4,703	\$ 4,658	13.8%	California	\$ 4,805	\$ 4,761	13.3%	California	\$ 4,923	\$ 4,878	13.2%
New York	2,754	2,754	8.2	New York	2,803	2,803	7.9	New York	2,866	2,866	7.8
Florida	1,720	1,620	4.8	Florida	1,726	1,626	4.6	Texas	1,646	1,646	4.5
Texas	1,526	1,526	4.5	Texas	1,594	1,594	4.5	Florida	1,730	1,630	4.4
Illinois	1,412	1,412	4.2	Illinois	1,426	1,426	4.0	Illinois	1,460	1,460	4.0
Pennsylvania	1,113	1,113	3.3	Pennsylvania	1,136	1,136	3.2	Pennsylvania	1,182	1,182	3.2
Colorado	901	901	2.7	Alabama	950	950	2.7	Alabama	966	966	2.6
Alabama	891	891	2.6	Colorado	933	933	2.6	Colorado	937	937	2.5
Georgia	718	718	2.1	Georgia	730	730	2.0	Georgia	759	759	2.1
Virginia	658	658	1.9	Virginia	659	659	1.8	Virginia	663	663	1.8
Ohio	627	627	1.9	Ohio	634	634	1.8	Tennessee	646	646	1.7
Washington	610	610	1.8	Tennessee	626	626	1.8	Ohio	634	634	1.7
Tennessee	605	605	1.8	Washington	618	618	1.7	Washington	619	619	1.7
New Jersey	556	556	1.6	New Jersey	580	580	1.6	New Jersey	593	593	1.6
South Carolina	503	503	1.5	Indiana	514	514	1.4	South Carolina	524	524	1.4
Massachusetts	482	482	1.4	South Carolina	508	508	1.4	Michigan	523	523	1.4
District Of Columbia	479	479	1.4	Massachusetts	495	495	1.4	Indiana	514	514	1.4
Indiana	478	478	1.4	District Of Columbia	482	482	1.3	Massachusetts	510	510	1.4
Minnesota	439	439	1.3	Minnesota	458	458	1.3	District Of Columbia	484	484	1.3
Missouri	425	425	1.3	Missouri	426	426	1.2	Minnesota	471	471	1.3
Michigan	394	394	1.2	Michigan	401	401	1.1	Missouri	453	453	1.2
Wisconsin	350	350	1.0	Puerto Rico	372	372	1.0	Wisconsin	383	383	1.0
Other ¹	3,986	3,986	11.8	Wisconsin	358	358	1.0	Puerto Rico	373	373	1.0
Non-PF Multi ^{2,3}	3,208	3,208	9.5	Other ¹	3,848	3,848	10.8	Other ¹	3,960	3,960	10.7
Total United States	\$ 29,537	\$ 29,392	87.0%	Non-PF Multi ²	4,036	4,036	11.3	Non-PF Multi ²	4,615	4,615	12.5
				Total United States	\$ 31,120	\$ 30,976	86.7%	Total United States	\$ 32,435	\$ 32,291	87.4%
International				International				International			
United Kingdom	\$ 2,770	\$ 2,770	8.2%	United Kingdom	\$ 2,929	\$ 2,929	8.2%	United Kingdom	\$ 2,878	\$ 2,878	7.8%
New Zealand	593	593	1.8	Netherlands	682	682	1.9	Netherlands	686	686	1.9
Netherlands	574	574	1.7	New Zealand	666	666	1.9	New Zealand	658	658	1.8
Other ¹	436	436	1.3	Other ¹	455	455	1.3	Other ¹	452	452	1.2
Total International	\$ 4,375	\$ 4,375	13.0%	Total International	\$ 4,731	\$ 4,731	13.2%	Total International	\$ 4,674	\$ 4,674	12.6%
Total Outstanding	\$ 33,911	\$ 33,766	100.0%	Total Outstanding	\$ 35,851	\$ 35,706	100.0%	Total Outstanding	\$ 37,110	\$ 36,965	100.0%

Notes:

- ¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
² Non-Public Finance deals with underlying securities in multiple states/countries.
³ Consists of \$3,011 million in CDO and \$197 million in ABS net par.

Investment Portfolio

As of September 30, 2014

(U.S. dollars in millions)

Syncora Guarantee Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage			
Short-Term Investments			Within 1 Year	\$ 133.8	14.5%
Cash and Cash Equivalents	\$ 29.7	3.2%	1 to 5 Years	427.5	46.2%
Short-Term Investments	37.4	4.0%	5 to 10 Years	2.2	0.2%
Total Cash and Short-Term Investments	67.1	7.3%	Due after 10 Years	0.5	0.1%
Debt Securities			Mortgage and asset-backed securities	361.4	39.1%
MBS/ABS	361.4	39.1%	Total	\$ 925.4	100.0%
U.S. Government	266.1	28.8%	Yield to Maturity @ Book Value	1.2%	
Corporate	219.7	23.7%	Yield to Maturity @ Market Value	0.8%	
States & Political Subs	11.1	1.2%	Duration (years)	1.4	
Total Long-Term Fixed Maturity	858.3	92.7%			
Total	\$ 925.4	100.0%			

Notes:

- Excludes \$70.1 million of uninsured cash flow ("UCF") securities.
- Excludes \$10.4 million of other remediation-related securities.
- Excludes \$10.2 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 398.8	43.1%
AA	326.5	35.3%
A	193.2	20.9%
BBB	5.5	0.6%
BB & below and Not Rated	1.4	0.1%
Total	\$ 925.4	100.0%
Average credit quality	AA	

Syncora Capital Assurance Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage			
Short-Term Investments			Within 1 Year	\$ 51.8	12.4%
Cash and Cash Equivalents	\$ 47.8	11.4%	1 to 5 Years	43.2	10.3%
Short-Term Investments	3.6	0.9%	5 to 10 Years	87.7	21.0%
Total Cash and Short-Term Investments	51.4	12.3%	Due after 10 Years	42.5	10.2%
Debt Securities			Mortgage and asset-backed securities	192.9	46.1%
MBS/ABS	192.9	46.1%	Total	\$ 418.1	100.0%
U.S. Government	8.0	1.9%	Yield to Maturity @ Book Value	3.4%	
Corporate	146.8	35.1%	Yield to Maturity @ Market Value	2.6%	
States & Political Subs	19.0	4.5%	Duration (years)	4.4	
Total Long-Term Fixed Maturity	366.7	87.7%			
Total	\$ 418.1	100.0%			

Notes:

- Excludes \$63.7 million of uninsured cash flow ("UCF") securities.
- Excludes \$1.9 million of a bond purchased for remediation.
- Excludes \$3.7 million of preferred stocks.
- Excludes \$24.3 million of common stocks and alternative investments.
- Excludes \$2.6 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 114.3	27.3%
AA	127.3	30.4%
A	65.6	15.7%
BBB	88.0	21.1%
BB & below and Not Rated	22.9	5.5%
Total	\$ 418.1	100.0%
Average credit quality	A	