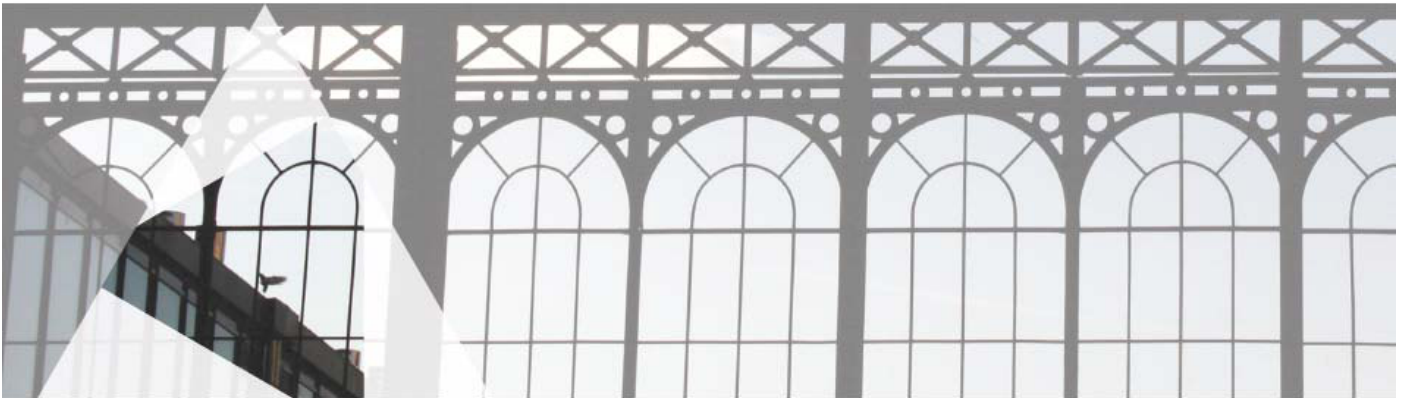


**Syncora Guarantee Inc.
Syncora Capital Assurance Inc.**

**1st 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 contracts¹ (NPVFIP)

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.

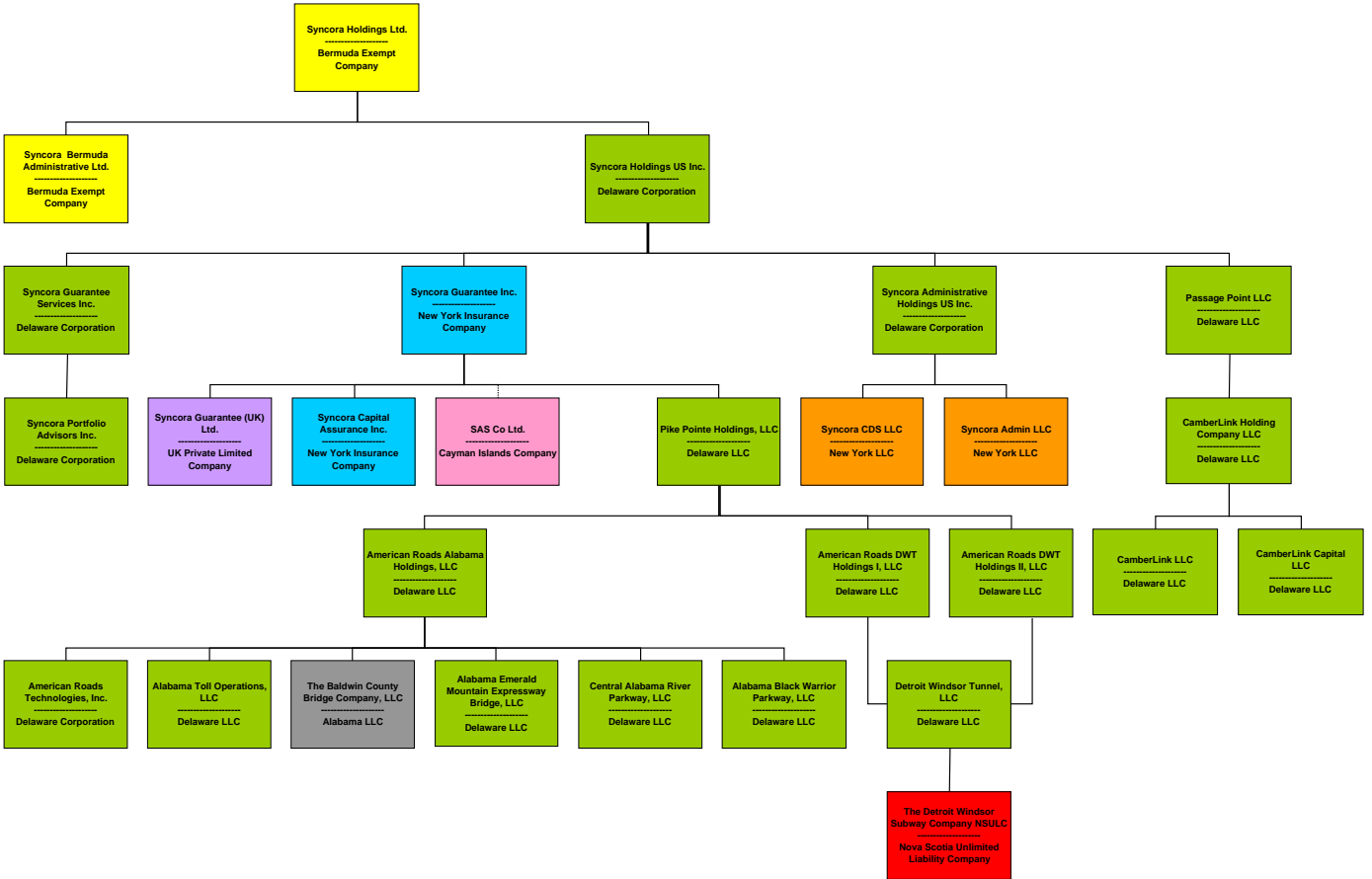
Net principal and interest outstanding

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		
	3/31/2014	12/31/2013	9/30/2013
Assets			
Cash, cash equivalents and short-term investments	\$ 153,586	\$ 89,248	\$ 68,669
Bonds	805,731	619,670	540,315
Uninsured cash flow certificates	72,639	58,955	42,557
Interest rate derivatives	6,027	7,033	6,734
Investment in subsidiary - Syncora Guarantee (UK)	58,464	58,297	56,039
Investment in subsidiary - Syncora Capital Assurance	145,442	186,425	180,351
Receivables for securities	2,768	-	-
Subtotal, cash and invested assets	1,244,657	1,019,628	894,666
Investment income due and accrued	1,944	2,116	1,724
Uncollected premiums and reinsurance assets	3,195	3,438	3,608
Collateral deposit	3,100	-	1,800
Assets received as salvage	3,782	-	197,332
Other assets	4,472	9,339	6,189
Total Assets	\$ 1,261,150	\$ 1,034,520	\$ 1,105,318
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 720	\$ (258,784)	\$ 199,377
Unearned premiums	159,563	171,711	184,934
Payable to parent, subsidiaries and affiliates	18,531	30,718	23,304
Mandatory contingency reserve	103,484	102,449	100,681
Other liabilities	14,513	15,094	40,604
Total Liabilities	296,810	61,188	548,899
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)	(1,881,966)	(1,872,974)	(2,289,887)
Surplus as regards policyholders	964,340	973,332	556,419
Total Liabilities, Surplus and Other Funds	\$ 1,261,150	\$ 1,034,520	\$ 1,105,318

Syncora Capital Assurance Inc.

	As of		
	3/31/2014	12/31/2013	9/30/2013
Assets			
Cash, cash equivalents and short-term investments	\$ 96,669	\$ 98,251	\$ 134,356
Preferred stocks	3,725	3,720	3,725
Common stocks	16,325	15,625	15,285
Bonds	422,518	425,396	421,234
Uninsured cash flow certificates	47,838	65,426	63,800
Other invested assets	3,689	3,778	3,369
Receivables for securities	2,000	-	559
Subtotal, cash and invested assets	592,764	612,196	642,326
Investment income due and accrued	3,220	3,411	3,291
Uncollected premiums	1,382	1,537	1,602
Net deferred tax asset	1,116	1,058	1,062
Receivable from parent, subsidiaries and affiliates	11,477	372	4,908
Other assets	140	117	50
Total Assets	\$ 610,100	\$ 618,691	\$ 653,239
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 105,070	\$ 70,135	\$ 69,160
Unearned premiums	247,710	254,441	268,839
Payable to parent, subsidiaries and affiliates	611	1,658	2,949
Mandatory contingency reserve	104,498	105,839	131,723
Payable for securities	5,787	-	-
Other liabilities	945	157	179
Total Liabilities	464,622	432,228	472,850
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)	(246,022)	(205,038)	(211,111)
Surplus as regards policyholders	145,478	186,462	180,389
Total Liabilities, Surplus and Other Funds	\$ 610,100	\$ 618,691	\$ 653,239

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	3/31/2014	12/31/2013	9/30/2013
Net premiums written	\$ 5,137	\$ 4,837	\$ 5,069
Underwriting Income			
Net premiums earned	\$ 17,285	\$ 18,060	\$ 18,895
Net losses/(releases) incurred	(19,055)	(398,316)	(17,563)
Loss adjustment expenses incurred	330	3,423	5,952
Other underwriting expenses incurred	7,726	10,280	8,135
Net underwriting gain/(loss)	28,283	402,673	22,372
Investment Income			
Net investment income earned	5,300	11,703	5,294
Net realized gains/(losses)	161	(8,187)	(40,474)
Total net investment gain/(loss)	5,461	3,516	(35,180)
Other Income			
Other income	-	746	264
Net income/(loss) before taxes	33,744	406,935	(12,544)
Federal and foreign income taxes incurred/(benefit)	4,721	(1,432)	4,908
Net income/(loss)	\$ 29,023	\$ 408,367	\$ (17,452)

Syncora Capital Assurance Inc.

	Three Months Ended		
	3/31/2014	12/31/2013	9/30/2013
Net premiums written	\$ 4,494	\$ 4,044	\$ 6,144
Underwriting Income			
Net premiums earned	\$ 11,225	\$ 18,442	\$ 15,837
Net losses/(releases) incurred	30,189	16,315	22,521
Loss adjustment expenses incurred	9,631	7,455	4,891
Other underwriting expenses incurred	5,143	4,700	5,496
Net underwriting gain/(loss)	(33,738)	(10,029)	(17,071)
Investment Income			
Net investment income earned	5,889	(124)	6,125
Net realized capital gains	(19,380)	(25,461)	(7,324)
Total net investment gain/(loss)	(13,491)	(25,585)	(1,200)
Other Income			
Other income	3	16,410	2,515
Net income/(loss) before taxes	(47,226)	(19,204)	(15,756)
Federal and foreign income taxes incurred/(benefit)	(4,721)	1,432	(4,908)
Net income/(loss)	\$ (42,505)	\$ (20,636)	\$ (10,848)

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

Syncora Guarantee Inc.

	As of		
	3/31/2014	12/31/2013	9/30/2013
Claims paying resources			
Policyholders' surplus	\$ 964	\$ 973	\$ 556
Contingency reserve	103	102	101
Qualified statutory capital	1,068	1,076	657
Unearned premium revenue	160	172	185
Loss & loss adjustment expense reserves ^{1,2}	228	141	199
Total policyholders' surplus & reserves	1,456	1,389	1,041
NPVFIP ³	102	156	158
Total claims paying resources	\$ 1,558	\$ 1,544	\$ 1,199
Net par outstanding	\$ 12,531	\$ 12,818	\$ 13,459
Leverage ratio (Net par outstanding/Total claims paying resources)	8.0	8.3	11.2

Notes:

¹ For the twelve months ended 12/31/2013, the reported loss and loss adjustment expense reserves exclude the benefit of the JPMorgan litigation settlement (\$400.0 million).

² For the three months ended 3/31/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of two structured single risk credits (\$227.7 million).

³ 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		
	3/31/2014	12/31/2013	9/30/2013
Claims paying resources			
Policyholders' surplus	\$ 145	\$ 186	\$ 180
Contingency reserve	104	106	132
Qualified statutory capital	250	292	312
Unearned premium revenue	248	254	269
Loss & loss adjustment expense reserves	105	70	69
Total policyholders' surplus & reserves	603	617	650
NPVFIP	115	119	149
Total claims paying resources	\$ 718	\$ 736	\$ 799
Net par outstanding	\$ 36,965	\$ 38,471	\$ 43,071
Leverage ratio (Net par outstanding/Total claims paying resources)	51.5	52.3	53.9

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 305		\$ 306		\$ 333	
Special Revenue	128		128		128	
Utility	62		62		589	
Appropriation	42		42		44	
Non Ad Valorem	-		64		64	
Total Public Finance	<u>\$ 538</u>	4.3%	<u>\$ 602</u>	4.7%	<u>\$ 1,158</u>	8.6%
Asset-Backed Securities						
RMBS	\$ 1,317		\$ 1,362		\$ 1,400	
Commercial ABS	152		165		195	
Total Asset-Backed Securities	<u>\$ 1,470</u>	11.7%	<u>\$ 1,528</u>	11.9%	<u>\$ 1,595</u>	11.9%
Collateralized Debt Obligations						
Cashflow CDO	<u>\$ 563</u>		<u>\$ 610</u>		<u>\$ 644</u>	
Total Collateralized Debt Obligations	<u>\$ 563</u>	4.5%	<u>\$ 610</u>	4.8%	<u>\$ 644</u>	4.8%
Structured Single Risk						
Global Infrastructure	\$ 5,221		\$ 5,372		\$ 5,482	
Power & Utilities	3,636		3,584		3,444	
Specialized Risk	1,103		1,122		1,136	
Total Structured Single Risk	<u>\$ 9,960</u>	79.5%	<u>\$ 10,078</u>	78.6%	<u>\$ 10,062</u>	74.8%
Total Net Par Outstanding	<u><u>\$ 12,531</u></u>	<u>100.0%</u>	<u><u>\$ 12,818</u></u>	<u>100.0%</u>	<u><u>\$ 13,459</u></u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 9,167		\$ 9,694		\$ 11,322	
Special Revenue	8,176		8,481		8,672	
Utility	4,206		4,248		4,584	
Non Ad Valorem	2,951		2,964		3,964	
Appropriation	1,531		1,576		1,682	
Total Public Finance	<u>\$ 26,031</u>	70.4%	<u>\$ 26,963</u>	70.1%	<u>\$ 30,224</u>	70.2%
Asset-Backed Securities						
Commercial ABS	<u>\$ 251</u>		<u>\$ 308</u>		<u>\$ 336</u>	
Total Asset-Backed Securities	<u>\$ 251</u>	0.7%	<u>\$ 308</u>	0.8%	<u>\$ 336</u>	0.8%
Collateralized Debt Obligations						
Cashflow CDO	\$ 2,664		\$ 2,945		\$ 3,093	
Synthetic CDO	2,426		2,684		2,690	
Market Value CDO	-		-		568	
Total Collateralized Debt Obligations	<u>\$ 5,090</u>	13.8%	<u>\$ 5,629</u>	14.6%	<u>\$ 6,352</u>	14.7%
Structured Single Risk						
Power & Utilities	\$ 3,716		\$ 3,688		\$ 3,888	
Global Infrastructure	1,827		1,832		2,221	
Specialized Risk	50		50		50	
Total Structured Single Risk	<u>\$ 5,593</u>	15.1%	<u>\$ 5,570</u>	14.5%	<u>\$ 6,159</u>	14.3%
Total Net Par Outstanding	<u><u>\$ 36,965</u></u>	<u>100.0%</u>	<u><u>\$ 38,471</u></u>	<u>100.0%</u>	<u><u>\$ 43,071</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.

Q1 2014			Q4 2013			Q3 2013		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q4	\$ -	\$ 19,916	2013 Q3	\$ -	\$ 21,183
2014 Q1	\$ -	\$ 19,300	2014 Q1	240	19,676	2013 Q4	391	20,791
2014 Q2	204	19,096	2014 Q2	178	19,498	2014 Q1	178	20,614
2014 Q3	176	18,920	2014 Q3	155	19,343	2014 Q2	169	20,445
2014 Q4	389	18,531	2014 Q4	398	18,945	2014 Q3	150	20,295
Total 2014	\$ 768		Total 2014	\$ 971		2014 Q4	380	19,915
						Total	\$ 1,267	
2015	\$ 997	\$ 17,534	2015	\$ 999	\$ 17,946	2015	\$ 1,013	\$ 18,902
2016	1,433	16,101	2016	1,450	16,497	2016	1,443	17,459
2017	1,077	15,025	2017	1,114	15,383	2017	1,153	16,306
2018	1,047	13,978	2018	1,062	14,321	2018	1,136	15,170
Total 2015-2018	\$ 4,554		Total 2015-2018	\$ 4,624		Total 2015-2018	\$ 4,746	
2019-2023	\$ 2,997	\$ 10,981	2019-2023	\$ 3,076	\$ 11,245	2019-2023	\$ 3,442	\$ 11,728
2024-2028	2,093	8,887	2024-2028	2,162	9,083	2024-2028	2,455	9,273
2029-2033	1,395	7,493	2029-2033	1,525	7,558	2029-2033	1,629	7,644
2034 and thereafter	7,493	-	2034 and thereafter	7,558	-	2034 and thereafter	7,644	-
Total 2019-thereafter	\$ 13,978		Total 2019-thereafter	\$ 14,321		Total 2019-thereafter	\$ 15,170	
Total	\$ 19,300		Total	\$ 19,916		Total	\$ 21,183	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q1 2014			Q4 2013			Q3 2013		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q4	\$ -	\$ 59,934	2013 Q3	\$ -	\$ 64,917
2014 Q1	\$ -	\$ 57,669	2014 Q1	1,188	58,746	2013 Q4	1,509	63,408
2014 Q2	1,158	56,511	2014 Q2	1,166	57,580	2014 Q1	1,133	62,276
2014 Q3	1,488	55,023	2014 Q3	1,507	56,073	2014 Q2	1,159	61,117
2014 Q4	1,497	53,525	2014 Q4	1,507	54,566	2014 Q3	1,472	59,644
Total 2014	\$ 4,143		Total 2014	\$ 5,368		2014 Q4	1,513	58,131
						Total	\$ 6,786	
2015	\$ 3,886	\$ 49,640	2015	\$ 3,961	\$ 50,604	2015	\$ 3,907	\$ 54,224
2016	4,015	45,625	2016	4,089	46,516	2016	4,035	50,189
2017	3,290	42,334	2017	3,343	43,173	2017	3,332	46,857
2018	2,481	39,853	2018	2,546	40,627	2018	2,473	44,383
Total 2015-2018	\$ 13,672		Total 2015-2018	\$ 13,939		Total 2015-2018	\$ 13,748	
2019-2023	\$ 12,035	\$ 27,818	2019-2023	\$ 12,332	\$ 28,294	2019-2023	\$ 12,024	\$ 32,360
2024-2028	9,932	17,886	2024-2028	10,108	18,186	2024-2028	10,613	21,747
2029-2033	6,546	11,340	2029-2033	6,686	11,500	2029-2033	8,096	13,651
2034 and thereafter	11,340	-	2034 and thereafter	11,500	-	2034 and thereafter	13,651	-
Total 2019-thereafter	\$ 39,853		Total 2019-thereafter	\$ 40,627		Total 2019-thereafter	\$ 44,383	
Total	\$ 57,669		Total	\$ 59,934		Total	\$ 64,917	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 538	15	\$ 602	17	\$ 1,158	18
Asset-Backed Securities	1,470	36	1,528	37	1,595	38
Collateralized Debt Obligations	563	5	610	7	644	7
Structured Single Risk	9,960	42	10,078	44	10,062	45
Total Net Par Outstanding	<u>\$ 12,531</u>	<u>98</u>	<u>\$ 12,818</u>	<u>105</u>	<u>\$ 13,459</u>	<u>108</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 14		\$ 19		\$ 83	
Asset-Backed Securities	143		(245)		118	
Collateralized Debt Obligations	2		4		3	
Structured Single Risk	(187)		(73)		(53)	
Total Net Reserve	<u>\$ (29)</u>		<u>\$ (295)</u>		<u>\$ 151</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 26,031	1,780	\$ 26,963	1,836	\$ 30,224	1,983
Asset-Backed Securities	251	2	308	3	336	3
Collateralized Debt Obligations	5,090	23	5,629	25	6,352	26
Structured Single Risk	5,593	32	5,570	32	6,159	35
Total Net Par Outstanding	<u>\$ 36,965</u>	<u>1,837</u>	<u>\$ 38,471</u>	<u>1,896</u>	<u>\$ 43,071</u>	<u>2,047</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 85		\$ 55		\$ 56	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	(0)		(0)		(0)	
Total Net Reserve	<u>\$ 85</u>		<u>\$ 55</u>		<u>\$ 56</u>	

Note:

Categories include domestic and international credits.

**Insured Portfolio - Watch List
As of March 31, 2014
(U.S. dollars in millions)**

Syncora Guarantee Inc.

	Q1 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	4	10	5	25	44
Remaining weighted-average contract period (in years)	17.2	6.6	7.3	10.3	8.7
Insured contractual payments outstanding:					
Principal	\$ 424.2	\$ 1,216.2	\$ 1,813.3	\$ 959.5	\$ 4,413.3
Interest	329.9	417.2	470.1	311.7	1,529.0
Total	<u>\$ 754.1</u>	<u>\$ 1,633.4</u>	<u>\$ 2,283.5</u>	<u>\$ 1,271.2</u>	<u>\$ 5,942.3</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 43.7	\$ 43.7
Net loss reserves	\$ -	\$ -	\$ -	\$ (29.0)	\$ (29.0)

Syncora Capital Assurance Inc.

	Q1 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	20	16	1	2	39
Remaining weighted-average contract period (in years)	7.6	15.8	6.4	11.1	11.8
Insured contractual payments outstanding:					
Principal	\$ 1,636.2	\$ 1,770.4	\$ 3.4	\$ 163.4	\$ 3,573.4
Interest	543.8	1,987.5	0.9	103.5	2,635.7
Total	<u>\$ 2,180.0</u>	<u>\$ 3,757.9</u>	<u>\$ 4.3</u>	<u>\$ 266.9</u>	<u>\$ 6,209.1</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 85.2	\$ 85.2
Net loss reserves	\$ -	\$ -	\$ -	\$ 85.2	\$ 85.2

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

Syncora Guarantee Inc.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 483	3.9%	\$ 507	4.0%	\$ 499	3.7%
AA	1,024	8.2	1,110	8.7	1,182	8.8
A	1,883	15.0	1,852	14.5	1,789	13.3
BBB	5,494	43.8	5,539	43.2	5,471	40.7
Below Investment Grade	3,648	29.1	3,810	29.7	4,517	33.6
Total Net Par Outstanding	\$ 12,531	100.0%	\$ 12,818	100.0%	\$ 13,459	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.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 3,338	9.0%	\$ 3,686	9.6%	\$ 2,816	6.5%
AA	10,995	29.7	10,737	27.9	13,329	30.9
A	14,332	38.8	15,594	40.5	17,612	40.9
BBB	6,504	17.6	6,762	17.6	7,572	17.6
Below Investment Grade	1,795	4.9	1,692	4.4	1,743	4.0
Total Net Par Outstanding	\$ 36,965	100.0%	\$ 38,471	100.0%	\$ 43,071	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.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 519	4.1%	\$ 558	4.4%	\$ 579	4.3%
aa	220	1.8	276	2.2	298	2.2
a	2,622	20.9	2,572	20.1	2,500	18.6
bbb	5,181	41.3	5,729	44.7	5,710	42.4
Below Investment Grade	3,989	31.8	3,683	28.7	4,372	32.5
Total Net Par Outstanding	\$ 12,531	100.0%	\$ 12,818	100.0%	\$ 13,459	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.

	Q1 2014		Q4 2013		Q3 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 3,371	9.1%	\$ 3,865	10.0%	\$ 3,456	8.0%
aa	5,752	15.6	5,975	15.5	8,242	19.1
a	17,862	48.3	18,302	47.6	19,899	46.2
bbb	8,011	21.7	9,142	23.8	10,197	23.7
Below Investment Grade	1,968	5.3	1,188	3.1	1,278	3.0
Total Net Par Outstanding	\$ 36,965	100.0%	\$ 38,471	100.0%	\$ 43,071	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.

	Q1 2014	Q4 2013	Q3 2013
	NPO	NPO	NPO
Public Finance	\$ 94	\$ 34	\$ 561
Asset-Backed Securities	1,252	1,297	1,334
Collateralized Debt Obligations	2	19	19
Structured Single Risk	2,299	2,459	2,603
Total Below Investment Grade	<u>\$ 3,648</u>	<u>\$ 3,810</u>	<u>\$ 4,517</u>
Total Net Par Outstanding	\$ 12,531	\$ 12,818	\$ 13,459
BIG as % of Net Par Outstanding	29.1%	29.7%	33.6%

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.

	Q1 2014	Q4 2013	Q3 2013
	NPO	NPO	NPO
Public Finance	\$ 1,382	\$ 1,230	\$ 1,290
Collateralized Debt Obligations	38	84	89
Structured Single Risk	375	378	364
Total Below Investment Grade	<u>\$ 1,795</u>	<u>\$ 1,692</u>	<u>\$ 1,743</u>
Total Net Par Outstanding	\$ 36,965	\$ 38,471	\$ 43,071
BIG as % of Net Par Outstanding	4.9%	4.4%	4.0%

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.

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

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q1 2014	Q4 2013	Q3 2013
	NPO	NPO	NPO
Public Finance	\$ 267	\$ 34	\$ 561
Asset-Backed Securities	1,297	1,073	1,104
Collateralized Debt Obligations	2	10	10
Structured Single Risk	2,422	2,566	2,697
Total Below Investment Grade	<u>\$ 3,989</u>	<u>\$ 3,683</u>	<u>\$ 4,372</u>
Total Net Par Outstanding	\$ 12,531	\$ 12,818	\$ 13,459
BIG as % of Net Par Outstanding	31.8%	28.7%	32.5%

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.

	Q1 2014	Q4 2013	Q3 2013
	NPO	NPO	NPO
Public Finance	\$ 1,593	\$ 1,188	\$ 1,278
Structured Single Risk	375	-	-
Total Below Investment Grade	<u>\$ 1,968</u>	<u>\$ 1,188</u>	<u>\$ 1,278</u>
Total Net Par Outstanding	\$ 36,965	\$ 38,471	\$ 43,071
BIG as % of Net Par Outstanding	5.3%	3.1%	3.0%

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.

Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

Syncora Guarantee Inc.

		Q1 2014		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 180	BB+	bb
2	Massachusetts (Commonwealth of) - GO	53	AA+	aa
3	New Jersey (State of) - Annual Appropriation	42	AA	a+
4	Port Authority of New York and New Jersey, NY	40	AA	aa-
5	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA	aa-
6	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	38	AA	bb
7	City of Detroit, MI - GO/AA	34	D	d
8	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	33	AA	a-
9	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+	aa-
10	Port of Portland, OR - Airport Revenue Bonds	26	AA-	aa-
11	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA	bb
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		\$ 538		
Total Portfolio Net Par Outstanding		\$ 12,531		
% of Total SGI Portfolio		4.3%		
Total Public Finance Portfolio Net Par Outstanding		\$ 538		
% 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.

		Q1 2014		
		NPO	S&P Rating	Internal Rating*
1	San Diego Family Housing LLC	\$ 710	AA	a+
2	LCOR Alexandria, LLC - Lease Revenue	580	AA-	a
3	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-	a-
4	State of California - GO	410	A	a-
5	Miami-Dade County, FL - Aviation Revenue Bonds	391	A	a-
6	University System of Georgia, Board of Regents, GA	359	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	314	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)	254	AA-	bb+
15	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	241	BB+	bbb-
16	City of San Jose, CA Redevelopment Agency - Tax Allocation	227	BBB	bb+
17	City of Denver, CO Airport System - Revenue Bonds	220	A+	a+
18	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	219	BBB	bb
19	City of Houston, TX Airport System - Revenue Bonds	216	A	a
20	Riverside County, CA - Tax Allocation Bonds	213	BBB	bbb-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 6,697		
Total Portfolio Net Par Outstanding		\$ 36,965		
% of Total SCAI Portfolio		18.1%		
Total Public Finance Portfolio Net Par Outstanding		\$ 26,031		
% 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.

		Q1 2014	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 1 ²	\$	303
2	American Home Servicing		274
3	Wells Fargo Bank, NA		263
4	Countrywide Home Loans		244
5	OneWest Bank, FSB		221
6	CLO Manager 2 ²		209
7	JP Morgan		160
8	CLO Manager 3 ²		144
9	TMF Administration Services Limited		99
10	Residential Capital, LLC		62
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	1,978
Total Portfolio Net Par Outstanding		\$	12,531
% of Total Portfolio			15.8%
Total Structured Finance Portfolio Net Par Outstanding		\$	11,993
% of Total Structured Finance Portfolio			16.5%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q1 2014	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	686
2	CLO Manager 2 ²		462
3	CLO Manager 5 ²		358
4	CLO Manager 6 ²		287
5	CLO Manager 1 ²		279
6	CLO Manager 7 ²		222
7	CLO Manager 8 ²		204
8	Private Commercial ABS Transaction ²		192
9	CLO Manager 9 ²		62
10	Bombardier Services Corporation		59
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,811
Total Portfolio Net Par Outstanding		\$	36,965
% of Total Portfolio			7.6%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	10,934
% of Total U.S. Structured Finance Portfolio			25.7%

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.

Q1 2014				Q4 2013				Q3 2013			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Illinois	\$ 1,992	\$ 531	4.2%	Illinois	\$ 2,099	\$ 525	4.1%	Alabama	\$ 1,860	\$ 818	6.1%
Puerto Rico	606	233	1.9	Alabama	1,289	291	2.3	Illinois	2,258	525	3.9
Other ¹	24,600	427	3.4	Puerto Rico	615	243	1.9	Puerto Rico	648	258	1.9
Non-PF Multi ^{2,3}	2,090	2,082	16.6	Other ¹	24,378	368	2.9	Other ¹	25,417	382	2.8
Total United States	\$ 29,287	\$ 3,273	26.1%	Non-PF Multi ²	2,183	2,175	17.0	Non-PF Multi ²	2,278	2,269	16.9
				Total United States	\$ 30,564	\$ 3,601	28.1%	Total United States	\$ 32,461	\$ 4,253	31.6%
International				International				International			
United Kingdom	\$ 5,393	\$ 4,962	39.6%	United Kingdom	\$ 5,352	\$ 4,917	38.4%	United Kingdom	\$ 5,128	\$ 4,709	35.0%
Australia	1,859	1,817	14.5	Australia	1,791	1,751	13.7	Australia	1,895	1,853	13.8
France	772	772	6.2	France	771	771	6.0	France	763	763	5.7
Chile	720	557	4.4	Chile	756	584	4.6	Chile	784	606	4.5
Spain	189	189	1.5	Spain	203	203	1.6	Spain	261	261	1.9
Italy	175	175	1.4	Italy	174	174	1.4	Canada	274	176	1.3
Canada	260	162	1.3	Canada	268	170	1.3	Italy	168	168	1.2
Norway	127	127	1.0	Portugal	137	137	1.1	Other ¹	836	404	3.0
Other ¹	677	230	1.8	Other ¹	672	244	1.9	Non-PF Multi ²	266	266	2.0
Non-PF Multi ^{2,4}	266	266	2.1	Non-PF Multi ²	266	266	2.1	Total International	\$ 10,375	\$ 9,206	68.4%
Total International	\$ 10,438	\$ 9,258	73.9%	Total International	\$ 10,390	\$ 9,216	71.9%	Total Outstanding	\$ 42,836	\$ 13,459	100.0%
Total Outstanding	\$ 39,725	\$ 12,531	100.0%	Total Outstanding	\$ 40,954	\$ 12,818	100.0%				

Notes:

- Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
- Non-Public Finance deals with underlying securities in multiple states/countries.
- Consists of \$1,327 million in ABS, \$563 million in CDO and \$191 million in SSR net par.
- Consists of \$266 million in SSR net par.

Syncora Capital Assurance Inc.

Q1 2014				Q4 2013				Q3 2013			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 4,923	\$ 4,878	13.2%	California	\$ 4,968	\$ 4,922	12.8%	California	\$ 6,157	\$ 6,111	14.2%
New York	2,866	2,866	7.8	New York	2,965	2,965	7.7	New York	3,026	3,026	7.0
Texas	1,646	1,646	4.5	Texas	1,740	1,740	4.5	Illinois	2,312	2,312	5.4
Florida	1,730	1,630	4.4	Florida	1,732	1,632	4.2	Texas	1,822	1,822	4.2
Illinois	1,460	1,460	4.0	Illinois	1,574	1,574	4.1	Florida	1,766	1,666	3.9
Pennsylvania	1,182	1,182	3.2	Pennsylvania	1,176	1,176	3.1	Pennsylvania	1,258	1,258	2.9
Alabama	966	966	2.6	Alabama	998	998	2.6	New Jersey	1,035	1,035	2.4
Colorado	937	937	2.5	Colorado	940	940	2.4	Alabama	1,034	1,034	2.4
Georgia	759	759	2.1	Georgia	912	912	2.4	Colorado	996	996	2.3
Virginia	663	663	1.8	Tennessee	664	664	1.7	Georgia	913	913	2.1
Tennessee	646	646	1.7	Virginia	664	664	1.7	Tennessee	684	684	1.6
Ohio	634	634	1.7	Washington	654	654	1.7	Washington	676	676	1.6
Washington	619	619	1.7	Ohio	635	635	1.7	Virginia	665	665	1.5
New Jersey	593	593	1.6	New Jersey	630	630	1.6	Ohio	665	665	1.5
South Carolina	524	524	1.4	Indiana	554	554	1.4	Michigan	644	644	1.5
Michigan	523	523	1.4	South Carolina	534	534	1.4	Indiana	587	587	1.4
Indiana	514	514	1.4	Minnesota	529	529	1.4	Massachusetts	579	579	1.3
Massachusetts	510	510	1.4	Michigan	528	528	1.4	Minnesota	552	552	1.3
District Of Columbia	484	484	1.3	Massachusetts	513	513	1.3	South Carolina	541	541	1.3
Minnesota	471	471	1.3	District Of Columbia	487	487	1.3	Puerto Rico	521	521	1.2
Missouri	453	453	1.2	Missouri	466	466	1.2	District Of Columbia	489	489	1.1
Wisconsin	383	383	1.0	Wisconsin	402	402	1.0	Missouri	469	469	1.1
Puerto Rico	373	373	1.0	Other ¹	4,509	4,509	11.7	Other ¹	4,768	4,768	11.1
Other ¹	3,960	3,960	10.7	Non-PF Multi ²	5,197	5,197	13.5	Non-PF Multi ²	5,953	5,953	13.8
Non-PF Multi ^{2,3}	4,615	4,615	12.5	Total United States	\$ 33,971	\$ 33,825	87.9%	Total United States	\$ 38,112	\$ 37,966	88.1%
Total United States	\$ 32,435	\$ 32,291	87.4%								
International				International				International			
United Kingdom	\$ 2,878	\$ 2,878	7.8%	United Kingdom	\$ 2,872	\$ 2,872	7.5%	United Kingdom	\$ 3,328	\$ 3,328	7.7%
Netherlands	686	686	1.9	Netherlands	685	685	1.8	Netherlands	674	674	1.6
New Zealand	658	658	1.8	New Zealand	624	624	1.6	New Zealand	631	631	1.5
Other ¹	452	452	1.2	Other ¹	460	460	1.2	Other ¹	468	468	1.1
Total International	\$ 4,674	\$ 4,674	12.6%	Non-PF Multi ²	5	5	0.0	Non-PF Multi ²	5	5	0.0
				Total International	\$ 4,646	\$ 4,646	12.1%	Total International	\$ 5,105	\$ 5,105	11.9%
Total Outstanding	\$ 37,110	\$ 36,965	100.0%	Total Outstanding	\$ 38,616	\$ 38,471	100.0%	Total Outstanding	\$ 43,217	\$ 43,071	100.0%

Notes:

- Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
- Non-Public Finance deals with underlying securities in multiple states/countries.
- Consists of \$4,364 million in CDO and \$251 million in ABS net par.

Investment Portfolio As of March 31, 2014 (U.S. dollars in millions)

Syncora Guarantee Inc.

Distribution by Security Type			Maturity	
	Book Adjusted Carrying Value	Percentage	Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 192.1 20.4%
Cash and cash equivalents	\$ 49.8	5.3%	1 to 5 Years	398.4 42.4%
Short-term investments	<u>95.9</u>	<u>10.2%</u>	5 to 10 Years	0.7 0.1%
Total Cash and Short-Term Investments	<u>145.7</u>	15.5%	Due after 10 Years	2.1 0.2%
Debt Securities			Mortgage and asset-backed securities	<u>347.0</u> <u>36.9%</u>
MBS/ABS	347.0	36.9%	Total	\$ <u>940.3</u> <u>100.0%</u>
U.S. Government	236.9	25.2%	Yield to Maturity @ Book Value	1.1%
Corporate	199.4	21.2%	Yield to Maturity @ Market Value	0.7%
States & Political Subs	<u>11.3</u>	<u>1.2%</u>	Duration (years)	1.4
Total Long-Term Fixed Maturity	<u>794.6</u>	84.5%		
Total	\$ <u>940.3</u>	<u>100.0%</u>		

Notes:

- Excludes \$72.7 million of uninsured cash flow ("UCF") securities.
- Excludes \$11.1 million of other remediation-related securities.
- Excludes \$7.9 million of operating cash balances.

Quality Distribution	Book Adjusted Carrying Value	Percentage
AAA	\$ 471.5	50.1%
AA	285.0	30.3%
A	176.4	18.8%
BBB	5.9	0.6%
BB & below and Not Rated	<u>1.5</u>	<u>0.2%</u>
Total	\$ <u>940.3</u>	<u>100.0%</u>
Average credit quality	AA	

Syncora Capital Assurance Inc.

Distribution by Security Type			Maturity	
	Book Adjusted Carrying Value	Percentage	Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 92.2 18.0%
Cash and cash equivalents	\$ 78.1	15.2%	1 to 5 Years	63.4 12.4%
Short-term investments	<u>14.1</u>	<u>2.7%</u>	5 to 10 Years	87.3 17.0%
Total Cash and Short-Term Investments	<u>92.2</u>	18.0%	Due after 10 Years	52.5 10.2%
Debt Securities			Mortgage and asset-backed securities	<u>217.4</u> <u>42.4%</u>
MBS/ABS	217.4	42.4%	Total	\$ <u>512.8</u> <u>100.0%</u>
U.S. Government	3.6	0.7%	Yield to Maturity @ Book Value	3.4%
Corporate	170.9	33.3%	Yield to Maturity @ Market Value	2.5%
States & Political Subs	<u>28.7</u>	<u>5.6%</u>	Duration (years)	4.2
Total Long-Term Fixed Maturity	<u>420.6</u>	82.0%		
Total	\$ <u>512.8</u>	<u>100.0%</u>		

Notes:

- Excludes \$47.9 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 \$20.0 million of common stocks and alternative investments.
- Excludes \$4.5 million of operating cash balances.

Quality Distribution	Book Adjusted Carrying Value	Percentage
AAA	\$ 151.6	29.6%
AA	154.7	30.2%
A	93.6	18.2%
BBB	84.8	16.5%
BB & below and Not Rated	<u>28.1</u>	<u>5.5%</u>
Total	\$ <u>512.8</u>	<u>100.0%</u>
Average credit quality	A+	