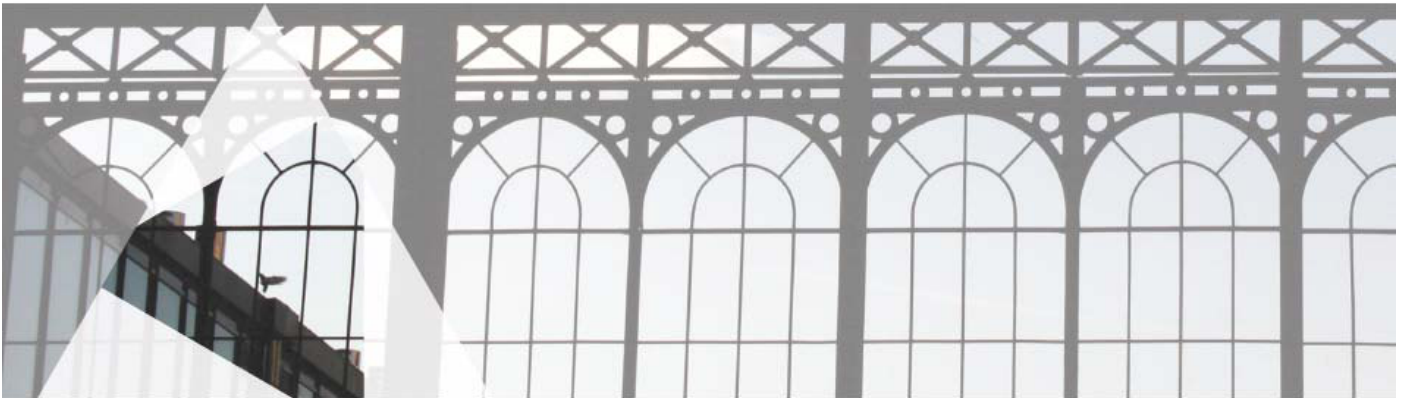


**Syncora Guarantee Inc.  
Syncora Capital Assurance Inc.**

**1st QUARTER 2012  
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.

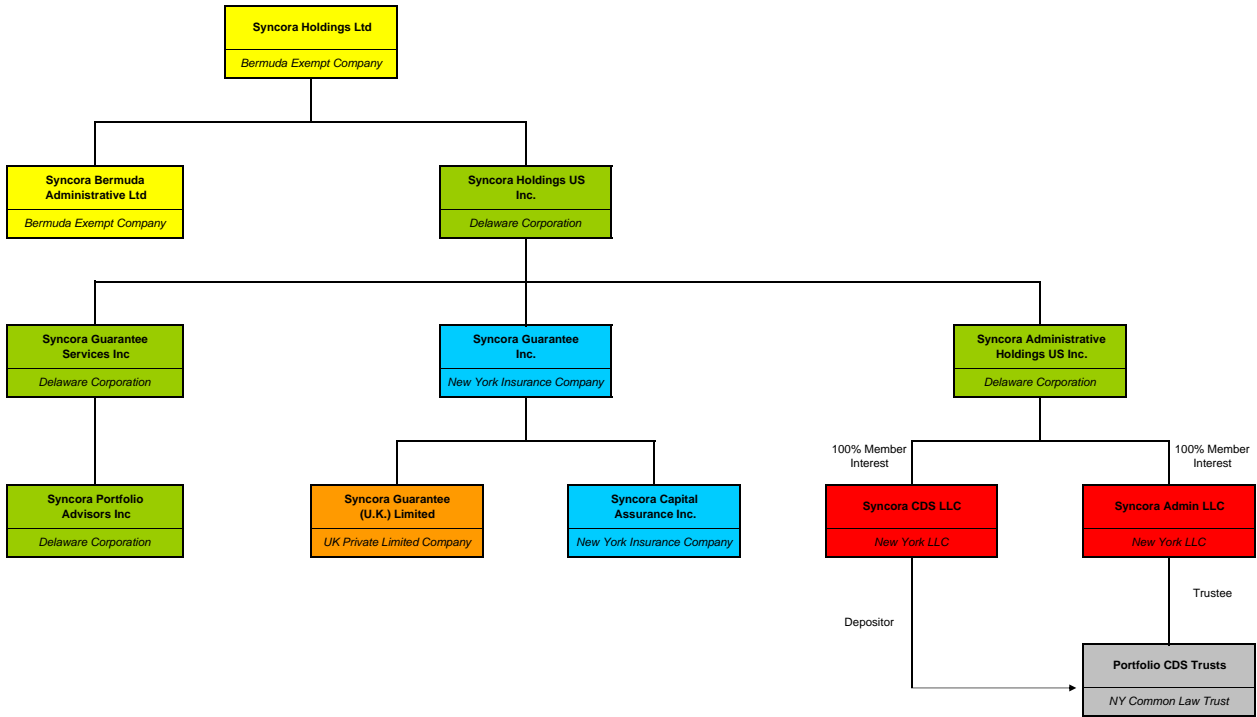
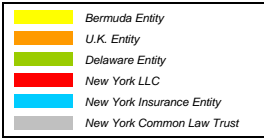
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<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		
	3/31/2012	12/31/2011	9/30/2011
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 42,932	\$ 118,216	\$ 54,672
Bonds	271,172	218,225	215,664
Uninsured cash flow certificates	88,418	90,873	90,601
Interest rate derivatives	9	192	485
Investment in subsidiary - Syncora Guarantee (UK)	50,262	49,128	51,212
Investment in subsidiary - Syncora Capital Assurance	136,535	132,322	196,664
Subtotal, cash and invested assets	589,328	608,955	609,298
Investment income due and accrued	2,398	3,837	2,182
Uncollected premiums	5,863	5,547	5,965
Collateral deposit	1,500	6,700	5,300
Assets received as salvage	197,619	168,239	168,249
Other assets	45,738	40,405	40,636
<b>Total Assets</b>	<b>\$ 842,446</b>	<b>\$ 833,683</b>	<b>\$ 831,629</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 249,054	\$ 245,867	\$ 234,407
Unearned premiums	242,358	242,494	260,962
Payable to parent, subsidiaries and affiliates	15,926	27,360	24,588
Mandatory contingency reserve	101,699	104,706	108,367
Other liabilities	40,372	27,185	30,025
<b>Total Liabilities</b>	<b>649,409</b>	<b>647,612</b>	<b>658,350</b>
Surplus notes	625,000	625,000	625,000
Preferred capital stock	200,000	200,000	200,000
Common capital stock	15,000	15,000	15,000
Gross paid in and contributed surplus	2,006,306	2,006,306	2,006,306
Unassigned funds (surplus)	(2,653,270)	(2,660,235)	(2,673,026)
Surplus as regards policyholders	193,037	186,071	173,280
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 842,446</b>	<b>\$ 833,683</b>	<b>\$ 831,629</b>

### Syncora Capital Assurance Inc.

	As of		
	3/31/2012	12/31/2011	9/30/2011
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 49,717	\$ 47,001	\$ 51,376
Preferred stocks	5,762	5,591	5,644
Common stocks	5,993	3,591	3,258
Bonds	613,432	612,418	686,201
Uninsured cash flow certificates	35,016	34,468	33,898
Other invested assets	1,964	1,992	2,004
Receivables for securities	-	-	6,542
Subtotal, cash and invested assets	711,884	705,061	788,923
Investment income due and accrued	5,490	5,327	5,838
Uncollected premiums	2,650	2,871	3,801
Net deferred tax asset	2,501	1,284	1,672
Other assets	1,505	1,655	1,343
<b>Total Assets</b>	<b>\$ 724,030</b>	<b>\$ 716,199</b>	<b>\$ 801,577</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 5,016	\$ 3,020	\$ 797
Unearned premiums	339,082	346,103	355,394
Payable to parent, subsidiaries and affiliates	9,757	9,348	10,956
Mandatory contingency reserve	231,067	224,328	228,098
Other liabilities	2,344	721	9,043
<b>Total Liabilities</b>	<b>587,266</b>	<b>583,519</b>	<b>604,289</b>
Surplus notes	200,000	200,000	275,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	189,000	189,000	189,000
Unassigned funds (surplus)	(254,736)	(258,819)	(269,212)
Surplus as regards policyholders	136,764	132,681	197,288
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 724,030</b>	<b>\$ 716,199</b>	<b>\$ 801,577</b>

# Statement of Income

## (U.S. dollars in thousands)

### Syncora Guarantee Inc.

	Three Months Ended		
	3/31/2012	12/31/2011	9/30/2011
Net premiums written	\$ 7,660	\$ 7,422	\$ 9,549
Underwriting Income			
Net premiums earned	\$ 7,796	\$ 25,891	\$ 15,023
Net losses/(releases) incurred	(964)	32,680	(202)
Loss adjustment expenses incurred	16,284	7,644	32,805
Other underwriting expenses incurred	6,369	5,616	7,024
Other underwriting deductions/(additions)	-	-	(439)
Net underwriting gain/(loss)	(13,893)	(20,049)	(24,166)
Investment Income			
Net investment income earned	9,441	19,745	11,596
Net realized gains/(losses)	(5,228)	(3,182)	(4,130)
Total net investment gain/(loss)	4,213	16,564	7,466
Other Income			
Other income	3,955	3,252	2,549
Net income/(loss) before taxes	(5,725)	(233)	(14,151)
Federal and foreign income taxes incurred/(benefit)	(4,238)	(1,859)	4,210
Net income/(loss)	\$ (1,487)	\$ 1,625	\$ (18,361)

### Syncora Capital Assurance Inc.

	Three Months Ended		
	3/31/2012	12/31/2011	9/30/2011
Net premiums written	\$ 8,881	\$ 6,435	\$ 10,650
Underwriting Income			
Net premiums earned	\$ 15,901	\$ 15,727	\$ 16,590
Net losses/(releases) incurred	-	-	5,435
Loss adjustment expenses incurred	2,789	2,751	472
Other underwriting expenses incurred	6,477	8,240	5,130
Net underwriting gain/(loss)	6,635	4,736	5,552
Investment Income			
Net investment income earned	6,755	(914)	7,314
Net realized capital gains	103	3,139	1,216
Total net investment gain/(loss)	6,858	2,225	8,530
Other Income			
Other income	-	1,052	1,192
Net income/(loss) before taxes	13,493	8,013	15,274
Federal and foreign income taxes incurred/(benefit)	4,238	1,859	(4,210)
Net income/(loss)	\$ 9,255	\$ 6,154	\$ 19,485

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

### Syncora Guarantee Inc.

	As of		
	3/31/2012	12/31/2011	9/30/2011
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 193	\$ 186	\$ 173
Contingency reserve	<u>102</u>	<u>105</u>	<u>108</u>
Qualified statutory capital	295	291	282
Unearned premium revenue	242	242	261
Loss & loss adjustment expense reserves	<u>249</u>	<u>246</u>	<u>234</u>
Total policyholders' surplus & reserves	786	779	777
NPVFIP	<u>190</u>	<u>189</u>	<u>212</u>
Total claims paying resources	<u>\$ 976</u>	<u>\$ 968</u>	<u>\$ 989</u>
Net par outstanding	\$ 15,996	\$ 16,160	\$ 17,244
Leverage ratio (Net par outstanding/Total claims paying resources)	16.4	16.7	17.4

### Syncora Capital Assurance Inc.

	As of		
	3/31/2012	12/31/2011	9/30/2011
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 137	\$ 133	\$ 197
Contingency reserve	<u>231</u>	<u>224</u>	<u>228</u>
Qualified statutory capital	368	357	425
Unearned premium revenue	339	346	355
Loss & loss adjustment expense reserves	<u>5</u>	<u>3</u>	<u>1</u>
Total policyholders' surplus & reserves	712	706	782
NPVFIP	<u>195</u>	<u>201</u>	<u>211</u>
Total claims paying resources	<u>\$ 907</u>	<u>\$ 907</u>	<u>\$ 993</u>
Net par outstanding	\$ 57,816	\$ 58,563	\$ 61,955
Leverage ratio (Net par outstanding/Total claims paying resources)	63.8	64.6	62.4

## Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

### Syncora Guarantee Inc.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
Utility	\$ 589		\$ 616		\$ 616	
General Obligation	447		451		472	
Special Revenue	256		308		308	
Appropriation	127		127		127	
Non Ad Valorem	73		73		73	
Total Public Finance	\$ 1,492	9.3%	\$ 1,574	9.7%	\$ 1,596	9.3%
<b>Asset-Backed Securities</b>						
RMBS	\$ 1,708		\$ 1,767		\$ 1,814	
Commercial ABS	338		350		383	
Consumer ABS - Auto	-		107		135	
Total Asset-Backed Securities	\$ 2,046	12.8%	\$ 2,223	13.8%	\$ 2,332	13.5%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 1,019		\$ 1,058		\$ 1,131	
Market Value CDO	-		-		-	
Synthetic CDO	-		-		-	
Total Collateralized Debt Obligations	\$ 1,019	6.4%	\$ 1,058	6.5%	\$ 1,131	6.6%
<b>Structured Single Risk</b>						
Global Infrastructure	\$ 5,910		\$ 5,833		\$ 6,642	
Power & Utilities	4,203		4,101		4,072	
Specialized Risk	1,327		1,371		1,472	
Total Structured Single Risk	\$ 11,439	71.5%	\$ 11,304	70.0%	\$ 12,186	70.7%
<b>Total Net Par Outstanding</b>	<u>\$ 15,996</u>	<u>100.0%</u>	<u>\$ 16,160</u>	<u>100.0%</u>	<u>\$ 17,244</u>	<u>100.0%</u>

**Notes:**

Categories include domestic and international credits.

### Syncora Capital Assurance Inc.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
General Obligation	\$ 14,714		\$ 15,131		\$ 15,546	
Special Revenue	9,874		10,007		10,076	
Utility	5,228		5,260		5,401	
Non Ad Valorem	4,155		4,169		4,198	
Appropriation	2,206		2,244		2,305	
Total Public Finance	\$ 36,177	62.6%	\$ 36,811	62.9%	\$ 37,526	60.6%
<b>Asset-Backed Securities</b>						
Commercial ABS	\$ 475		\$ 493		\$ 509	
Total Asset-Backed Securities	\$ 475	0.8%	\$ 493	0.8%	\$ 509	0.8%
<b>Collateralized Debt Obligations</b>						
Synthetic CDO	\$ 6,411		\$ 6,418		\$ 6,443	
Cashflow CDO	6,136		6,278		8,071	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 13,115	22.7%	\$ 13,263	22.6%	\$ 15,083	24.3%
<b>Structured Single Risk</b>						
Power & Utilities	\$ 5,227		\$ 5,198		\$ 5,458	
Global Infrastructure	2,402		2,378		2,622	
Specialized Risk	420		420		758	
Total Structured Single Risk	\$ 8,048	13.9%	\$ 7,996	13.7%	\$ 8,838	14.3%
<b>Total Net Par Outstanding</b>	<u>\$ 57,816</u>	<u>100.0%</u>	<u>\$ 58,563</u>	<u>100.0%</u>	<u>\$ 61,955</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 2012			Q4 2011			Q3 2011	
	Scheduled Net			Scheduled Net			Scheduled Net	
	Debt Service	NPIO		Debt Service	NPIO		Debt Service	NPIO
					\$ 26,009	2011 Q4	\$ 502	\$ 27,976
		\$ 25,879	2012 Q1	\$ 506	25,504	2012 Q1	345	27,474
2012 Q2	\$ 352	25,527	2012 Q2	335	25,168	2012 Q2	336	26,793
2012 Q3	312	25,215	2012 Q3	296	24,872	2012 Q3	293	26,500
2012 Q4	527	24,688	2012 Q4	473	24,399	2012 Q4	479	26,020
Total 2012	\$ 1,190		Total 2011/2012	\$ 1,610		Total	\$ 1,956	
2013	1,061	23,628	2013	1,120	23,280	2013	1,111	24,909
2014	1,055	22,573	2014	1,048	22,231	2014	1,169	23,741
2015	1,124	21,449	2015	1,079	21,153	2015	1,163	22,577
2016	1,473	19,976	2016	1,459	19,694	2016	1,491	21,087
Total 2013-2016	\$ 4,712		Total 2013-2016	\$ 4,706		Total 2013-2016	\$ 4,933	
2017-2021	4,499	15,477	2017-2021	4,492	15,202	2017-2021	4,794	16,293
2022-2026	3,064	12,414	2022-2026	3,019	12,183	2022-2026	3,370	12,923
2027-2031	1,226	11,187	2027-2031	1,245	10,937	2027-2031	1,559	11,363
2032 and thereafter	11,187	-	2032 and thereafter	10,937	-	2032 and thereafter	11,363	-
Total 2017-thereafter	\$ 19,976		Total 2017-thereafter	\$ 19,694		Total 2017-thereafter	\$ 21,087	
Total	\$ 25,879		Total	\$ 26,009		Total	\$ 27,976	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

### Syncora Capital Assurance Inc.

	Q1 2012			Q4 2011			Q3 2011	
	Scheduled Net			Scheduled Net			Scheduled Net	
	Debt Service	NPIO		Debt Service	NPIO		Debt Service	NPIO
					\$ 88,435	2011 Q4	\$ 1,376	\$ 93,207
		\$ 87,106	2012 Q1	\$ 1,073	87,362	2012 Q1	1,143	91,831
2012 Q2	\$ 909	86,196	2012 Q2	889	86,473	2012 Q2	927	89,761
2012 Q3	1,212	84,985	2012 Q3	1,193	85,280	2012 Q3	1,226	88,535
2012 Q4	2,085	82,900	2012 Q4	2,103	83,177	2012 Q4	2,331	86,204
Total 2012	\$ 4,206		Total 2011/2012	\$ 5,258		Total	\$ 7,003	
2013	5,873	77,027	2013	5,942	77,235	2013	7,284	78,920
2014	7,819	69,207	2014	7,894	69,341	2014	8,202	70,718
2015	5,156	64,051	2015	5,166	64,175	2015	5,240	65,478
2016	4,402	59,649	2016	4,418	59,757	2016	4,491	60,987
Total 2013-2016	\$ 23,251		Total 2013-2016	\$ 23,420		Total 2013-2016	\$ 25,217	
2017-2021	16,946	42,703	2017-2021	17,008	42,749	2017-2021	17,303	43,684
2022-2026	13,837	28,866	2022-2026	13,948	28,801	2022-2026	14,263	29,421
2027-2031	10,804	18,062	2027-2031	10,853	17,948	2027-2031	11,104	18,317
2032 and thereafter	18,062	-	2032 and thereafter	17,948	-	2032 and thereafter	18,317	-
Total 2017-thereafter	\$ 59,649		Total 2017-thereafter	\$ 59,757		Total 2017-thereafter	\$ 60,987	
Total	\$ 87,106		Total	\$ 88,435		Total	\$ 93,207	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

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

## Syncora Guarantee Inc.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,492	16	\$ 1,574	16	\$ 1,596	16
Asset-Backed Securities	2,046	42	2,223	46	2,332	47
Collateralized Debt Obligations	1,019	13	1,058	14	1,131	15
Structured Single Risk	11,439	51	11,304	51	12,186	52
<b>Total Net Par Outstanding</b>	<b>\$ 15,996</b>	<b>122</b>	<b>\$ 16,160</b>	<b>127</b>	<b>\$ 17,244</b>	<b>130</b>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 120		\$ 120		\$ 106	
Asset-Backed Securities	(34)		2		18	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	116		93		67	
<b>Total Net Reserve</b>	<b>\$ 205</b>		<b>\$ 217</b>		<b>\$ 194</b>	
Less Salvage & Subrogation	(39)		(39)		(31)	
<b>Adjusted Total</b>	<b>\$ 166</b>		<b>\$ 179</b>		<b>\$ 163</b>	

**Note:**

Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 36,177	2,194	\$ 36,811	2,229	\$ 37,526	2,249
Asset-Backed Securities	475	3	493	3	509	3
Collateralized Debt Obligations	13,115	49	13,263	51	15,083	57
Structured Single Risk	8,048	46	7,996	47	8,838	50
<b>Total Net Par Outstanding</b>	<b>\$ 57,816</b>	<b>2,292</b>	<b>\$ 58,563</b>	<b>2,330</b>	<b>\$ 61,955</b>	<b>2,359</b>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
<b>Total Net Reserve</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	
Less Salvage & Subrogation	(0)		-		-	
<b>Adjusted Total</b>	<b>\$ (0)</b>		<b>\$ -</b>		<b>\$ -</b>	

**Note:**

Categories include domestic and international credits.

# Insured Portfolio - Watch List

## As of March 31, 2012

(U.S. dollars in millions)

### Syncora Guarantee Inc.

	Q1 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	9	7	6	29	51
Remaining weighted-average contract period (in years)	12.4	11.1	7.0	13.3	11.1
Insured contractual payments outstanding:					
Principal	\$ 1,372.0	\$ 704.4	\$ 1,541.9	\$ 2,006.2	\$ 5,624.5
Interest	592.6	349.1	355.5	1,305.2	2,602.4
Total	<u>\$ 1,964.6</u>	<u>\$ 1,053.4</u>	<u>\$ 1,897.5</u>	<u>\$ 3,311.4</u>	<u>\$ 8,226.8</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 210.2	\$ 210.2
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 205.1	\$ 205.1
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 165.9	\$ 165.9

**Note:**

<sup>1</sup>Count excludes credits with \$0 (zero) net par outstanding.

### Syncora Capital Assurance Inc.

	Q1 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	18	11	1	-	30
Remaining weighted-average contract period (in years)	7.1	11.2	11.4	-	8.3
Insured contractual payments outstanding:					
Principal	\$ 3,168.2	\$ 899.9	\$ 346.2	\$ -	\$ 4,414.3
Interest	809.1	418.3	236.3	-	1,463.8
Total	<u>\$ 3,977.3</u>	<u>\$ 1,318.3</u>	<u>\$ 582.5</u>	<u>\$ -</u>	<u>\$ 5,878.1</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ (0.2)	\$ (0.2)

**Note:**

<sup>1</sup>Count excludes credits with \$0 (zero) net par outstanding.

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

### Syncora Guarantee Inc.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 701	4.4%	\$ 716	4.4%	\$ 774	4.5%
AA	1,651	10.3%	1,721	10.6%	1,801	10.4%
A	2,148	13.4%	2,102	13.0%	2,011	11.7%
BBB	6,367	39.8%	6,608	40.9%	7,570	43.9%
Below Investment Grade	5,129	32.1%	5,013	31.0%	5,087	29.5%
Total Net Par Outstanding	\$ 15,996	100.0%	\$ 16,160	100.0%	\$ 17,244	100.0%

**Notes:**

Rating based on S&P rating as reflected in Syncora's records, if available, and internal Syncora 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.

	Q1 2012		Q4 2011		Q3 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 5,537	9.6%	\$ 5,592	9.5%	\$ 5,302	8.6%
AA	19,339	33.4%	19,258	32.9%	21,535	34.8%
A	21,247	36.7%	21,907	37.4%	23,101	37.3%
BBB	9,471	16.4%	9,580	16.4%	9,760	15.8%
Below Investment Grade	2,222	3.8%	2,227	3.8%	2,257	3.6%
Total Net Par Outstanding	\$ 57,816	100.0%	\$ 58,563	100.0%	\$ 61,955	100.0%

**Notes:**

Rating based on S&P rating as reflected in Syncora's records, if available, and internal Syncora 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.

	Q1 2012	Q4 2011	Q3 2011
	NPO	NPO	NPO
Public Finance	\$ 566	\$ 593	\$ 593
Asset-Backed Securities	1,536	1,406	1,445
Collateralized Debt Obligations	119	128	137
Structured Single Risk	2,908	2,886	2,912
Total Below Investment Grade	<u>\$ 5,129</u>	<u>\$ 5,013</u>	<u>\$ 5,087</u>
Total Net Par Outstanding	\$ 15,996	\$ 16,160	\$ 17,244
BIG as % of Net Par Outstanding	32.1%	31.0%	29.5%

#### Notes:

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

### Syncora Capital Assurance Inc.

	Q1 2012	Q4 2011	Q3 2011
	NPO	NPO	NPO
Public Finance	\$ 1,464	\$ 1,467	\$ 1,496
Asset-Backed Securities	-	-	-
Collateralized Debt Obligations	563	564	566
Structured Single Risk	195	195	195
Total Below Investment Grade	<u>\$ 2,222</u>	<u>\$ 2,227</u>	<u>\$ 2,257</u>
Total Net Par Outstanding	\$ 57,816	\$ 58,563	\$ 61,955
BIG as % of Net Par Outstanding	3.8%	3.8%	3.6%

#### Notes:

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

## Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

### Syncora Guarantee Inc.

		Q1 2012	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 527	D
2	Commonwealth of Puerto Rico - GO	284	BBB-
3	New Jersey (State of) - Annual Appropriation	127	AA-
4	Bay Area Toll Authority, CA - Toll Revenue Bonds	108	AA+
5	Port Authority of New York and New Jersey, NY	79	AA-
6	Massachusetts (Commonwealth of) - GO	71	AA+
7	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	AA
8	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	53	AA-
9	City of Detroit, MI - GO/AA	39	BB
10	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	39	AA-
11	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA
12	Port of Portland, OR - Airport Revenue Bonds	29	AA-
13	Los Angeles County Metropolitan Transportation Authority, CA - Sales Tax	18	AAA
14	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA-
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		\$ 1,492	
Total Portfolio Net Par Outstanding		\$ 15,996	
% of Total SGI Portfolio		9.3%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,492	
% 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's records, if available, and internal Syncora rating if no S&P rating is available.

### Syncora Capital Assurance Inc.

		Q1 2012	
		NPO	Rating
1	State of California - GO	\$ 775	BBB+
2	San Diego Family Housing LLC	721	AA
3	LCOR Alexandria, LLC - Lease Revenue	580	BBB
4	City of Denver, CO Airport System - Revenue Bonds	484	A+
5	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-
6	City of Miami, FL Miami International Airport - Aviation Revenue Bonds	417	A-
7	City of Denver Convention Center Hotel Project, CO	348	BBB-
8	Port Authority of New York and New Jersey, NY	347	AA-
9	City of Detroit, MI - Pension Obligations Bonds	346	B
10	Dodger Tickets LLC	335	BBB
11	DOT Headquarters II Lease-Backed Mortgage Finance Trust Subordinate Notes	326	BB+
12	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
13	Miami-Dade County (Water/Sewer), FL	322	A+
14	Metropolitan Pier & Exposition Center, IL	308	AAA
15	New Jersey Transportation Trust Fund, NJ	303	A+
16	City of New York, NY - GO	295	A+
17	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	273	BBB+
18	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	272	A-
19	Navy Northeast Family Housing LLC Trust 220	257	AA-
20	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	248	BB+
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,731	
Total Portfolio Net Par Outstanding		\$ 57,816	
% of Total SCAI Portfolio		13.4%	
Total Public Finance Portfolio Net Par Outstanding		\$ 36,177	
% of Total Public Finance Portfolio		21.4%	

#### 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's records, if available, and internal Syncora 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.

		Q1 2012	
Servicer/Manager Name <sup>1</sup>		NPO	
1	Countrywide Home Loans	\$	332
2	American Home Servicing		329
3	Wells Fargo Bank, NA		323
4	CLO Manager 1 <sup>2</sup>		303
5	OneWest Bank, FSB		286
6	CLO Manager 2 <sup>2</sup>		268
7	JP Morgan		202
8	TMF Administration Services Limited		153
9	Private Commercial ABS Transaction <sup>2</sup>		150
10	CLO Manager 3 <sup>2</sup>		150
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,496
Total Portfolio Net Par Outstanding		\$	15,996
% of Total Portfolio			15.6%
Total Structured Finance Portfolio Net Par Outstanding		\$	14,504
% of Total Structured Finance Portfolio			17.2%

**Note:**

<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.

		Q1 2012	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 4 <sup>2</sup>	\$	1,233
2	CLO Manager 5 <sup>2</sup>		713
3	CLO Manager 6 <sup>2</sup>		655
4	CLO Manager 2 <sup>2</sup>		646
5	CLO Manager 7 <sup>2</sup>		532
6	CLO Manager 8 <sup>2</sup>		508
7	CLO Manager 9 <sup>2</sup>		358
8	CLO Manager 10 <sup>2</sup>		353
9	CLO Manager 11 <sup>2</sup>		321
10	CLO Manager 1 <sup>2</sup>		314
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	5,631
Total Portfolio Net Par Outstanding		\$	57,816
% of Total Portfolio			9.7%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	21,639
% of Total U.S. Structured Finance Portfolio			26.0%

**Note:**

<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.

Q1 2012				Q4 2011				Q3 2011			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
Alabama	\$ 2,441	\$ 917	5.7%	Alabama	\$ 2,486	\$ 943	5.8%	Alabama	\$ 2,605	\$ 944	5.5%
Illinois	2,424	503	3.1%	Illinois	2,492	496	3.1%	Illinois	2,541	496	2.9%
Puerto Rico	851	352	2.2%	Puerto Rico	851	352	2.2%	Puerto Rico	870	372	2.2%
New Jersey	1,134	245	1.5%	New Jersey	1,138	245	1.5%	New Jersey	1,178	245	1.4%
Other <sup>1</sup>	30,943	426	2.7%	California	5,693	179	1.1%	California	5,778	179	1.0%
Non-PF Multi <sup>2,3</sup>	2,845	2,834	17.7%	Other <sup>1</sup>	25,822	302	1.9%	Other <sup>1</sup>	26,582	317	1.8%
<b>Total United States</b>	<b>\$ 40,638</b>	<b>\$ 5,276</b>	<b>33.0%</b>	Non-PF Multi <sup>2</sup>	3,036	3,024	18.7%	Non-PF Multi <sup>2</sup>	3,179	3,165	18.4%
				<b>Total United States</b>	<b>\$ 41,518</b>	<b>\$ 5,541</b>	<b>34.3%</b>	<b>Total United States</b>	<b>\$ 42,733</b>	<b>\$ 5,717</b>	<b>33.2%</b>
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 5,996	\$ 5,580	34.9%	United Kingdom	\$ 5,921	\$ 5,511	34.1%	United Kingdom	\$ 6,206	\$ 5,795	33.6%
Australia	2,168	2,066	12.9%	Australia	2,244	2,042	12.6%	Australia	2,131	1,940	11.2%
France	815	815	5.1%	France	825	825	5.1%	France	863	863	5.0%
Chile	868	674	4.2%	Chile	814	632	3.9%	Spain	691	691	4.0%
Spain	316	316	2.0%	Spain	307	307	1.9%	Chile	806	626	3.6%
Turkey	233	233	1.5%	Turkey	274	274	1.7%	Turkey	314	314	1.8%
Canada	291	191	1.2%	Canada	288	188	1.2%	Portugal	310	310	1.8%
Italy	173	173	1.1%	Italy	180	180	1.1%	Italy	195	195	1.1%
Other <sup>1</sup>	941	325	2.0%	Other <sup>1</sup>	953	316	2.0%	Norway	429	185	1.1%
Non-PF Multi <sup>2,4</sup>	346	346	2.2%	Non-PF Multi <sup>2</sup>	344	344	2.1%	Canada	284	185	1.1%
<b>Total International</b>	<b>\$ 12,146</b>	<b>\$ 10,720</b>	<b>67.0%</b>	<b>Total International</b>	<b>\$ 12,149</b>	<b>\$ 10,619</b>	<b>65.7%</b>	Other <sup>1</sup>	678	52	0.3%
								Non-PF Multi <sup>2</sup>	372	372	2.2%
								<b>Total International</b>	<b>\$ 13,279</b>	<b>\$ 11,527</b>	<b>66.8%</b>
<b>Total Outstanding</b>	<b>\$ 52,784</b>	<b>\$ 15,996</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 53,666</b>	<b>\$ 16,160</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 56,012</b>	<b>\$ 17,244</b>	<b>100.0%</b>

### 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 \$1,822 million in ABS, \$812 million in CDO, \$200 million in SSR net par.

<sup>4</sup> Consists of \$266 million in SSR, \$80 million in CDO net par.

## Syncora Capital Assurance Inc.

Q1 2012				Q4 2011				Q3 2011			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
California	\$ 7,096	\$ 7,049	12.2%	California	\$ 7,115	\$ 7,067	12.1%	California	\$ 7,197	\$ 7,149	11.5%
New York	3,713	3,713	6.4%	New York	3,738	3,738	6.4%	New York	3,762	3,762	6.1%
Illinois	2,453	2,453	4.2%	Illinois	2,524	2,524	4.3%	Illinois	2,562	2,562	4.1%
Texas	2,181	2,181	3.8%	Texas	2,222	2,222	3.8%	Texas	2,230	2,230	3.6%
Florida	2,136	1,986	3.4%	Florida	2,139	1,989	3.4%	Florida	2,157	2,007	3.2%
Pennsylvania	1,639	1,639	2.8%	Pennsylvania	1,739	1,739	3.0%	Pennsylvania	1,901	1,901	3.1%
Alabama	1,517	1,517	2.6%	Alabama	1,532	1,532	2.6%	Alabama	1,649	1,649	2.7%
Colorado	1,352	1,352	2.3%	Colorado	1,359	1,359	2.3%	Colorado	1,373	1,373	2.2%
New Jersey	1,203	1,203	2.1%	New Jersey	1,208	1,208	2.1%	New Jersey	1,240	1,240	2.0%
Michigan	1,049	1,049	1.8%	Michigan	1,049	1,049	1.8%	Georgia	1,198	1,198	1.9%
Georgia	1,041	1,041	1.8%	Georgia	997	997	1.7%	Michigan	1,115	1,115	1.8%
Massachusetts	878	878	1.5%	Massachusetts	879	879	1.5%	Massachusetts	903	903	1.5%
Washington	843	843	1.5%	Washington	852	852	1.5%	Washington	867	867	1.4%
Tennessee	783	783	1.4%	Tennessee	798	798	1.4%	Tennessee	810	810	1.3%
Minnesota	712	712	1.2%	Minnesota	778	778	1.3%	Minnesota	788	788	1.3%
Ohio	694	694	1.2%	Ohio	695	695	1.2%	Indiana	713	713	1.2%
South Carolina	685	685	1.2%	South Carolina	688	688	1.2%	Ohio	707	707	1.1%
Virginia	671	671	1.2%	Indiana	677	677	1.2%	South Carolina	695	695	1.1%
Indiana	637	637	1.1%	Virginia	672	672	1.1%	Wisconsin	675	675	1.1%
Puerto Rico	621	621	1.1%	Wisconsin	655	655	1.1%	Virginia	673	673	1.1%
Wisconsin	605	605	1.0%	District Of Columbia	649	649	1.1%	Missouri	661	661	1.1%
Missouri	604	604	1.0%	Puerto Rico	618	618	1.1%	District Of Columbia	654	654	1.1%
District Of Columbia	583	583	1.0%	Missouri	616	616	1.1%	Other <sup>1</sup>	6,269	6,269	10.1%
Other <sup>1</sup>	5,494	5,494	9.5%	Other <sup>1</sup>	5,578	5,578	9.5%	Non-PF Multi <sup>2</sup>	13,138	13,138	21.2%
Non-PF Multi <sup>2,3</sup>	11,230	11,230	19.4%	Non-PF Multi <sup>2</sup>	11,360	11,360	19.4%	<b>Total United States</b>	<b>\$ 53,937</b>	<b>\$ 53,740</b>	<b>86.7%</b>
<b>Total United States</b>	<b>\$ 50,420</b>	<b>\$ 50,223</b>	<b>86.9%</b>	<b>Total United States</b>	<b>\$ 51,136</b>	<b>\$ 50,938</b>	<b>87.0%</b>				
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 3,910	\$ 3,910	6.8%	United Kingdom	\$ 3,833	\$ 3,833	6.5%	United Kingdom	\$ 3,809	\$ 3,809	6.1%
Ireland	1,086	1,086	1.9%	Ireland	1,059	1,059	1.8%	Ireland	1,093	1,093	1.8%
New Zealand	811	811	1.4%	New Zealand	769	769	1.3%	New Zealand	754	754	1.2%
Netherlands	665	665	1.1%	Netherlands	646	646	1.1%	Netherlands	667	667	1.1%
Other <sup>1</sup>	779	779	1.3%	Other <sup>1</sup>	908	908	1.6%	Other <sup>1</sup>	1,482	1,482	2.4%
Non-PF Multi <sup>2,4</sup>	343	343	0.6%	Non-PF Multi <sup>2</sup>	409	409	0.7%	Non-PF Multi <sup>2</sup>	411	411	0.7%
<b>Total International</b>	<b>\$ 7,593</b>	<b>\$ 7,593</b>	<b>13.1%</b>	<b>Total International</b>	<b>\$ 7,625</b>	<b>\$ 7,625</b>	<b>13.0%</b>	<b>Total International</b>	<b>\$ 8,216</b>	<b>\$ 8,216</b>	<b>13.3%</b>
<b>Total Outstanding</b>	<b>\$ 58,013</b>	<b>\$ 57,816</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 58,761</b>	<b>\$ 58,563</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 62,153</b>	<b>\$ 61,955</b>	<b>100.0%</b>

### 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 \$10,384 million in CDO, \$475 million in ABS, \$370 million in SSR net par.

<sup>4</sup> Consists of \$343 million in CDO net par.



# Investment Portfolio As of March 31, 2012 (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	\$ 94.1	32.0%
Cash and cash equivalents	\$ 18.3	6.2%	1 to 5 Years	103.9	35.4%
Short-term investments	<u>4.3</u>	<u>1.5%</u>	5 to 10 Years	5.6	1.9%
Total Cash and Short-Term Investments	<u>22.6</u>	<u>7.7%</u>	Due after 10 Years	2.5	0.9%
Debt Securities			Mortgage and asset-backed securities	<u>87.6</u>	<u>29.8%</u>
MBS/ABS	87.6	29.8%	Total	<u>\$ 293.8</u>	<u>100.0%</u>
U.S. Government	132.4	45.1%	Yield to Maturity @ Book Value	1.7%	
Corporate	48.3	16.4%	Yield to Maturity @ Market Value	0.9%	
Non-U.S. Sovereign	0.5	0.2%	Duration (years)	1.7	
States & Political Subs	<u>2.4</u>	<u>0.8%</u>			
Total Long-Term Fixed Maturity	271.2	92.3%			
Total	<u>\$ 293.8</u>	<u>100.0%</u>			

### Notes:

- Excludes \$88.4 million of uninsured cash flow ("UCF") securities
- Excludes \$20.3 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 68.4	23.3%
AA	184.6	62.8%
A	37.3	12.7%
BBB	1.6	0.6%
BB & below and Not Rated	<u>1.8</u>	<u>0.6%</u>
Total	<u>\$ 293.8</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	\$ 65.0	9.9%
Cash and cash equivalents	\$ 42.0	6.4%	1 to 5 Years	104.4	15.9%
Short-term investments	<u>2.7</u>	<u>0.4%</u>	5 to 10 Years	183.3	27.8%
Total Cash and Short-Term Investments	44.7	6.8%	Due after 10 Years	37.6	5.7%
Debt Securities			Mortgage and asset-backed securities	<u>267.8</u>	<u>40.7%</u>
MBS/ABS	267.8	40.7%	Total	<u>\$ 658.2</u>	<u>100.0%</u>
U.S. Government	39.0	5.9%	Yield to Maturity @ Book Value	3.8%	
Corporate	273.1	41.5%	Yield to Maturity @ Market Value	3.2%	
States & Political Subs	<u>33.5</u>	<u>5.1%</u>	Duration (years)	3.7	
Total Long-Term Fixed Maturity	613.4	93.2%			
Total	<u>\$ 658.2</u>	<u>100.0%</u>			

### Notes:

- Excludes \$35.0 million of uninsured cash flow ("UCF") securities
- Excludes \$5.8 million of preferred stocks
- Excludes \$7.9 million of common stocks and alternative investments
- Excludes \$5.0 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 97.9	14.9%
AA	254.7	38.7%
A	122.5	18.6%
BBB	141.3	21.5%
BB & below and Not Rated	<u>41.7</u>	<u>6.3%</u>
Total	<u>\$ 658.2</u>	<u>100.0%</u>
Average credit quality		A