

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

**3rd QUARTER 2013  
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.

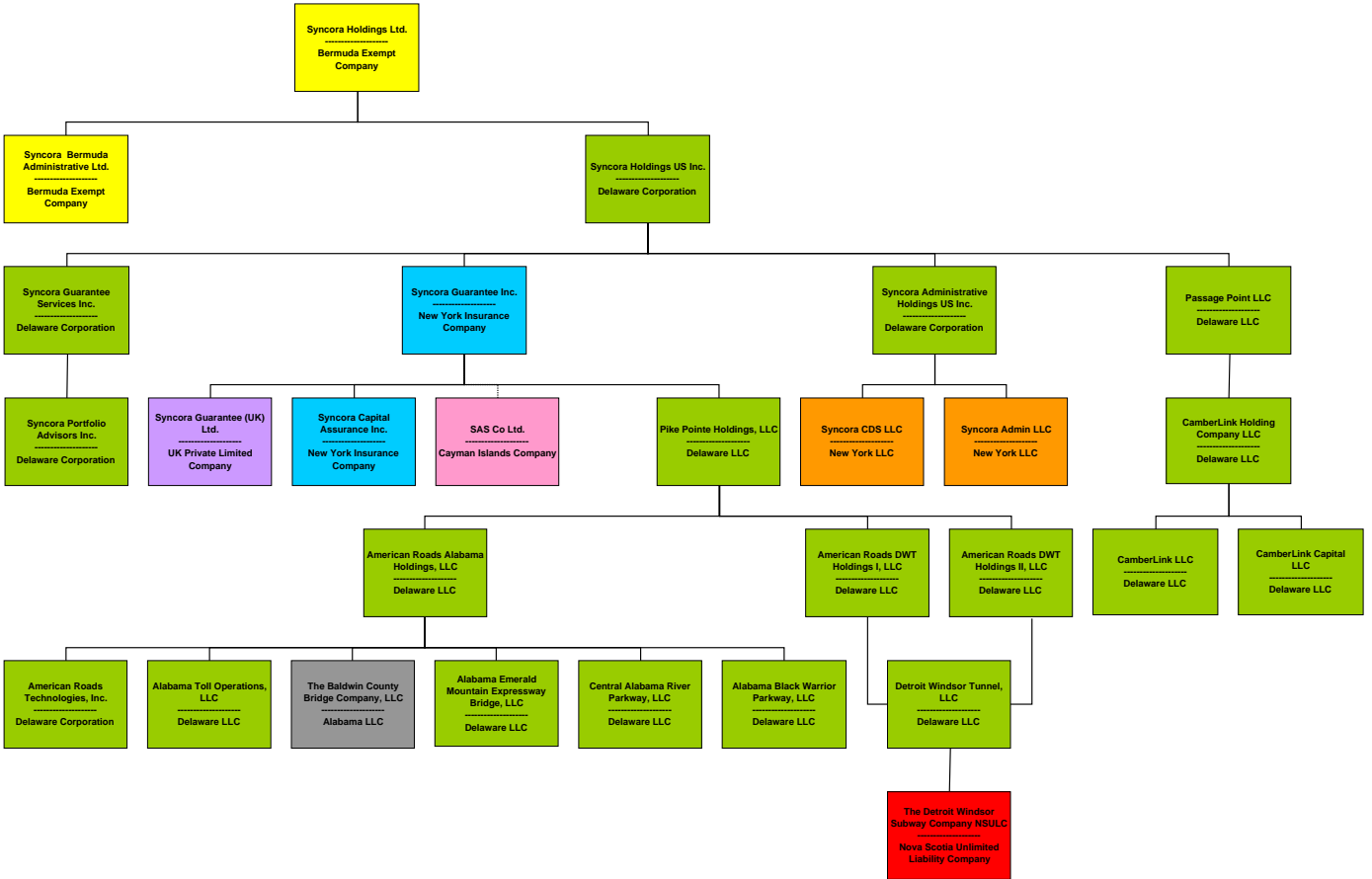
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<b>Leverage ratio<sup>1</sup></b>	Net par outstanding divided by total claims paying resources.
<b>Net par outstanding</b>	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.
<b>Net premiums written</b>	Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.
<b>Net present value of future installment premiums on insurance policies and credit derivative contracts<sup>1</sup> (NPVFIP)</b>	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.
<b>Net principal and interest outstanding</b>	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:**

<sup>1</sup>Includes certain management estimates.

# Syncora Legal Entity Structure



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

### Syncora Guarantee Inc.

	As of		
	9/30/2013	6/30/2013	3/31/2013
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 68,669	\$ 89,415	\$ 85,569
Bonds	540,315	521,980	579,440
Uninsured cash flow certificates	42,557	56,159	53,117
Interest rate derivatives	6,734	8,260	4,464
Investment in subsidiary - Syncora Guarantee (UK)	56,039	54,413	52,373
Investment in subsidiary - Syncora Capital Assurance	180,351	189,232	185,818
Subtotal, cash and invested assets	894,666	919,460	960,782
Investment income due and accrued	1,724	2,074	2,100
Uncollected premiums and reinsurance assets	3,608	4,312	4,024
Collateral deposit	1,800	1,500	5,900
Assets received as salvage	197,332	197,332	197,332
Other assets	6,189	4,976	4,695
<b>Total Assets</b>	<b>\$ 1,105,318</b>	<b>\$ 1,129,653</b>	<b>\$ 1,174,832</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 199,377	\$ 207,941	\$ 281,398
Unearned premiums	184,934	198,761	220,889
Payable to parent, subsidiaries and affiliates	23,304	20,066	16,135
Mandatory contingency reserve	100,681	100,855	108,029
Other liabilities	40,604	24,096	31,532
<b>Total Liabilities</b>	<b>548,899</b>	<b>551,719</b>	<b>657,983</b>
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)	(2,289,887)	(2,268,372)	(2,329,457)
Surplus as regards policyholders	556,419	577,934	516,849
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 1,105,318</b>	<b>\$ 1,129,653</b>	<b>\$ 1,174,832</b>

### Syncora Capital Assurance Inc.

	As of		
	9/30/2013	6/30/2013	3/31/2013
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 134,356	\$ 63,808	\$ 152,368
Preferred stocks	3,725	5,090	5,090
Common stocks	15,285	14,824	14,143
Bonds	421,234	486,516	522,306
Uninsured cash flow certificates	63,800	51,511	30,884
Other invested assets	3,369	3,255	1,948
Receivables for securities	559	6,400	-
Subtotal, cash and invested assets	642,326	631,403	726,738
Investment income due and accrued	3,291	3,895	4,890
Uncollected premiums	1,602	1,928	2,024
Net deferred tax asset	1,062	2,289	2,289
Receivable from parent, subsidiaries and affiliates	4,908	36,590	580
Other assets	50	62	136
<b>Total Assets</b>	<b>\$ 653,239</b>	<b>\$ 676,167</b>	<b>\$ 736,656</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 69,160	\$ 51,590	\$ 11,871
Unearned premiums	268,839	278,532	291,075
Payable to parent, subsidiaries and affiliates	2,949	4,784	13,517
Mandatory contingency reserve	131,723	134,152	230,019
Payable for securities	-	17,619	3,124
Other liabilities	179	220	1,181
<b>Total Liabilities</b>	<b>472,850</b>	<b>486,895</b>	<b>550,788</b>
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)	(211,111)	(202,228)	(205,632)
Surplus as regards policyholders	180,389	189,272	185,868
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 653,239</b>	<b>\$ 676,167</b>	<b>\$ 736,656</b>

# Statement of Income

(U.S. dollars in thousands)

## Syncora Guarantee Inc.

	Three Months Ended		
	9/30/2013	6/30/2013	3/31/2013
Net premiums written	\$ 5,069	\$ 7,794	\$ 5,958
Underwriting Income			
Net premiums earned	\$ 18,895	\$ 29,922	\$ 7,489
Net losses/(releases) incurred	(17,563)	721	4,891
Loss adjustment expenses incurred	5,952	(374)	3,715
Other underwriting expenses incurred	8,135	6,479	8,373
Net underwriting gain/(loss)	22,372	23,097	(9,490)
Investment Income			
Net investment income earned	5,294	10,411	3,883
Net realized gains/(losses)	(40,474)	(1,322)	1,470
Total net investment gain/(loss)	(35,180)	9,090	5,353
Other Income			
Other income	264	-	295
Net income/(loss) before taxes	(12,544)	32,187	(3,842)
Federal and foreign income taxes incurred/(benefit)	4,908	35,703	(7,941)
Net income/(loss)	\$ (17,452)	\$ (3,516)	\$ 4,100

## Syncora Capital Assurance Inc.

	Three Months Ended		
	9/30/2013	6/30/2013	3/31/2013
Net premiums written	\$ 6,144	\$ 5,341	\$ 6,698
Underwriting Income			
Net premiums earned	\$ 15,837	\$ 17,884	\$ 15,380
Net losses/(releases) incurred	22,521	118,945	-
Loss adjustment expenses incurred	4,891	(514)	3,853
Other underwriting expenses incurred	5,496	5,247	6,080
Net underwriting gain/(loss)	(17,071)	(105,795)	5,447
Investment Income			
Net investment income earned	6,125	96	6,737
Net realized capital gains	(7,324)	(24,418)	11,666
Total net investment gain/(loss)	(1,200)	(24,321)	18,403
Other Income			
Other income	2,515	1,255	105
Net income/(loss) before taxes	(15,756)	(128,861)	23,954
Federal and foreign income taxes incurred/(benefit)	(4,908)	(35,703)	7,941
Net income/(loss)	\$ (10,848)	\$ (93,158)	\$ 16,013

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

### Syncora Guarantee Inc.

	As of		
	9/30/2013	6/30/2013	3/31/2013
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 556	\$ 578	\$ 517
Contingency reserve	<u>101</u>	<u>101</u>	<u>108</u>
Qualified statutory capital	657	679	625
Unearned premium revenue	185	199	221
Loss & loss adjustment expense reserves	<u>199</u>	<u>208</u>	<u>281</u>
Total policyholders' surplus & reserves	1,041	1,085	1,127
NPVFIP	<u>158</u>	<u>157</u>	<u>166</u>
Total claims paying resources	<u>\$ 1,199</u>	<u>\$ 1,243</u>	<u>\$ 1,293</u>
Net par outstanding	\$ 13,459	\$ 13,525	\$ 14,693
Leverage ratio (Net par outstanding/Total claims paying resources)	11.2	10.9	11.4

### Syncora Capital Assurance Inc.

	As of		
	9/30/2013	6/30/2013	3/31/2013
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 180	\$ 189	\$ 186
Contingency reserve	<u>132</u>	<u>134</u>	<u>230</u>
Qualified statutory capital	312	323	416
Unearned premium revenue	269	279	291
Loss & loss adjustment expense reserves	<u>69</u>	<u>52</u>	<u>12</u>
Total policyholders' surplus & reserves	650	654	719
NPVFIP	<u>149</u>	<u>152</u>	<u>167</u>
Total claims paying resources	<u>\$ 799</u>	<u>\$ 805</u>	<u>\$ 886</u>
Net par outstanding	\$ 43,071	\$ 44,257	\$ 50,247
Leverage ratio (Net par outstanding/Total claims paying resources)	53.9	55.0	56.7

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

### Syncora Guarantee Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
Utility	\$ 589		\$ 589		\$ 589	
General Obligation	333		333		336	
Special Revenue	128		136		215	
Non Ad Valorem	64		64		73	
Appropriation	44		44		127	
Total Public Finance	\$ 1,158	8.6%	\$ 1,166	8.6%	\$ 1,339	9.1%
<b>Asset-Backed Securities</b>						
RMBS	\$ 1,400		\$ 1,451		\$ 1,494	
Commercial ABS	195		213		244	
Total Asset-Backed Securities	\$ 1,595	11.9%	\$ 1,664	12.3%	\$ 1,739	11.8%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 644		\$ 680		\$ 731	
Total Collateralized Debt Obligations	\$ 644	4.8%	\$ 680	5.0%	\$ 731	5.0%
<b>Structured Single Risk</b>						
Global Infrastructure	\$ 5,482		\$ 5,413		\$ 5,818	
Power & Utilities	3,444		3,451		3,894	
Specialized Risk	1,136		1,150		1,171	
Total Structured Single Risk	\$ 10,062	74.8%	\$ 10,013	74.0%	\$ 10,884	74.1%
<b>Total Net Par Outstanding</b>	<u>\$ 13,459</u>	<u>100.0%</u>	<u>\$ 13,525</u>	<u>100.0%</u>	<u>\$ 14,693</u>	<u>100.0%</u>

**Notes:**

Categories include domestic and international credits.

### Syncora Capital Assurance Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
General Obligation	\$ 11,322		\$ 11,906		\$ 12,530	
Special Revenue	8,672		8,948		9,088	
Utility	4,584		4,655		4,802	
Non Ad Valorem	3,964		4,020		4,035	
Appropriation	1,682		1,730		1,835	
Total Public Finance	\$ 30,224	70.2%	\$ 31,259	70.6%	\$ 32,290	64.3%
<b>Asset-Backed Securities</b>						
Commercial ABS	\$ 336		\$ 356		\$ 388	
Total Asset-Backed Securities	\$ 336	0.8%	\$ 356	0.8%	\$ 388	0.8%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 3,093		\$ 3,311		\$ 5,215	
Synthetic CDO	2,690		2,696		5,361	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 6,352	14.7%	\$ 6,576	14.9%	\$ 11,144	22.2%
<b>Structured Single Risk</b>						
Power & Utilities	\$ 3,888		\$ 3,889		\$ 4,249	
Global Infrastructure	2,221		2,127		2,126	
Specialized Risk	50		50		50	
Total Structured Single Risk	\$ 6,159	14.3%	\$ 6,066	13.7%	\$ 6,425	12.8%
<b>Total Net Par Outstanding</b>	<u>\$ 43,071</u>	<u>100.0%</u>	<u>\$ 44,257</u>	<u>100.0%</u>	<u>\$ 50,247</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 2013			Q2 2013			Q1 2013		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q2	\$ -	\$ 21,334	2013 Q1	\$ -	\$ 23,698
2013 Q3	\$ -	\$ 21,183	2013 Q3	511	20,823	2013 Q2	508	23,190
2013 Q4	<u>391</u>	20,791	2013 Q4	<u>389</u>	20,434	2013 Q3	218	22,972
Total 2013	\$ 391		Total 2013	\$ 901		2013 Q4	<u>417</u>	22,556
						Total 2013	\$ 1,143	
2014	\$ 876	\$ 19,915	2014	\$ 878	\$ 19,555	2014	\$ 982	\$ 21,574
2015	1,013	18,902	2015	1,007	18,548	2015	1,014	20,560
2016	1,443	17,459	2016	1,427	17,122	2016	1,521	19,039
2017	<u>1,153</u>	16,306	2017	<u>1,093</u>	16,028	2017	<u>1,093</u>	17,946
Total 2014-2017	\$ 4,486		Total 2014-2017	\$ 4,405		Total 2014-2017	\$ 4,609	
2018-2022	\$ 3,888	\$ 12,418	2018-2022	\$ 3,818	\$ 12,210	2018-2022	\$ 3,923	\$ 14,023
2023-2027	2,948	9,470	2023-2027	2,693	9,517	2023-2027	2,714	11,309
2028-2032	1,428	8,042	2028-2032	1,353	8,164	2028-2032	1,318	9,990
2033 and thereafter	<u>8,042</u>	-	2033 and thereafter	<u>8,164</u>	-	2033 and thereafter	<u>9,990</u>	-
Total 2018-thereafter	\$ 16,306		Total 2018-thereafter	\$ 16,028		Total 2018-thereafter	\$ 17,946	
Total	\$ 21,183		Total	\$ 21,334		Total	\$ 23,698	

**Notes:**

NPIO represents Net Principal and Interest Outstanding.

### Syncora Capital Assurance Inc.

Q3 2013			Q2 2013			Q1 2013		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q2	\$ -	\$ 66,702	2013 Q1	\$ -	\$ 74,374
2013 Q3	\$ -	\$ 64,917	2013 Q3	985	65,716	2013 Q2	1,908	72,466
2013 Q4	<u>1,509</u>	63,408	2013 Q4	<u>1,516</u>	64,201	2013 Q3	1,030	71,436
Total 2013	\$ 1,509		Total 2013	\$ 2,501		2013 Q4	<u>1,602</u>	69,834
						Total 2013	\$ 4,540	
2014	\$ 5,277	\$ 58,131	2014	\$ 5,371	\$ 58,829	2014	\$ 6,552	\$ 63,282
2015	3,907	54,224	2015	3,965	54,864	2015	4,480	58,801
2016	4,035	50,189	2016	4,090	50,774	2016	4,653	54,149
2017	<u>3,332</u>	46,857	2017	<u>3,366</u>	47,409	2017	<u>3,835</u>	50,314
Total 2014-2017	\$ 16,552		Total 2014-2017	\$ 16,792		Total 2014-2017	\$ 19,520	
2018-2022	\$ 12,335	\$ 34,522	2018-2022	\$ 12,642	\$ 34,766	2018-2022	\$ 13,713	\$ 36,601
2023-2027	10,878	23,644	2023-2027	11,145	23,621	2023-2027	12,433	24,167
2028-2032	8,658	14,986	2028-2032	8,776	14,845	2028-2032	9,264	14,903
2033 and thereafter	<u>14,986</u>	-	2033 and thereafter	<u>14,845</u>	-	2033 and thereafter	<u>14,903</u>	-
Total 2018-thereafter	\$ 46,857		Total 2018-thereafter	\$ 47,409		Total 2018-thereafter	\$ 50,314	
Total	\$ 64,917		Total	\$ 66,702		Total	\$ 74,374	

**Notes:**

NPIO represents Net Principal and Interest Outstanding.

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

## Syncora Guarantee Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,158	18	\$ 1,166	18	\$ 1,339	16
Asset-Backed Securities	1,595	38	1,664	38	1,739	39
Collateralized Debt Obligations	644	7	680	8	731	11
Structured Single Risk	10,062	45	10,013	45	10,884	45
Total Net Par Outstanding	<u>\$ 13,459</u>	<u>108</u>	<u>\$ 13,525</u>	<u>109</u>	<u>\$ 14,693</u>	<u>111</u>
<b>Net Loss Reserve</b>						
Public Finance	\$ 114		\$ 110		\$ 120	
Asset-Backed Securities	118		119		113	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	(48)		(36)		27	
Total Net Reserve	<u>\$ 187</u>		<u>\$ 196</u>		<u>\$ 263</u>	
Less Salvage & Subrogation	(35)		(38)		(38)	
Adjusted Total	<u>\$ 151</u>		<u>\$ 158</u>		<u>\$ 225</u>	

**Note:**

Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 30,224	1,983	\$ 31,259	2,018	\$ 32,290	2,052
Asset-Backed Securities	336	3	356	3	388	3
Collateralized Debt Obligations	6,352	26	6,576	26	11,144	39
Structured Single Risk	6,159	35	6,066	37	6,425	38
Total Net Par Outstanding	<u>\$ 43,071</u>	<u>2,047</u>	<u>\$ 44,257</u>	<u>2,084</u>	<u>\$ 50,247</u>	<u>2,132</u>
<b>Net Loss Reserve</b>						
Public Finance	\$ 56		\$ 41		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 56</u>		<u>\$ 41</u>		<u>\$ -</u>	
Less Salvage & Subrogation	(0)		(0)		(0)	
Adjusted Total	<u>\$ 56</u>		<u>\$ 41</u>		<u>\$ (0)</u>	

**Note:**

Categories include domestic and international credits.

# Insured Portfolio - Watch List

## As of September 30, 2013

(U.S. dollars in millions)

### Syncora Guarantee Inc.

	Q3 2013				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	10	4	6	30	50
Remaining weighted-average contract period (in years)	12.3	6.2	7.7	12.8	10.0
Insured contractual payments outstanding:					
Principal	\$ 942.8	\$ 699.2	\$ 1,900.3	\$ 1,772.5	\$ 5,314.7
Interest	478.5	300.5	537.0	1,200.5	2,516.5
Total	<u>\$ 1,421.2</u>	<u>\$ 999.7</u>	<u>\$ 2,437.2</u>	<u>\$ 2,973.0</u>	<u>\$ 7,831.2</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 247.3	\$ 247.3
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 186.7	\$ 186.7
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 151.4	\$ 151.4

### Syncora Capital Assurance Inc.

	Q3 2013				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	17	14	1	2	34
Remaining weighted-average contract period (in years)	9.4	18.8	6.6	11.8	12.6
Insured contractual payments outstanding:					
Principal	\$ 2,043.3	\$ 1,057.1	\$ 3.6	\$ 217.6	\$ 3,321.6
Interest	713.5	1,731.0	1.0	150.6	2,596.1
Total	<u>\$ 2,756.8</u>	<u>\$ 2,788.2</u>	<u>\$ 4.6</u>	<u>\$ 368.1</u>	<u>\$ 5,917.7</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 56.3	\$ 56.3
Net loss reserves	\$ -	\$ -	\$ -	\$ 56.3	\$ 56.3

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

### Syncora Guarantee Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 499	3.7%	\$ 529	3.9%	\$ 599	4.1%
AA	1,182	8.8	1,198	8.9	1,363	9.3
A	1,789	13.3	1,724	12.7	1,883	12.8
BBB	5,471	40.7	5,496	40.6	6,044	41.1
Below Investment Grade	4,517	33.6	4,577	33.8	4,804	32.7
Total Net Par Outstanding	\$ 13,459	100.0%	\$ 13,525	100.0%	\$ 14,693	100.0%

**Notes:**

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

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

### Syncora Capital Assurance Inc.

	Q3 2013		Q2 2013		Q1 2013	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 2,816	6.5%	\$ 2,836	6.4%	\$ 4,140	8.2%
AA	13,329	30.9	13,757	31.1	16,467	32.8
A	17,612	40.9	18,313	41.4	18,425	36.7
BBB	7,572	17.6	7,587	17.1	8,765	17.4
Below Investment Grade	1,743	4.0	1,763	4.0	2,450	4.9
Total Net Par Outstanding	\$ 43,071	100.0%	\$ 44,257	100.0%	\$ 50,247	100.0%

**Notes:**

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

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 2013	Q2 2013	Q1 2013
	NPO	NPO	NPO
Public Finance	\$ 561	\$ 561	\$ 564
Asset-Backed Securities	1,334	1,387	1,346
Collateralized Debt Obligations	19	24	25
Structured Single Risk	2,603	2,605	2,870
Total Below Investment Grade	<u>\$ 4,517</u>	<u>\$ 4,577</u>	<u>\$ 4,804</u>
Total Net Par Outstanding	\$ 13,459	\$ 13,525	\$ 14,693
BIG as % of Net Par Outstanding	33.6%	33.8%	32.7%

#### Notes:

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

### Syncora Capital Assurance Inc.

	Q3 2013	Q2 2013	Q1 2013
	NPO	NPO	NPO
Public Finance	\$ 1,290	\$ 1,326	\$ 1,425
Collateralized Debt Obligations	89	90	1,025
Structured Single Risk	364	347	-
Total Below Investment Grade	<u>\$ 1,743</u>	<u>\$ 1,763</u>	<u>\$ 2,450</u>
Total Net Par Outstanding	\$ 43,071	\$ 44,257	\$ 50,247
BIG as % of Net Par Outstanding	4.0%	4.0%	4.9%

#### Notes:

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

## Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

### Syncora Guarantee Inc.

		Q3 2013	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 527	D
2	Commonwealth of Puerto Rico - GO	188	BBB-
3	Massachusetts (Commonwealth of) - GO	65	AA+
4	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	AA
5	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	46	BBB-
6	New Jersey (State of) - Annual Appropriation	44	AA-
7	Port Authority of New York and New Jersey, NY	40	AA-
8	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA
9	City of Detroit, MI - GO/AA	34	D
10	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	33	AA-
11	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+
12	Port of Portland, OR - Airport Revenue Bonds	26	AA-
13	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA-
14	Commonwealth of Puerto Rico, Highway & Transportation Authority	9	BBB+
15	JEA, FL Water & Sewer (Senior Lien)	8	AA-
16	Jackson Energy Authority, TN - Water Revenue Bonds	1	A
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 1,158	
Total Portfolio Net Par Outstanding		\$ 13,459	
% of Total SGI Portfolio		8.6%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,158	
% of Total Public Finance Portfolio		100.0%	

#### Notes:

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

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

### Syncora Capital Assurance Inc.

		Q3 2013	
		NPO	Rating
1	San Diego Family Housing LLC	\$ 714	AA
2	LCOR Alexandria, LLC - Lease Revenue	580	A
3	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-
4	State of California - GO	449	A
5	Miami-Dade County, FL - Aviation Revenue Bonds	404	A
6	Port Authority of New York and New Jersey, NY	347	AA-
7	City of Denver Convention Center Hotel Project, CO	344	BBB-
8	Metropolitan Pier & Exposition Center, IL	337	AAA
9	New Jersey Transportation Trust Fund, NJ	327	A+
10	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+
11	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
12	Dodger Tickets LLC	317	BBB
13	Miami-Dade County (Water/Sewer), FL	311	A+
14	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	266	A
15	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	255	AA-
16	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	241	BB+
17	City of Denver, CO Airport System - Revenue Bonds	237	A+
18	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	230	BBB
19	City of San Jose, CA Redevelopment Agency - Tax Allocation	227	BBB
20	Riverside County, CA - Tax Allocation Bonds	217	BBB
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 6,905	
Total Portfolio Net Par Outstanding		\$ 43,071	
% of Total SCAI Portfolio		16.0%	
Total Public Finance Portfolio Net Par Outstanding		\$ 30,224	
% of Total Public Finance Portfolio		22.8%	

#### Notes:

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

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

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

### Syncora Guarantee Inc.

		Q3 2013	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 1 <sup>2</sup>	\$	303
2	American Home Servicing		283
3	Wells Fargo Bank, NA		278
4	CLO Manager 2 <sup>2</sup>		268
5	Countrywide Home Loans		258
6	OneWest Bank, FSB		232
7	JP Morgan		168
8	CLO Manager 3 <sup>2</sup>		150
9	TMF Administration Services Limited		111
10	Residential Capital, LLC		75
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,125
Total Portfolio Net Par Outstanding		\$	13,459
% of Total Portfolio			15.8%
Total Structured Finance Portfolio Net Par Outstanding		\$	12,301
% of Total Structured Finance Portfolio			17.3%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

### Syncora Capital Assurance Inc.

		Q3 2013	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 4 <sup>2</sup>	\$	1,242
2	CLO Manager 2 <sup>2</sup>		555
3	CLO Manager 5 <sup>2</sup>		380
4	CLO Manager 6 <sup>2</sup>		348
5	CLO Manager 1 <sup>2</sup>		314
6	CLO Manager 7 <sup>2</sup>		302
7	CLO Manager 8 <sup>2</sup>		290
8	Private Commercial ABS Transaction <sup>2</sup>		260
9	CLO Manager 9 <sup>2</sup>		89
10	Bombardier Services Corporation		76
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	3,855
Total Portfolio Net Par Outstanding		\$	43,071
% of Total Portfolio			9.0%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	12,847
% of Total U.S. Structured Finance Portfolio			30.0%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

# Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

## Syncora Guarantee Inc.

Q3 2013				Q2 2013				Q1 2013			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
Alabama	\$ 1,860	\$ 818	6.1%	Alabama	\$ 1,883	\$ 829	6.1%	Alabama	\$ 2,038	\$ 910	6.2%
Illinois	2,258	525	3.9	Illinois	2,259	518	3.8	Illinois	2,270	518	3.5
Puerto Rico	648	258	1.9	Puerto Rico	700	258	1.9	Puerto Rico	690	249	1.7
Other <sup>1</sup>	25,417	382	2.8	Other <sup>1</sup>	26,445	392	2.9	New Jersey	926	205	1.4
Non-PF Multi <sup>2,3</sup>	2,278	2,269	16.9	Non-PF Multi <sup>2</sup>	2,342	2,333	17.2	Other <sup>1</sup>	26,976	369	2.5
Total United States	\$ 32,461	\$ 4,253	31.6%	Total United States	\$ 33,629	\$ 4,330	32.0%	Non-PF Multi <sup>2</sup>	2,445	2,436	16.6
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 5,128	\$ 4,709	35.0%	United Kingdom	\$ 5,097	\$ 4,697	34.7%	United Kingdom	\$ 5,541	\$ 5,147	35.0%
Australia	1,895	1,853	13.8	Australia	1,864	1,823	13.5	Australia	2,121	2,074	14.1
France	763	763	5.7	France	767	767	5.7	France	779	779	5.3
Chile	784	606	4.5	Chile	809	630	4.7	Chile	875	682	4.6
Spain	261	261	1.9	Spain	251	251	1.9	Spain	249	249	1.7
Canada	274	176	1.3	Canada	273	174	1.3	Canada	281	182	1.2
Italy	168	168	1.2	Italy	167	167	1.2	Italy	172	172	1.2
Other <sup>1</sup>	836	404	3.0	Other <sup>1</sup>	829	420	3.1	Other <sup>1</sup>	877	442	3.0
Non-PF Multi <sup>2,4</sup>	266	266	2.0	Non-PF Multi <sup>2</sup>	266	266	2.0	Non-PF Multi <sup>2</sup>	281	281	1.9
Total International	\$ 10,375	\$ 9,206	68.4%	Total International	\$ 10,323	\$ 9,194	68.0%	Total International	\$ 11,175	\$ 10,007	68.1%
Total Outstanding	\$ 42,836	\$ 13,459	100.0%	Total Outstanding	\$ 43,952	\$ 13,525	100.0%	Total Outstanding	\$ 46,522	\$ 14,693	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 \$1,434 million in ABS, \$636 million in CDO and \$200 million in SSR net par.
- Consists of \$266 million in SSR net par.

## Syncora Capital Assurance Inc.

Q3 2013				Q2 2013				Q1 2013			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
California	\$ 6,157	\$ 6,111	14.2%	California	\$ 6,402	\$ 6,356	14.4%	California	\$ 6,640	\$ 6,594	13.1%
New York	3,026	3,026	7.0	New York	3,296	3,296	7.4	New York	3,370	3,370	6.7
Illinois	2,312	2,312	5.4	Illinois	2,316	2,316	5.2	Illinois	2,315	2,315	4.6
Texas	1,822	1,822	4.2	Texas	1,873	1,873	4.2	Texas	1,947	1,947	3.9
Florida	1,766	1,666	3.9	Florida	1,821	1,721	3.9	Florida	1,825	1,725	3.4
Pennsylvania	1,258	1,258	2.9	Pennsylvania	1,293	1,293	2.9	Pennsylvania	1,336	1,336	2.7
New Jersey	1,035	1,035	2.4	New Jersey	1,053	1,053	2.4	Alabama	1,121	1,121	2.2
Alabama	1,034	1,034	2.4	Alabama	1,046	1,046	2.4	New Jersey	1,052	1,052	2.1
Colorado	996	996	2.3	Colorado	1,030	1,030	2.3	Colorado	1,033	1,033	2.1
Georgia	913	913	2.1	Georgia	937	937	2.1	Georgia	945	945	1.9
Tennessee	684	684	1.6	Michigan	700	700	1.6	Michigan	818	818	1.6
Washington	676	676	1.6	Tennessee	697	697	1.6	Washington	776	776	1.5
Virginia	665	665	1.5	Washington	684	684	1.5	Massachusetts	766	766	1.5
Ohio	665	665	1.5	Virginia	668	668	1.5	Tennessee	718	718	1.4
Michigan	644	644	1.5	Ohio	665	665	1.5	Virginia	668	668	1.3
Indiana	587	587	1.4	Indiana	605	605	1.4	Ohio	663	663	1.3
Massachusetts	579	579	1.3	Massachusetts	592	592	1.3	South Carolina	648	648	1.3
Minnesota	552	552	1.3	Puerto Rico	570	570	1.3	Indiana	605	605	1.2
South Carolina	541	541	1.3	Minnesota	564	564	1.3	Minnesota	576	576	1.1
Puerto Rico	521	521	1.2	South Carolina	547	547	1.2	Puerto Rico	570	570	1.1
District Of Columbia	489	489	1.1	District Of Columbia	491	491	1.1	Other <sup>1</sup>	6,176	6,176	12.3
Missouri	469	469	1.1	Missouri	472	472	1.1	Non-PF Multi <sup>2</sup>	9,227	9,227	18.4
Other <sup>1</sup>	4,768	4,768	11.1	Other <sup>1</sup>	4,901	4,901	11.1	Total United States	\$ 43,796	\$ 43,650	86.9%
Non-PF Multi <sup>2,3</sup>	5,953	5,953	13.8	Non-PF Multi <sup>2</sup>	6,169	6,169	13.9				
Total United States	\$ 38,112	\$ 37,966	88.1%	Total United States	\$ 39,391	\$ 39,245	88.7%				
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 3,328	\$ 3,328	7.7%	United Kingdom	\$ 3,286	\$ 3,286	7.4%	United Kingdom	\$ 3,537	\$ 3,537	7.0%
Netherlands	674	674	1.6	Netherlands	648	648	1.5	Ireland	1,050	1,050	2.1
New Zealand	631	631	1.5	New Zealand	588	588	1.3	Netherlands	639	639	1.3
Other <sup>1</sup>	468	468	1.1	Other <sup>1</sup>	470	470	1.1	New Zealand	636	636	1.3
Non-PF Multi <sup>2,4</sup>	5	5	0.0	Non-PF Multi <sup>2</sup>	20	20	0.0	Other <sup>1</sup>	715	715	1.4
Total International	\$ 5,105	\$ 5,105	11.9%	Total International	\$ 5,012	\$ 5,012	11.3%	Non-PF Multi <sup>2</sup>	20	20	0.0
Total Outstanding	\$ 43,217	\$ 43,071	100.0%	Total Outstanding	\$ 44,403	\$ 44,257	100.0%	Total International	\$ 6,597	\$ 6,597	13.1%

**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 \$5,617 million in CDO and \$336 million in ABS net par.
- Consists of \$5 million in CDO net par.



# Investment Portfolio

## As of September 30, 2013

(U.S. dollars in millions)

### Syncora Guarantee Inc.

Distribution by Security Type	Book Adjusted		Maturity	Book Adjusted	
	Carrying Value	Percentage		Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 90.4	15.4%
Cash and cash equivalents	\$ 30.3	5.2%	1 to 5 Years	298.7	51.0%
Short-term investments	15.1	2.6%	5 to 10 Years	3.6	0.6%
Total Cash and Short-Term Investments	45.4	7.8%	Due after 10 Years	2.9	0.5%
Debt Securities			Mortgage and asset-backed securities	190.2	32.5%
MBS/ABS	190.2	32.5%	Total	\$ 585.8	100.0%
U.S. Government	200.7	34.3%	Yield to Maturity @ Book Value		1.2%
Corporate	135.3	23.1%	Yield to Maturity @ Market Value		0.7%
States & Political Subs	14.1	2.4%	Duration (years)		1.7
Total Long-Term Fixed Maturity	540.3	92.2%			
Total	\$ 585.8	100.0%			

#### Notes:

- Excludes \$42.6 million of uninsured cash flow ("UCF") securities.
- Excludes \$23.2 million of operating cash balances.

Quality Distribution	Book Adjusted	Percentage
	Carrying Value	
AAA	\$ 208.9	35.7%
AA	249.9	42.7%
A	122.4	20.9%
BBB	3.0	0.5%
BB & below and Not Rated	1.6	0.3%
Total	\$ 585.8	100.0%
Average credit quality	AA	

### Syncora Capital Assurance Inc.

Distribution by Security Type	Book Adjusted		Maturity	Book Adjusted	
	Carrying Value	Percentage		Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 129.8	23.6%
Cash and cash equivalents	\$ 100.8	18.4%	1 to 5 Years	56.4	10.3%
Short-term investments	29.0	5.3%	5 to 10 Years	104.3	19.0%
Total Cash and Short-Term Investments	129.8	23.6%	Due after 10 Years	51.1	9.3%
Debt Securities			Mortgage and asset-backed securities	207.6	37.8%
MBS/ABS	207.6	37.8%	Total	\$ 549.2	100.0%
U.S. Government	10.8	2.0%	Yield to Maturity @ Book Value		3.2%
Corporate	172.5	31.4%	Yield to Maturity @ Market Value		2.5%
States & Political Subs	28.5	5.2%	Duration (years)		4.0
Total Long-Term Fixed Maturity	419.4	76.4%			
Total	\$ 549.2	100.0%			

#### Notes:

- Excludes \$63.8 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 \$18.7 million of common stocks and alternative investments.
- Excludes \$4.5 million of operating cash balances.

Quality Distribution	Book Adjusted	Percentage
	Carrying Value	
AAA	\$ 180.2	32.8%
AA	163.0	29.7%
A	95.4	17.4%
BBB	82.9	15.1%
BB & below and Not Rated	27.7	5.0%
Total	\$ 549.2	100.0%
Average credit quality	A+	