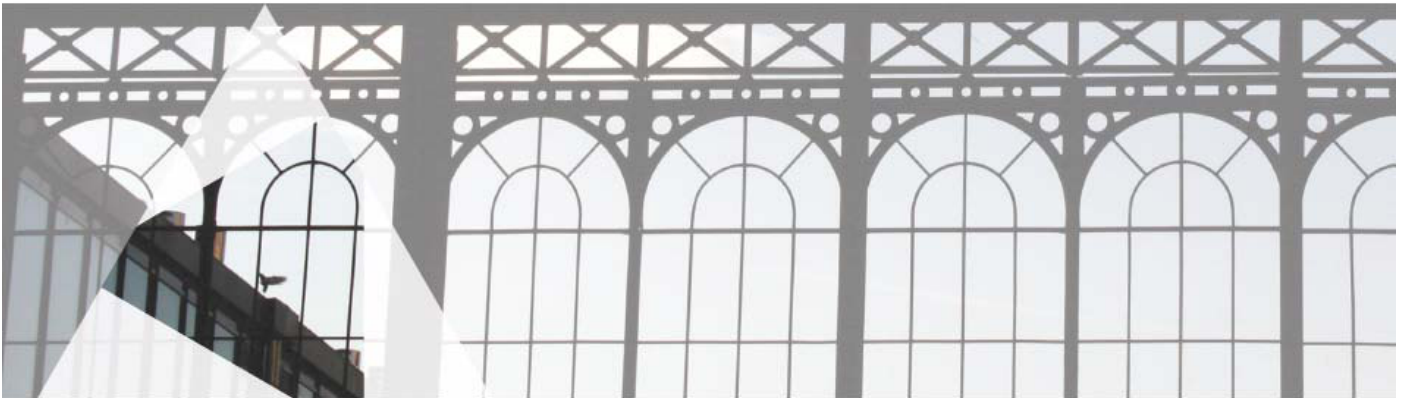


**Syncora Guarantee Inc.  
Syncora Capital Assurance Inc.**

**4th 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.

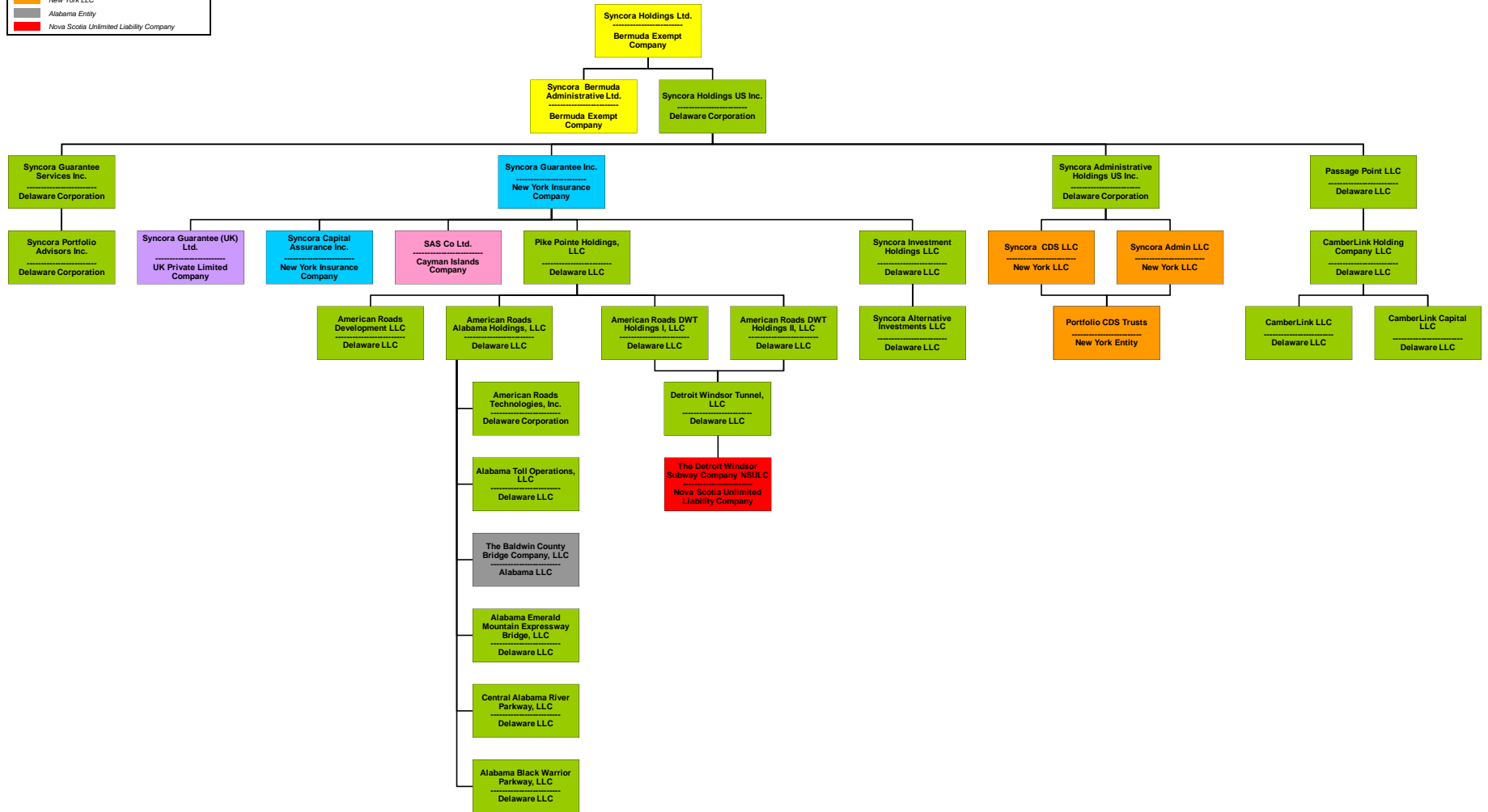
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<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 (NPVFIP)<sup>1</sup></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		
	12/31/2014	9/30/2014	6/30/2014
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 92,147	\$ 77,294	\$ 71,381
Bonds	821,440	868,702	868,923
Uninsured cash flow certificates	62,770	70,084	73,343
Interest rate derivatives	3,182	4,533	4,073
Investment in subsidiary - Syncora Guarantee (UK)	59,406	57,806	59,643
Other invested assets	165,670	116,969	114,857
Receivables for securities	-	431	43
Subtotal, cash and invested assets	1,204,615	1,195,819	1,192,264
Investment income due and accrued	2,807	2,535	3,095
Uncollected premiums and reinsurance assets	2,741	4,262	4,598
Collateral deposit	3,800	3,600	5,100
Other assets	5,569	4,135	7,662
<b>Total Assets</b>	<b>\$ 1,219,531</b>	<b>\$ 1,210,352</b>	<b>\$ 1,212,719</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 111,302	\$ (26,599)	\$ 5,233
Unearned premiums	141,637	148,976	159,205
Payable to parent, subsidiaries and affiliates	6,219	5,605	5,351
Mandatory contingency reserve	98,454	104,345	105,383
Other liabilities	5,923	5,932	7,718
<b>Total Liabilities</b>	<b>363,535</b>	<b>238,259</b>	<b>282,889</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)	(1,990,310)	(1,874,213)	(1,916,476)
Surplus as regards policyholders	855,996	972,093	929,830
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 1,219,531</b>	<b>\$ 1,210,352</b>	<b>\$ 1,212,719</b>

### Syncora Capital Assurance Inc.

	As of		
	12/31/2014	9/30/2014	6/30/2014
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 63,074	\$ 54,064	\$ 70,277
Preferred stocks	3,653	3,687	3,725
Common stocks	20,750	19,998	19,372
Bonds	352,442	368,505	383,193
Uninsured cash flow certificates	34,012	63,710	69,424
Other invested assets	4,904	4,298	3,782
Receivables for securities	-	-	-
Subtotal, cash and invested assets	478,834	514,262	549,773
Investment income due and accrued	2,804	2,777	3,069
Uncollected premiums	1,656	2,531	1,670
Net deferred tax asset	3,134	3,229	2,755
Receivable from parent, subsidiaries and affiliates	3,165	817	79
Other assets	5,570	50	89
<b>Total Assets</b>	<b>\$ 495,163</b>	<b>\$ 523,667</b>	<b>\$ 557,436</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 21,935	\$ 76,797	\$ 77,917
Unearned premiums	216,723	231,339	236,207
Payable to parent, subsidiaries and affiliates	5,746	8,102	9,968
Mandatory contingency reserve	85,421	89,691	105,757
Payable for securities	528	635	12,599
Other liabilities	313	128	125
<b>Total Liabilities</b>	<b>330,666</b>	<b>406,693</b>	<b>442,573</b>
Surplus notes	200,000	200,000	200,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	219,000	189,000	189,000
Unassigned funds (surplus)	(257,003)	(274,526)	(276,637)
Surplus as regards policyholders	164,497	116,974	114,863
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 495,163</b>	<b>\$ 523,667</b>	<b>\$ 557,436</b>

# Statement of Income

(U.S. dollars in thousands)

## Syncora Guarantee Inc.

	Three Months Ended		
	12/31/2014	9/30/2014	6/30/2014
Net premiums written	\$ 3,237	\$ 4,970	\$ 5,792
Underwriting Income			
Net premiums earned	\$ 10,576	\$ 15,199	\$ 6,150
Net losses/(releases) incurred	152,019	(32,829)	13,385
Loss adjustment expenses incurred	3,444	798	171
Other underwriting expenses incurred	5,802	6,671	7,332
Net underwriting gain/(loss)	(150,688)	40,558	(14,738)
Investment Income			
Net investment income earned	12,815	6,080	12,280
Net realized gains/(losses)	(103)	589	1,061
Total net investment gain/(loss)	12,712	6,669	13,342
Other Income			
Other income	622	331	187
Net income/(loss) before taxes	(137,353)	47,558	(1,209)
Federal and foreign income taxes incurred/(benefit)	29	(3,732)	(5,536)
Net income/(loss)	\$ (137,382)	\$ 51,291	\$ 4,327

## Syncora Capital Assurance Inc.

	Three Months Ended		
	12/31/2014	9/30/2014	6/30/2014
Net premiums written	\$ 2,407	\$ 4,969	\$ 3,423
Underwriting Income			
Net premiums earned	\$ 17,023	\$ 9,836	\$ 14,926
Net losses/(releases) incurred	(45,947)	9,252	30,414
Loss adjustment expenses incurred	5,060	(191)	5,462
Other underwriting expenses incurred	5,846	4,624	4,394
Net underwriting gain/(loss)	52,064	(3,848)	(25,343)
Investment Income			
Net investment income earned	(1,066)	5,404	(526)
Net realized capital gains	(37,038)	(11,207)	(500)
Total net investment gain/(loss)	(38,103)	(5,804)	(1,026)
Other Income			
Other income	136	124	5
Net income/(loss) before taxes	14,096	(9,528)	(26,364)
Federal and foreign income taxes incurred/(benefit)	69	4,071	5,899
Net income/(loss)	\$ 14,028	\$ (13,599)	\$ (32,262)

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

### Syncora Guarantee Inc.

	As of		
	12/31/2014	9/30/2014	6/30/2014
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 856	\$ 972	\$ 930
Contingency reserve	98	104	105
Qualified statutory capital	954	1,076	1,035
Unearned premium revenue	142	149	159
Loss & loss adjustment expense reserves <sup>1,2,3</sup>	278	201	237
Total policyholders' surplus & reserves	1,374	1,426	1,432
NPVFIP	74	94	104
Total claims paying resources	\$ 1,448	\$ 1,521	\$ 1,536
Net par outstanding	\$ 10,292	\$ 11,449	\$ 12,555
Leverage ratio (Net par outstanding/Total claims paying resources)	7.1	7.5	8.2

**Notes:**

<sup>1</sup> For the three months ended 12/31/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$166.3 million).

<sup>2</sup> For the three months ended 9/30/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$227.4 million).

<sup>3</sup> For the three months ended 6/30/2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$232.0 million).

### Syncora Capital Assurance Inc.

	As of		
	12/31/2014	9/30/2014	6/30/2014
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 164	\$ 117	\$ 115
Contingency reserve	85	90	106
Qualified statutory capital	250	207	221
Unearned premium revenue	217	231	236
Loss & loss adjustment expense reserves	22	77	78
Total policyholders' surplus & reserves	489	515	535
NPVFIP	105	108	115
Total claims paying resources	\$ 594	\$ 623	\$ 650
Net par outstanding	\$ 31,252	\$ 33,766	\$ 35,706
Leverage ratio (Net par outstanding/Total claims paying resources)	52.6	54.2	54.9

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

### Syncora Guarantee Inc.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
General Obligation	\$ 209		\$ 223		\$ 275	
Special Revenue	127		127		128	
Utility	62		62		62	
Appropriation	17		32		42	
Other	5		-		-	
Total Public Finance	<u>\$ 420</u>	4.1%	<u>\$ 444</u>	3.9%	<u>\$ 507</u>	4.0%
<b>Asset-Backed Securities</b>						
RMBS	\$ 963		\$ 1,240		\$ 1,283	
Commercial ABS	5		19		122	
Total Asset-Backed Securities	<u>\$ 967</u>	9.4%	<u>\$ 1,260</u>	11.0%	<u>\$ 1,405</u>	11.2%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	<u>\$ 447</u>		<u>\$ 511</u>		<u>\$ 530</u>	
Total Collateralized Debt Obligations	<u>\$ 447</u>	4.3%	<u>\$ 511</u>	4.5%	<u>\$ 530</u>	4.2%
<b>Structured Single Risk</b>						
Global Infrastructure	\$ 4,541		\$ 4,910		\$ 5,283	
Power & Utilities	3,125		3,242		3,732	
Specialized Risk	792		1,082		1,098	
Total Structured Single Risk	<u>\$ 8,458</u>	82.2%	<u>\$ 9,234</u>	80.7%	<u>\$ 10,113</u>	80.5%
<b>Total Net Par Outstanding</b>	<u><u>\$ 10,292</u></u>	<u>100.0%</u>	<u><u>\$ 11,449</u></u>	<u>100.0%</u>	<u><u>\$ 12,555</u></u>	<u>100.0%</u>

**Notes:**

Categories include domestic and international credits.

### Syncora Capital Assurance Inc.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
Special Revenue	\$ 7,662		\$ 8,045		\$ 8,145	
General Obligation	7,490		8,181		8,580	
Utility	3,882		4,070		4,159	
Non Ad Valorem	2,587		2,840		2,941	
Appropriation	1,317		1,412		1,479	
Total Public Finance	<u>\$ 22,937</u>	73.4%	<u>\$ 24,548</u>	72.7%	<u>\$ 25,304</u>	70.9%
<b>Asset-Backed Securities</b>						
Commercial ABS	<u>\$ 174</u>		<u>\$ 197</u>		<u>\$ 219</u>	
Total Asset-Backed Securities	<u>\$ 174</u>	0.6%	<u>\$ 197</u>	0.6%	<u>\$ 219</u>	0.6%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 1,769		\$ 1,981		\$ 2,393	
Synthetic CDO	1,043		1,605		2,117	
Total Collateralized Debt Obligations	<u>\$ 2,813</u>	9.0%	<u>\$ 3,586</u>	10.6%	<u>\$ 4,510</u>	12.6%
<b>Structured Single Risk</b>						
Power & Utilities	\$ 3,575		\$ 3,625		\$ 3,752	
Global Infrastructure	1,704		1,761		1,872	
Specialized Risk	50		50		50	
Total Structured Single Risk	<u>\$ 5,328</u>	17.0%	<u>\$ 5,436</u>	16.1%	<u>\$ 5,674</u>	15.9%
<b>Total Net Par Outstanding</b>	<u><u>\$ 31,252</u></u>	<u>100.0%</u>	<u><u>\$ 33,766</u></u>	<u>100.0%</u>	<u><u>\$ 35,706</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.

Q4 2014			Q3 2014			Q2 2014		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2014 Q3	\$ -	\$ 17,577	2014 Q2	\$ -	\$ 19,305
2014 Q4	\$ -	\$ 15,844	2014 Q4	407	17,170	2014 Q3	229	19,076
2015 Q1	154	15,689	2015 Q1	173	16,997	2014 Q4	392	18,684
2015 Q2	179	15,510	2015 Q2	204	16,793	2015 Q1	167	18,516
2015 Q3	147	15,363	2015 Q3	161	16,632	2015 Q2	218	18,299
2015 Q4	368	14,996	2015 Q4	409	16,222	2015 Q3	172	18,126
Total 2015	\$ 848		Total	\$ 1,355		2015 Q4	442	17,685
						Total	\$ 1,620	
2016	\$ 1,231	\$ 13,765	2016	\$ 1,304	\$ 14,918	2016	\$ 1,420	\$ 16,265
2017	902	12,863	2017	1,025	13,893	2017	1,072	15,193
2018	923	11,939	2018	995	12,898	2018	1,051	14,142
2019	549	11,391	2019	597	12,301	2019	621	13,521
Total 2016-2019	\$ 3,605		Total 2016-2019	\$ 3,921		Total 2016-2019	\$ 4,164	
2020-2024	\$ 2,308	\$ 9,083	2020-2024	\$ 2,592	\$ 9,709	2020-2024	\$ 2,701	\$ 10,820
2025-2029	1,698	7,385	2025-2029	1,863	7,847	2025-2029	1,919	8,902
2030-2034	1,243	6,141	2030-2034	1,384	6,462	2030-2034	1,385	7,516
2035 and thereafter	6,141	-	2035 and thereafter	6,462	-	2035 and thereafter	7,516	-
Total 2020-thereafter	\$ 11,391		Total 2020-thereafter	\$ 12,301		Total 2020-thereafter	\$ 13,521	
Total	\$ 15,844		Total	\$ 17,577		Total	\$ 19,305	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

### Syncora Capital Assurance Inc.

Q4 2014			Q3 2014			Q2 2014		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2014 Q3	\$ -	\$ 52,554	2014 Q2	\$ -	\$ 55,323
2014 Q4	\$ -	\$ 48,953	2014 Q4	1,476	51,079	2014 Q3	1,490	53,833
2015 Q1	867	48,087	2015 Q1	862	50,216	2014 Q4	1,491	52,342
2015 Q2	863	47,223	2015 Q2	889	49,328	2015 Q1	879	51,464
2015 Q3	1,002	46,221	2015 Q3	1,010	48,317	2015 Q2	910	50,554
2015 Q4	945	45,276	2015 Q4	981	47,337	2015 Q3	1,035	49,519
Total 2015	\$ 3,678		Total	\$ 5,218		2015 Q4	997	48,521
						Total	\$ 6,802	
2016	\$ 3,519	\$ 41,757	2016	\$ 3,623	\$ 43,713	2016	\$ 3,725	\$ 44,797
2017	2,994	38,763	2017	3,117	40,596	2017	3,228	41,569
2018	2,256	36,507	2018	2,377	38,219	2018	2,432	39,136
2019	2,200	34,307	2019	2,321	35,898	2019	2,370	36,766
Total 2016-2019	\$ 10,969		Total 2016-2019	\$ 11,438		Total 2016-2019	\$ 11,756	
2020-2024	\$ 10,694	\$ 23,613	2020-2024	\$ 11,232	\$ 24,666	2020-2024	\$ 11,492	\$ 25,274
2025-2029	8,486	15,127	2025-2029	8,941	15,725	2025-2029	9,092	16,181
2030-2034	5,825	9,302	2030-2034	5,993	9,732	2030-2034	6,046	10,135
2035 and thereafter	9,302	-	2035 and thereafter	9,732	-	2035 and thereafter	10,135	-
Total 2020-thereafter	\$ 34,307		Total 2020-thereafter	\$ 35,898		Total 2020-thereafter	\$ 36,766	
Total	\$ 48,953		Total	\$ 52,554		Total	\$ 55,323	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

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

## Syncora Guarantee Inc.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 420	15	\$ 444	14	\$ 507	14
Asset-Backed Securities	967	32	1,260	35	1,405	36
Collateralized Debt Obligations	447	5	511	5	530	5
Structured Single Risk	8,458	41	9,234	42	10,113	42
Total Net Par Outstanding	<u>\$ 10,292</u>	<u>93</u>	<u>\$ 11,449</u>	<u>96</u>	<u>\$ 12,555</u>	<u>97</u>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 8		\$ 14		\$ 13	
Asset-Backed Securities	138		144		145	
Collateralized Debt Obligations	1		2		2	
Structured Single Risk	(52)		(211)		(182)	
Total Net Reserve	<u>\$ 94</u>		<u>\$ (52)</u>		<u>\$ (21)</u>	

**Note:**

Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 22,937	1,596	\$ 24,548	1,684	\$ 25,304	1,728
Asset-Backed Securities	174	2	197	2	219	2
Collateralized Debt Obligations	2,813	16	3,586	18	4,510	22
Structured Single Risk	5,328	36	5,436	34	5,674	33
Total Net Par Outstanding	<u>\$ 31,252</u>	<u>1,650</u>	<u>\$ 33,766</u>	<u>1,738</u>	<u>\$ 35,706</u>	<u>1,785</u>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 13		\$ 65		\$ 58	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 13</u>		<u>\$ 65</u>		<u>\$ 58</u>	

**Note:**

Categories include domestic and international credits.

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

**Syncora Guarantee Inc.**

	Q4 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	3	5	8	24	40
Remaining weighted-average contract period (in years)	18.2	4.5	6.0	10.8	8.5
Insured contractual payments outstanding:					
Principal	\$ 319.4	\$ 615.9	\$ 1,294.8	\$ 1,183.9	\$ 3,414.0
Interest	242.8	178.3	350.1	319.8	1,091.1
Total	<u>\$ 562.2</u>	<u>\$ 794.3</u>	<u>\$ 1,644.9</u>	<u>\$ 1,503.7</u>	<u>\$ 4,505.1</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 107.0	\$ 107.0
Net loss reserves	\$ -	\$ -	\$ -	\$ 93.8	\$ 93.8

**Syncora Capital Assurance Inc.**

	Q4 2014				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	22	16	3	2	43
Remaining weighted-average contract period (in years)	7.3	17.6	4.2	6.8	11.5
Insured contractual payments outstanding:					
Principal	\$ 1,612.3	\$ 1,447.4	\$ 142.7	\$ 212.7	\$ 3,415.2
Interest	546.7	1,227.7	38.8	73.2	1,886.5
Total	<u>\$ 2,159.1</u>	<u>\$ 2,675.1</u>	<u>\$ 181.6</u>	<u>\$ 286.0</u>	<u>\$ 5,301.8</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 13.3	\$ 13.3
Net loss reserves	\$ -	\$ -	\$ -	\$ 13.3	\$ 13.3

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

### Syncora Guarantee Inc.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 398	3.9%	\$ 637	5.6%	\$ 659	5.2%
AA	708	6.9	777	6.8	795	6.3
A	1,682	16.3	1,759	15.4	1,961	15.6
BBB	4,556	44.3	4,954	43.3	5,513	43.9
Below Investment Grade	2,948	28.6	3,321	29.0	3,628	28.9
Total Net Par Outstanding	\$ 10,292	100.0%	\$ 11,449	100.0%	\$ 12,555	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.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 2,317	7.4%	\$ 3,069	9.1%	\$ 3,901	10.9%
AA	8,754	28.0	9,445	28.0	9,779	27.4
A	12,400	39.7	13,373	39.6	13,921	39.0
BBB	6,206	19.9	6,215	18.4	6,372	17.8
Below Investment Grade	1,576	5.0	1,665	4.9	1,734	4.9
Total Net Par Outstanding	\$ 31,252	100.0%	\$ 33,766	100.0%	\$ 35,706	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.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 407	4.0%	\$ 468	4.1%	\$ 488	3.9%
aa	214	2.1	230	2.0	238	1.9
a	1,840	17.9	2,178	19.0	2,633	21.0
bbb	4,736	46.0	4,922	43.0	5,255	41.9
Below Investment Grade	3,095	30.1	3,651	31.9	3,940	31.4
Total Net Par Outstanding	\$ 10,292	100.0%	\$ 11,449	100.0%	\$ 12,555	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.

	Q4 2014		Q3 2014		Q2 2014	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 1,335	4.3%	\$ 2,057	6.1%	\$ 2,855	8.0%
aa	4,917	15.7	5,264	15.6	5,537	15.5
a	16,055	51.4	17,164	50.8	17,744	49.7
bbb	7,143	22.9	7,432	22.0	7,692	21.5
Below Investment Grade	1,803	5.8	1,850	5.5	1,878	5.3
Total Net Par Outstanding	\$ 31,252	100.0%	\$ 33,766	100.0%	\$ 35,706	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.

	Q4 2014	Q3 2014	Q2 2014
	NPO	NPO	NPO
Public Finance	\$ 5	\$ 32	\$ 80
Asset-Backed Securities	819	1,090	1,221
Collateralized Debt Obligations	2	2	2
Structured Single Risk	2,122	2,197	2,324
Total Below Investment Grade	<u>\$ 2,948</u>	<u>\$ 3,321</u>	<u>\$ 3,628</u>
Total Net Par Outstanding	\$ 10,292	\$ 11,449	\$ 12,555
BIG as % of Net Par Outstanding	28.6%	29.0%	28.9%

#### 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.

	Q4 2014	Q3 2014	Q2 2014
	NPO	NPO	NPO
Public Finance	\$ 1,224	\$ 1,302	\$ 1,346
Structured Single Risk	353	363	388
Total Below Investment Grade	<u>\$ 1,576</u>	<u>\$ 1,665</u>	<u>\$ 1,734</u>
Total Net Par Outstanding	\$ 31,252	\$ 33,766	\$ 35,706
BIG as % of Net Par Outstanding	5.0%	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.

	Q4 2014	Q3 2014	Q2 2014
	NPO	NPO	NPO
Public Finance	\$ 150	\$ 186	\$ 237
Asset-Backed Securities	860	1,131	1,265
Collateralized Debt Obligations	2	2	2
Structured Single Risk	2,082	2,331	2,436
Total Below Investment Grade	<u>\$ 3,095</u>	<u>\$ 3,651</u>	<u>\$ 3,940</u>
Total Net Par Outstanding	\$ 10,292	\$ 11,449	\$ 12,555
BIG as % of Net Par Outstanding	30.1%	31.9%	31.4%

#### 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.

	Q4 2014	Q3 2014	Q2 2014
	NPO	NPO	NPO
Public Finance	\$ 1,450	\$ 1,488	\$ 1,490
Structured Single Risk	353	363	388
Total Below Investment Grade	<u>\$ 1,803</u>	<u>\$ 1,850</u>	<u>\$ 1,878</u>
Total Net Par Outstanding	\$ 31,252	\$ 33,766	\$ 35,706
BIG as % of Net Par Outstanding	5.8%	5.5%	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.

		Q4 2014		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 97	AA	b
2	Massachusetts (Commonwealth of) - GO	52	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	33	AA	b
6	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	33	AA	a-
7	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+	aa-
8	Detroit (City of), MI - GO (State Aid)	27	A-	bbb-
9	Port of Portland, OR - Airport Revenue Bonds	24	AA-	aa-
10	New Jersey (State of) - Annual Appropriation	17	AA	a+
11	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA	c
12	JEA, FL Water & Sewer (Senior Lien)	8	AA-	aa
13	Detroit (City of), MI - GO (Crammed Down)	5	D	d
14	Jackson Energy Authority, TN - Water Revenue Bonds	1	A	a
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 420		
Total Portfolio Net Par Outstanding		\$ 10,292		
% of Total SGI Portfolio		4.1%		
Total Public Finance Portfolio Net Par Outstanding		\$ 420		
% 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.

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.

The City of Detroit (the "City") credits above cover two separate policy obligations: 8) new general obligation debt of the City issued by the Michigan Finance Authority and guaranteed by Syncora Guarantee as provided by the City's bankruptcy plan, and 13) the "loss" portion of the City's original Unlimited Tax General Obligation bonds for which Syncora Guarantee is obligated to make payments under its original policy with no ability to recover those payments.

### Syncora Capital Assurance Inc.

		Q4 2014		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	AA-	a
2	San Diego Family Housing LLC - Class I	418	AA	aa
3	Miami-Dade County, FL - Aviation Revenue Bonds	391	A	a-
4	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	387	A-	a-
5	State of California - GO	371	A+	a-
6	University System of Georgia, Board of Regents, GA	346	BBB	a+
7	City of Denver Convention Center Hotel Project, CO	335	BBB-	bbb-
8	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+	a
9	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-	bbb-
10	Dodger Tickets LLC	307	BBB-	bbb+
11	Miami-Dade County (Water/Sewer), FL	286	A+	a+
12	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	255	A	a
13	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	252	AA-	bb+
14	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	239	BB-	bbb-
15	City of San Jose, CA Redevelopment Agency - Tax Allocation	225	BBB	bb+
16	City of Denver, CO Airport System - Revenue Bonds	219	A+	a+
17	Port Authority of New York and New Jersey, NY	214	AA-	aa-
18	City of Houston, TX Airport System - Revenue Bonds	209	A	a
19	Riverside County, CA - Tax Allocation Bonds	208	BBB+	bbb-
20	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay	185	AA-	a
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 6,078		
Total Portfolio Net Par Outstanding		\$ 31,252		
% of Total SCAI Portfolio		19.4%		
Total Public Finance Portfolio Net Par Outstanding		\$ 22,937		
% of Total Public Finance Portfolio		26.5%		

#### Notes:

Individual Obligor's 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.

		Q4 2014	
Servicer/Manager Name <sup>1</sup>		NPO	
1	American Home Servicing	\$	264
2	CLO Manager 1 <sup>2</sup>		261
3	Countrywide Home Loans		213
4	OneWest Bank, FSB		207
5	JP Morgan		147
6	CLO Manager 2 <sup>2</sup>		144
7	CLO Manager 3 <sup>2</sup>		141
8	Residential Capital, LLC		50
9	CLO Manager 4 <sup>2</sup>		43
10	La Hipotecaria		33
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	1,502
Total Portfolio Net Par Outstanding		\$	10,292
% of Total Portfolio			14.6%
Total Structured Finance Portfolio Net Par Outstanding		\$	9,872
% of Total Structured Finance Portfolio			15.2%

**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.

		Q4 2014	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 5 <sup>2</sup>	\$	513
2	CLO Manager 6 <sup>2</sup>		292
3	CLO Manager 3 <sup>2</sup>		274
4	CLO Manager 7 <sup>2</sup>		210
5	CLO Manager 1 <sup>2</sup>		186
6	Private Commercial ABS Transaction <sup>2</sup>		134
7	CLO Manager 8 <sup>2</sup>		125
8	CLO Manager 9 <sup>2</sup>		73
9	CLO Manager 4 <sup>2</sup>		44
10	Bombardier Services Corporation		40
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	1,891
Total Portfolio Net Par Outstanding		\$	31,252
% of Total Portfolio			6.1%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	8,315
% of Total U.S. Structured Finance Portfolio			22.7%

**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.

Q4 2014				Q3 2014				Q2 2014			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
Illinois	\$ 1,784	\$ 538	5.2%	Illinois	\$ 1,950	\$ 538	4.7%	Illinois	\$ 1,958	\$ 531	4.2%
Puerto Rico	470	145	1.4	Puerto Rico	489	154	1.3	Puerto Rico	578	205	1.6
Alabama	958	116	1.1	Alabama	1,006	116	1.0	Other <sup>1</sup>	23,906	425	3.4
Other <sup>1</sup>	20,784	279	2.7	Other <sup>1</sup>	22,184	295	2.6	Non-PF Multi <sup>2</sup>	1,996	1,988	15.8
Non-PF Multi <sup>2,3</sup>	1,527	1,520	14.8	Non-PF Multi <sup>2</sup>	1,930	1,922	16.8	Total United States	\$ 28,437	\$ 3,149	25.1%
Total United States	\$ 25,523	\$ 2,597	25.2%	Total United States	\$ 27,560	\$ 3,025	26.4%				
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 4,802	\$ 4,397	42.7%	United Kingdom	\$ 4,979	\$ 4,561	39.8%	United Kingdom	\$ 5,537	\$ 5,091	40.6%
Australia	1,638	1,601	15.6	Australia	1,752	1,712	15.0	Australia	1,889	1,846	14.7
Chile	654	504	4.9	France	675	675	5.9	France	772	772	6.2
France	428	428	4.2	Chile	654	505	4.4	Chile	724	560	4.5
Italy	159	159	1.5	Italy	172	172	1.5	Spain	186	186	1.5
Canada	248	151	1.5	Spain	172	172	1.5	Italy	176	176	1.4
Portugal	107	107	1.0	Canada	255	157	1.4	Canada	264	167	1.3
Other <sup>1</sup>	493	81	0.8	Other <sup>1</sup>	614	202	1.8	Other <sup>1</sup>	793	343	2.7
Non-PF Multi <sup>2,4</sup>	266	266	2.6	Non-PF Multi <sup>2</sup>	266	266	2.3	Non-PF Multi <sup>2</sup>	266	266	2.1
Total International	\$ 8,796	\$ 7,695	74.8%	Total International	\$ 9,540	\$ 8,424	73.6%	Total International	\$ 10,607	\$ 9,406	74.9%
Total Outstanding	\$ 34,319	\$ 10,292	100.0%	Total Outstanding	\$ 37,099	\$ 11,449	100.0%	Total Outstanding	\$ 39,044	\$ 12,555	100.0%

**Notes:**  
<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.  
<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.  
<sup>3</sup> Consists of \$929 million in ABS, \$447 million in CDO and \$144 million in SSR net par.  
<sup>4</sup> Consists of \$266 million in SSR net par.

## Syncora Capital Assurance Inc.

Q4 2014				Q3 2014				Q2 2014			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
California	\$ 4,537	\$ 4,492	14.4%	California	\$ 4,703	\$ 4,658	13.8%	California	\$ 4,805	\$ 4,761	13.3%
New York	2,510	2,510	8.0	New York	2,754	2,754	8.2	New York	2,803	2,803	7.9
Florida	1,638	1,538	4.9	Florida	1,720	1,620	4.8	Florida	1,726	1,626	4.6
Texas	1,396	1,396	4.5	Texas	1,526	1,526	4.5	Texas	1,594	1,594	4.5
Illinois	1,246	1,246	4.0	Illinois	1,412	1,412	4.2	Illinois	1,426	1,426	4.0
Pennsylvania	1,033	1,033	3.3	Pennsylvania	1,113	1,113	3.3	Pennsylvania	1,136	1,136	3.2
Colorado	842	842	2.7	Colorado	901	901	2.7	Alabama	950	950	2.7
Alabama	842	842	2.7	Alabama	891	891	2.6	Colorado	933	933	2.6
Georgia	685	685	2.2	Georgia	718	718	2.1	Georgia	730	730	2.0
Virginia	657	657	2.1	Virginia	658	658	1.9	Virginia	659	659	1.8
Ohio	605	605	1.9	Ohio	627	627	1.9	Ohio	634	634	1.8
Washington	594	594	1.9	Washington	610	610	1.8	Tennessee	626	626	1.8
Tennessee	594	594	1.9	Tennessee	605	605	1.8	Washington	618	618	1.7
New Jersey	522	522	1.7	New Jersey	556	556	1.6	New Jersey	580	580	1.6
South Carolina	496	496	1.6	South Carolina	503	503	1.5	Indiana	514	514	1.4
District Of Columbia	477	477	1.5	Massachusetts	482	482	1.4	South Carolina	508	508	1.4
Indiana	434	434	1.4	District Of Columbia	479	479	1.4	Massachusetts	495	495	1.4
Missouri	402	402	1.3	Indiana	478	478	1.4	District Of Columbia	482	482	1.3
Massachusetts	384	384	1.2	Minnesota	439	439	1.3	Minnesota	458	458	1.3
Minnesota	370	370	1.2	Missouri	425	425	1.3	Missouri	426	426	1.2
Michigan	361	361	1.2	Michigan	394	394	1.2	Michigan	401	401	1.1
Wisconsin	327	327	1.0	Wisconsin	350	350	1.0	Puerto Rico	372	372	1.0
Puerto Rico	325	325	1.0	Other <sup>1</sup>	3,986	3,986	11.8	Wisconsin	358	358	1.0
Other <sup>1</sup>	3,433	3,433	11.0	Non-PF Multi <sup>2</sup>	3,208	3,208	9.5	Other <sup>1</sup>	3,848	3,848	10.8
Non-PF Multi <sup>2,3</sup>	2,473	2,473	7.9	Total United States	\$ 29,537	\$ 29,392	87.0%	Non-PF Multi <sup>2</sup>	4,036	4,036	11.3
Total United States	\$ 27,182	\$ 27,037	86.5%					Total United States	\$ 31,120	\$ 30,976	86.7%
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 2,675	\$ 2,675	8.6%	United Kingdom	\$ 2,770	\$ 2,770	8.2%	United Kingdom	\$ 2,929	\$ 2,929	8.2%
New Zealand	593	593	1.9	New Zealand	593	593	1.8	Netherlands	682	682	1.9
Netherlands	513	513	1.6	Netherlands	574	574	1.7	New Zealand	666	666	1.9
Other <sup>1</sup>	434	434	1.4	Other <sup>1</sup>	436	436	1.3	Other <sup>1</sup>	455	455	1.3
Total International	\$ 4,215	\$ 4,215	13.5%	Total International	\$ 4,375	\$ 4,375	13.0%	Total International	\$ 4,731	\$ 4,731	13.2%
Total Outstanding	\$ 31,397	\$ 31,252	100.0%	Total Outstanding	\$ 33,911	\$ 33,766	100.0%	Total Outstanding	\$ 35,851	\$ 35,706	100.0%

**Notes:**  
<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.  
<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.  
<sup>3</sup> Consists of \$2,299 million in CDO and \$174 million in ABS net par.

# Investment Portfolio

## As of December 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	\$ 173.5 19.6%
Cash and Cash Equivalents	\$ 45.3	5.1%	1 to 5 Years	376.4 42.6%
Short-Term Investments	26.8	3.0%	5 to 10 Years	0.7 0.1%
Total Cash and Short-Term Investments	72.1	8.2%	Due after 10 Years	0.5 0.1%
Debt Securities			Mortgage and asset-backed securities	332.9 37.7%
MBS/ABS	332.9	37.7%	Total	\$ 884.0 100.0%
U.S. Government	256.5	29.0%	Yield to Maturity @ Book Value	1.2%
Corporate	211.4	23.9%	Yield to Maturity @ Market Value	0.9%
States & Political Subs	11.1	1.3%	Duration (years)	1.3
Total Long-Term Fixed Maturity	811.9	91.8%		
Total	\$ 884.0	100.0%		

#### Notes:

- Excludes \$62.8 million of uninsured cash flow ("UCF") securities.
- Excludes \$9.5 million of other remediation-related securities.
- Excludes \$20.1 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 367.5	41.6%
AA	315.3	35.7%
A	194.9	22.0%
BBB	5.5	0.6%
BB & below and Not Rated	0.8	0.1%
Total	\$ 884.0	100.0%
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	\$ 60.7 14.8%
Cash and Cash Equivalents	\$ 54.4	13.2%	1 to 5 Years	37.9 9.2%
Short-Term Investments	6.0	1.5%	5 to 10 Years	89.4 21.8%
Total Cash and Short-Term Investments	60.4	14.7%	Due after 10 Years	35.6 8.7%
Debt Securities			Mortgage and asset-backed securities	187.3 45.6%
MBS/ABS	187.3	45.6%	Total	\$ 410.9 100.0%
U.S. Government	8.0	2.0%	Yield to Maturity @ Book Value	3.1%
Corporate	139.2	33.9%	Yield to Maturity @ Market Value	2.5%
States & Political Subs	16.0	3.9%	Duration (years)	3.9
Total Long-Term Fixed Maturity	350.5	85.3%		
Total	\$ 410.9	100.0%		

#### Notes:

- Excludes \$34.0 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 \$25.7 million of common stocks and alternative investments.
- Excludes \$2.7 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 133.6	32.5%
AA	111.5	27.1%
A	58.1	14.1%
BBB	88.5	21.5%
BB & below and Not Rated	19.2	4.7%
Total	\$ 410.9	100.0%
Average credit quality	A+	