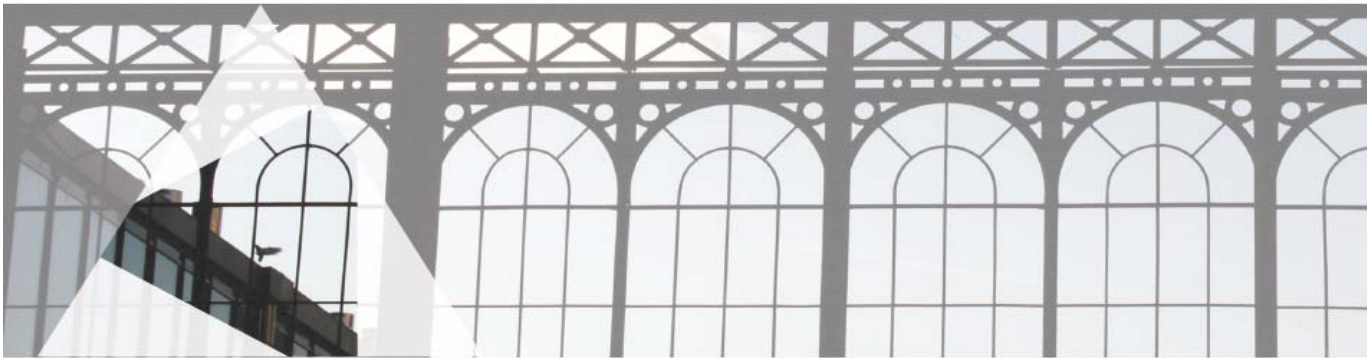


**Syncora Guarantee Inc.  
Syncora Capital Assurance Inc.**

**2<sup>ND</sup> QUARTER 2011  
OPERATING SUPPLEMENT**



# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Index

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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.

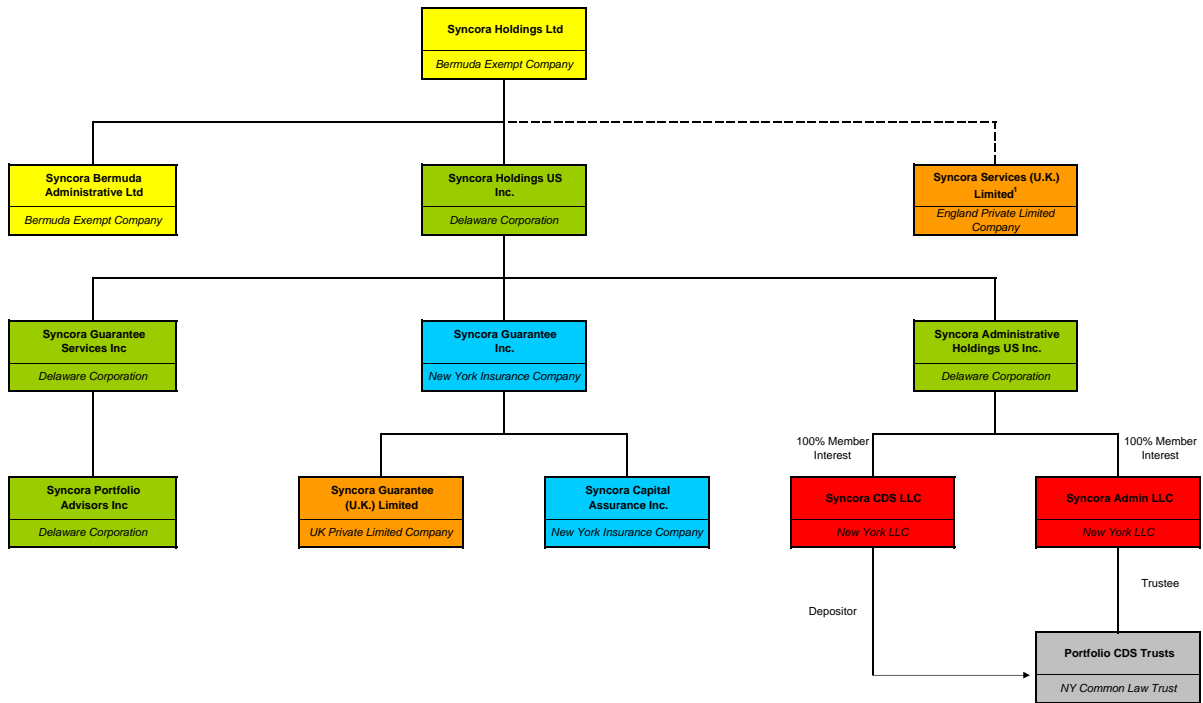
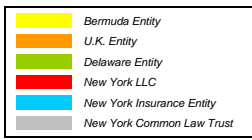
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<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



**Note:**  
<sup>1</sup> Syncora Services (U.K.) Limited dissolution in process.

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

### Syncora Guarantee Inc.

	As of		
	6/30/2011	3/31/2011	12/31/2010
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 79,561	\$ 77,784	\$ 202,465
Bonds	206,310	183,793	100,773
Uninsured cash flow certificates	83,996	84,823	56,601
Interest rate derivatives	814	2,768	3,801
Investment in subsidiary - Syncora Guarantee (UK)	50,172	54,534	49,849
Investment in subsidiary - Syncora Capital Assurance	151,939	128,880	123,953
Subtotal, cash and invested assets	572,793	532,582	537,442
Investment income due and accrued	2,548	2,097	2,284
Uncollected premiums	5,139	8,512	7,142
Collateral deposit	7,100	5,100	9,800
Assets received as salvage	171,989	171,969	172,296
Other assets	44,038	38,323	35,569
Total Assets	\$ 803,606	\$ 758,584	\$ 764,532
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 223,866	\$ 166,835	\$ 194,113
Unearned premiums	266,437	268,055	269,265
Payable to parent, subsidiaries and affiliates	23,398	22,663	25,522
Mandatory contingency reserve	108,030	111,735	106,475
Other liabilities	35,544	32,736	36,606
Total Liabilities	657,274	602,024	631,979
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)	(2,699,974)	(2,689,747)	(2,713,753)
Surplus as regards policyholders	146,332	156,560	132,553
Total Liabilities, Surplus and Other Funds	\$ 803,606	\$ 758,584	\$ 764,532

### Syncora Capital Assurance Inc.

	As of		
	6/30/2011	3/31/2011	12/31/2010
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 88,478	\$ 76,311	\$ 198,966
Preferred Stocks	5,485	4,095	-
Bonds	673,686	689,261	573,348
Receivables for securities	6,756	-	-
Subtotal, cash and invested assets	774,405	769,667	772,314
Investment income due and accrued	6,172	5,765	4,465
Uncollected premiums	3,087	3,427	4,274
Net deferred tax asset	1,672	1,672	7,609
Other assets	1,476	233	1,386
Total Assets	\$ 786,812	\$ 780,764	\$ 790,047
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 492	\$ 266	\$ 16,967
Unearned premiums	361,334	380,781	387,909
Payable to parent, subsidiaries and affiliates	12,351	3,588	2,495
Mandatory contingency reserve	253,156	259,506	248,179
Other liabilities	6,176	5,791	4,878
Total Liabilities	633,510	649,932	660,428
Surplus notes	275,000	275,000	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)	(313,197)	(335,668)	(336,880)
Surplus as regards policyholders	153,303	130,832	129,620
Total Liabilities, Surplus and Other Funds	\$ 786,812	\$ 780,764	\$ 790,047

# Statement of Income

## (U.S. dollars in thousands)

### Syncora Guarantee Inc.

	Three Months Ended		
	6/30/2011	3/31/2011	12/31/2010
Net premiums written	\$ 10,353	\$ 12,512	\$ 8,862
Underwriting Income			
Net premiums earned	\$ 11,971	\$ 13,722	\$ 7,677
Net losses/(releases) incurred	53,800	(18,501)	21,737
Loss adjustment expenses incurred	9,115	23,348	10,095
Other underwriting expenses incurred	8,474	9,509	9,144
Net underwriting gain/(loss)	(59,418)	(634)	(33,299)
Investment Income			
Net investment income earned	18,552	9,867	17,140
Net realized gains/(losses)	(722)	3,091	1,527
Total net investment gain/(loss)	17,830	12,958	18,667
Other Income			
Other income	2,935	2,372	2,256
Net income/(loss) before taxes	(38,653)	14,696	(12,376)
Federal and foreign income taxes incurred/(benefit)	(7,354)	(2,934)	(2,051)
Net income/(loss)	\$ (31,299)	\$ 17,630	\$ (10,325)

### Syncora Capital Assurance Inc.

	Three Months Ended		
	6/30/2011	3/31/2011	12/31/2010
Net premiums written	\$ 9,980	\$ 10,295	\$ 9,173
Underwriting Income			
Net premiums earned	\$ 29,428	\$ 17,423	\$ 16,006
Net losses/(releases) incurred	-	48	845
Loss adjustment expenses incurred	274	389	122
Other underwriting expenses incurred	6,306	6,726	7,370
Other underwriting deductions/(additions)	-	-	-
Net underwriting gain/(loss)	22,849	10,260	7,670
Investment Income			
Net investment income earned	(911)	5,281	(3,411)
Net realized capital gains	545	4,935	1,964
Total net investment gain/(loss)	(366)	10,216	(1,447)
Other Income			
Other income	1,042	1,042	1,067
Net income/(loss) before taxes	23,524	21,517	7,290
Federal and foreign income taxes incurred/(benefit)	7,354	2,934	1,959
Net income/(loss)	\$ 16,171	\$ 18,583	\$ 5,330

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

### Syncora Guarantee Inc.

	As of		
	6/30/2011	3/31/2011	12/31/2010
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 146	\$ 157	\$ 133
Contingency reserve	<u>108</u>	<u>112</u>	<u>106</u>
Qualified statutory capital	254	268	239
Unearned premium revenue	266	268	269
Loss & loss adjustment expense reserves	<u>224</u>	<u>167</u>	<u>194</u>
Total policyholders' surplus & reserves	745	703	702
NPVFIP	<u>222</u>	<u>198</u>	<u>190</u>
Total claims paying resources	<u>\$ 966</u>	<u>\$ 902</u>	<u>\$ 892</u>
Net par outstanding	\$ 18,101	\$ 19,001	\$ 19,198
Leverage ratio (Net par outstanding/Total claims paying resources)	18.7	21.1	21.5

### Syncora Capital Assurance Inc.

	As of		
	6/30/2011	3/31/2011	12/31/2010
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 153	\$ 131	\$ 130
Contingency reserve	<u>253</u>	<u>260</u>	<u>248</u>
Qualified statutory capital	406	390	378
Unearned premium revenue	361	381	388
Loss & loss adjustment expense reserves	<u>0</u>	<u>0</u>	<u>17</u>
Total policyholders' surplus & reserves	768	771	783
NPVFIP	<u>238</u>	<u>260</u>	<u>266</u>
Total claims paying resources	<u>\$ 1,006</u>	<u>\$ 1,031</u>	<u>\$ 1,048</u>
Net par outstanding	\$ 65,736	\$ 75,702	\$ 77,054
Leverage ratio (Net par outstanding/Total claims paying resources)	65.3	73.4	73.5

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

### Syncora Guarantee Inc.

	Par Outstanding as of		
	6/30/2011	3/31/2011	12/31/2010
	Net	Net	Net
U.S. Public Finance:			
Total U.S. Public Finance	\$ 1,608	\$ 1,752	\$ 1,757
U.S. Structured Finance:			
Consumer ABS	2,023	2,129	2,231
Other	2,328	2,376	2,597
Total U.S. Structured Finance	4,352	4,505	4,828
International Finance:			
Transportation	4,577	5,032	4,931
Power & Utility	4,078	4,034	3,938
Other	3,487	3,678	3,745
Total International Finance	12,142	12,744	12,613
Total Par Outstanding	\$ 18,101	\$ 19,001	\$ 19,198
Percent of Net Par Outstanding			
U.S. Public Finance	8.9%	9.2%	9.2%
U.S. Structured Finance	24.0%	23.7%	25.1%
International Finance	67.1%	67.1%	65.7%

### Syncora Capital Assurance Inc.

	Par Outstanding as of		
	6/30/2011	3/31/2011	12/31/2010
	Net	Net	Net
U.S. Public Finance:			
General Obligation	\$ 17,966	\$ 25,689	\$ 26,081
Utility	5,549	5,584	5,612
Non Ad Valorem	4,369	4,358	4,362
Higher Education	3,313	3,386	3,419
Transportation	2,873	2,874	2,905
Other	3,939	3,948	3,957
Total U.S. Public Finance	38,008	45,839	46,335
U.S. Structured Finance:			
Pooled Debt Obligations	14,419	16,418	17,206
Power & Utility	3,373	3,582	3,588
Other	891	901	1,040
Total U.S. Structured Finance	18,684	20,902	21,833
International Finance:			
Pooled Debt Obligations	3,327	3,308	3,230
Power & Utility	2,393	2,302	2,357
Transportation	1,813	1,865	1,808
Other	1,511	1,486	1,490
Total International Finance	9,045	8,961	8,885
Total Par Outstanding	\$ 65,736	\$ 75,702	\$ 77,054
Percent of Net Par Outstanding			
U.S. Public Finance	57.8%	60.6%	60.1%
U.S. Structured Finance	28.4%	27.6%	28.3%
International Finance	13.8%	11.8%	11.5%



# Insured Portfolio - Debt Service Amortization

## As of June 30, 2011

(U.S. dollars in millions)

### Syncora Guarantee Inc.

Debt Service (Principal and Interest)	Scheduled Net Debt Service	Principal & Interest Outstanding
		\$ 29,060
3rd Quarter 2011	977	28,083
4th Quarter 2011	360	27,723
2012	1,388	26,335
2013	1,171	25,163
2014	1,233	23,931
2015	1,192	22,738
2016-2020	5,567	17,171
2021-2025	3,717	13,454
2026-2030	1,747	11,707
2031 and thereafter	11,707	-
	<u>\$ 29,060</u>	

### Syncora Capital Assurance Inc.

Debt Service (Principal and Interest)	Scheduled Net Debt Service	Principal & Interest Outstanding
		\$ 98,427
3rd Quarter 2011	1,139	97,288
4th Quarter 2011	1,441	95,846
2012	5,566	90,280
2013	8,066	82,214
2014	9,569	72,645
2015	5,337	67,308
2016-2020	19,015	48,293
2021-2025	15,234	33,058
2026-2030	12,239	20,819
2031 and thereafter	20,819	-
	<u>\$ 98,427</u>	

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

## Syncora Guarantee Inc.

Exposure <sup>1</sup>	6/30/2011		3/31/2011		12/31/2010	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
CDO	\$ 1,242	16	\$ 1,320	16	\$ 1,438	15
ABS: RMBS	1,909	37	1,980	38	2,043	38
ABS: non-RMBS	570	11	644	11	704	11
Power & Utilities	4,119	14	4,069	14	3,973	14
Global Infrastructure	6,985	26	7,529	28	7,543	28
Specialized Risk	1,668	13	1,708	13	1,740	13
Public Finance	1,608	16	1,752	17	1,757	17
<b>Total</b>	<b>\$ 18,101</b>	<b>133</b>	<b>\$ 19,001</b>	<b>137</b>	<b>\$ 19,198</b>	<b>136</b>

Reserves	6/30/2011		3/31/2011		12/31/2010	
	Net Loss Reserve	# of Credits	Net Loss Reserve	# of Credits	Net Loss Reserve	# of Credits
CDO	\$ 4	4	\$ 4	4	\$ 3	3
ABS: RMBS	39	15	15	15	57	57
ABS: non-RMBS	-	-	-	-	-	-
Power & Utilities	12	-	-	-	-	-
Global Infrastructure	45	24	24	24	24	24
Specialized Risk	-	-	-	-	-	-
Public Finance	105	105	105	105	105	105
<b>Total</b>	<b>\$ 205</b>	<b>147</b>	<b>\$ 147</b>	<b>147</b>	<b>\$ 189</b>	<b>189</b>
Less Salvage & Subrogation	(30)	(30)	(30)	(30)	(29)	(29)
<b>Adjusted Total</b>	<b>\$ 175</b>	<b>117</b>	<b>\$ 117</b>	<b>117</b>	<b>\$ 160</b>	<b>160</b>

**Note:**

<sup>1</sup> Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

Exposure <sup>1</sup>	6/30/2011		3/31/2011		12/31/2010	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
CDO	\$ 17,746	67	\$ 19,727	75	\$ 20,436	76
ABS: RMBS	-	-	-	-	-	-
ABS: non-RMBS	521	3	531	3	555	3
Power & Utilities	5,767	40	5,884	40	5,945	41
Global Infrastructure	2,768	6	2,809	7	2,729	7
Specialized Risk	826	5	812	5	954	6
Public Finance	38,107	2,267	45,939	2,300	46,435	2,315
<b>Total</b>	<b>\$ 65,736</b>	<b>2,388</b>	<b>\$ 75,702</b>	<b>2,430</b>	<b>\$ 77,054</b>	<b>2,448</b>

Reserves	6/30/2011		3/31/2011		12/31/2010	
	Net Loss Reserve	# of Credits	Net Loss Reserve	# of Credits	Net Loss Reserve	# of Credits
CDO	\$ -	-	\$ -	-	\$ 17	17
ABS: RMBS	-	-	-	-	-	-
ABS: non-RMBS	-	-	-	-	-	-
Power & Utilities	-	-	-	-	-	-
Global Infrastructure	-	-	-	-	-	-
Specialized Risk	-	-	-	-	-	-
Public Finance	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 17</b>	<b>17</b>
Less Salvage & Subrogation	-	-	-	-	-	-
<b>Adjusted Total</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 17</b>	<b>17</b>

**Note:**

<sup>1</sup> Categories include domestic and international credits.

# Insured Portfolio - Watch List

## As of June 30, 2011

(U.S. dollars in millions)

### Syncora Guarantee Inc.

Par Outstanding as of 6/30/2011					
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	8	7	4	32	51
Remaining weighted-average contract period (in years)	12.1	11.9	7.9	13.3	11.7
Insured contractual payments outstanding:					
Principal	\$ 1,438.8	\$ 764.6	\$ 1,295.5	\$ 2,473.2	\$ 5,972.2
Interest	639.6	376.6	355.7	1,140.2	2,512.1
Total	<u>\$ 2,078.4</u>	<u>\$ 1,141.2</u>	<u>\$ 1,651.3</u>	<u>\$ 3,613.4</u>	<u>\$ 8,484.2</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 211.3	\$ 211.3
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 205.1	\$ 205.1
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 174.8	\$ 174.8

**Note:**

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

### Syncora Capital Assurance Inc.

Par Outstanding as of 6/30/2011					
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	17	10	-	-	27
Remaining weighted-average contract period (in years)	9.0	12.6	-	-	10.0
Insured contractual payments outstanding:					
Principal	\$ 3,482.0	\$ 1,292.1	\$ -	\$ -	\$ 4,774.1
Interest	1,036.9	779.1	-	-	1,816.0
Total	<u>\$ 4,518.9</u>	<u>\$ 2,071.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,590.1</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -

**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.

Distribution by Rating <sup>1</sup>	6/30/2011		Par Outstanding as of 3/31/2011		12/31/2010	
	Net	Percentage	Net	Percentage	Net	Percentage
AAA	\$ 852	4.7%	\$ 881	4.6%	\$ 910	4.7%
AA	1,859	10.3%	2,064	10.9%	1,908	9.9%
A	2,028	11.2%	2,018	10.6%	2,153	11.2%
BBB	7,869	43.5%	8,561	45.1%	8,523	44.4%
Below investment grade	5,493	30.3%	5,477	28.8%	5,704	29.7%
Net par outstanding	<u>\$ 18,101</u>	<u>100.0%</u>	<u>\$ 19,001</u>	<u>100.0%</u>	<u>\$ 19,198</u>	<u>100.0%</u>

**Note:**

<sup>1</sup>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.

Distribution by Rating <sup>1</sup>	6/30/2011		Par Outstanding as of 3/31/2011		12/31/2010	
	Net	Percentage	Net	Percentage	Net	Percentage
AAA	\$ 5,330	8.1%	\$ 9,578	12.7%	\$ 12,280	15.9%
AA	23,230	35.3%	27,534	36.4%	25,303	32.8%
A	24,562	37.4%	25,830	34.1%	26,268	34.1%
BBB	10,361	15.8%	10,395	13.7%	10,224	13.3%
Below investment grade	2,252	3.4%	2,365	3.1%	2,978	3.9%
Net par outstanding	<u>\$ 65,736</u>	<u>100.0%</u>	<u>\$ 75,702</u>	<u>100.0%</u>	<u>\$ 77,054</u>	<u>100.0%</u>

**Note:**

<sup>1</sup>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 - Summary of Below Investment Grade (BIG) Exposures<sup>1</sup> (U.S. dollars in millions)

### Syncora Guarantee Inc.

	Par Outstanding as of		
	6/30/2011	3/31/2011	12/31/2010
	Net	Net	Net
U.S. Public Finance:			
Total U.S. Public Finance	\$ 591	\$ 593	\$ 595
U.S. Structured Finance:			
Consumer ABS	1,532	1,585	1,631
Other	600	595	741
Total U.S. Structured Finance	2,131	2,179	2,372
International Finance:			
Transportation	\$ 1,702	\$ 1,640	\$ 1,638
Other	1,068	1,065	1,100
Total International Finance	2,771	2,705	2,737
Total Below Investment Grade	\$ 5,493	\$ 5,477	\$ 5,704
BIG as a percentage of net par outstanding	30.3%	28.8%	29.7%

**Note:**

<sup>1</sup> 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.

	Par Outstanding as of		
	6/30/2011	3/31/2011	12/31/2010
	Net	Net	Net
U.S. Public Finance:			
Total U.S. Public Finance	\$ 1,481	\$ 1,492	\$ 1,478
U.S. Structured Finance:			
Total U.S. Structured Finance	772	790	1,412
International Finance:			
Total International Finance	-	83	88
Total Below Investment Grade	\$ 2,252	\$ 2,365	\$ 2,978
BIG as a percentage of net par outstanding	3.4%	3.1%	3.9%

**Note:**

<sup>1</sup> 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.

Par Outstanding as of 6/30/2011			
	Obligor Name <sup>1</sup>	Net	S&P Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 551	D
2	Commonwealth of Puerto Rico - GO	300	BBB-
3	Bay Area Toll Authority, CA - Toll Revenue Bonds	161	AA+
4	New Jersey (State of) - Annual Appropriation	135	AA+
5	Port Authority of New York and New Jersey, NY	79	AA+
6	Massachusetts (Commonwealth of) - GO	76	AA+
7	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	60	AA+
8	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	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	30	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		<u>\$ 1,608</u>	
Total Portfolio Net Par Outstanding		\$ 18,101	
% of Total Portfolio		8.9%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,608	
% of Total Public Finance Portfolio		100.0%	

**Note:**

<sup>1</sup>Individual obligors may have policies with different ratings. Net Par Outstanding shown is grouped by the obligor's lowest rating

### Syncora Capital Assurance Inc.

Par Outstanding as of 6/30/2011			
	Obligor Name <sup>1</sup>	Net	S&P Rating
1	State of California - GO	\$ 779	BBB+
2	San Diego Family Housing LLC	724	AA
3	LCOR Alexandria, LLC - Lease Revenue	580	BBB
4	City of Denver, CO Airport System - Revenue Bonds	485	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	418	A-
7	City of Detroit, MI - Pension Obligations Bonds	396	BB
8	City of Denver Convention Center Hotel Project, CO	351	BBB-
9	Port Authority of New York and New Jersey, NY	347	AA-
10	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	341	BBB+
11	Dodger Tickets LLC	337	BBB
12	Miami-Dade County (Water/Sewer), FL	333	A+
13	DOT Headquarters II Lease-Backed Mortgage Finance Trust Subordinate Notes	326	BB+
14	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
15	City of New York, NY - GO	312	A+
16	Metropolitan Pier & Exposition Center, IL	299	AAA
17	New Jersey Transportation Trust Fund, NJ	295	A+
18	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	277	A-
19	Natural Gas Acquisition Corporation of City of Clarksville (Ngac) , TN - Utility Obligation	258	AA-
20	Navy Northeast Family Housing LLC Trust 220	258	AA-
Total Net Par Outstanding of the 20 Largest Public Finance Credits		<u>\$ 7,893</u>	
Total Portfolio Net Par Outstanding		\$ 65,736	
% of Total Portfolio		12.0%	
Total Public Finance Portfolio Net Par Outstanding		\$ 38,107	
% of Total Public Finance Portfolio		20.7%	

**Note:**

<sup>1</sup>Individual obligors may have policies with different ratings. Net Par Outstanding shown is grouped by the obligor's lowest rating

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

## Syncora Guarantee Inc.

		Par Outstanding as of 6/30/2011	
		Servicer/Manager Name <sup>1</sup>	Net
1	Countrywide Home Loans		\$ 396
2	American Home Servicing		358
3	Wells Fargo Bank, NA		352
4	CLO Manager 1 <sup>2</sup>		323
5	OneWest Bank, FSB		311
6	CLO Manager 2 <sup>2</sup>		268
7	JP Morgan		216
8	Private Commercial ABS Transaction <sup>2</sup>		185
9	CLO Manager 3 <sup>2</sup>		179
10	TMF Administration Services Limited		172
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures			<u>\$ 2,760</u>
Total Portfolio Net Par Outstanding			\$ 18,101
% of Total Portfolio			15.2%
Total Structured Finance Portfolio Net Par Outstanding			\$ 16,494
% of Total Structured Finance Portfolio			16.7%

**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.

## Syncora Capital Assurance Inc.

		Par Outstanding as of 6/30/2011	
		Servicer/Manager Name <sup>1</sup>	Net
1	CLO Manager 4 <sup>2</sup>		\$ 1,291
2	CLO Manager 5 <sup>2</sup>		767
3	CLO Manager 6 <sup>2</sup>		751
4	CLO Manager 7 <sup>2</sup>		682
5	CLO Manager 8 <sup>2</sup>		660
6	CLO Manager 2 <sup>2</sup>		646
7	CLO Manager 9 <sup>2</sup>		582
8	CLO Manager 10 <sup>2</sup>		560
9	CLO Manager 11 <sup>2</sup>		531
10	CLO Manager 12 <sup>2</sup>		411
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures			<u>\$ 6,879</u>
Total Portfolio Net Par Outstanding			\$ 65,736
% of Total Portfolio			10.5%
Total U.S. Structured Finance Portfolio Net Par Outstanding			\$ 27,629
% of Total U.S. Structured Finance Portfolio			24.9%

**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.

	6/30/2011		Par Outstanding as of 3/31/2011		12/31/2010	
	Net	Percentage	Net	Percentage	Net	Percentage
Geographic Distribution						
United States:						
Total United States	<u>5,959</u>	<u>32.9%</u>	<u>6,257</u>	<u>32.9%</u>	<u>6,585</u>	<u>34.3%</u>
Non-United States:						
United Kingdom	6,051	33.4%	6,182	32.5%	6,103	31.8%
Australia	2,146	11.9%	2,070	10.9%	2,053	10.7%
Other	<u>3,945</u>	<u>21.8%</u>	<u>4,492</u>	<u>23.6%</u>	<u>4,457</u>	<u>23.2%</u>
Total Non-United States	12,142	67.1%	12,744	67.1%	12,613	65.7%
Total Par Outstanding	<u>\$ 18,101</u>	<u>100.0%</u>	<u>\$ 19,001</u>	<u>100.0%</u>	<u>\$ 19,198</u>	<u>100.0%</u>

### Syncora Capital Assurance Inc.

	6/30/2011		Par Outstanding as of 3/31/2011		12/31/2010	
	Net	Percentage	Net	Percentage	Net	Percentage
Geographic Distribution						
United States:						
California	\$ 7,320	11.1%	\$ 7,345	9.7%	\$ 7,422	9.6%
New York	3,784	5.8%	4,090	5.4%	4,163	5.4%
Illinois	2,562	3.9%	3,261	4.3%	3,282	4.3%
Texas	2,262	3.4%	3,230	4.3%	3,265	4.2%
Florida	2,014	3.1%	2,656	3.5%	2,658	3.4%
Pennsylvania	1,953	3.0%	2,545	3.4%	2,605	3.4%
Alabama	1,651	2.5%	1,862	2.5%	1,875	2.4%
Georgia	1,386	2.1%	1,393	1.8%	1,407	1.8%
Colorado	1,375	2.1%	1,378	1.8%	1,378	1.8%
New Jersey	1,277	1.9%	1,527	2.0%	1,533	2.0%
Michigan	1,118	1.7%	1,147	1.5%	1,147	1.5%
Other	<u>29,990</u>	<u>45.6%</u>	<u>36,309</u>	<u>48.0%</u>	<u>37,434</u>	<u>48.6%</u>
Total United States	56,691	86.2%	66,741	88.2%	68,168	88.5%
Non-United States:						
United Kingdom	3,976	6.0%	3,957	5.2%	3,839	5.0%
Ireland	1,426	2.2%	1,404	1.9%	1,377	1.8%
Other	<u>3,643</u>	<u>5.5%</u>	<u>3,600</u>	<u>4.8%</u>	<u>3,670</u>	<u>4.8%</u>
Total Non-United States	9,045	13.8%	8,961	11.8%	8,885	11.5%
Total Par Outstanding	<u>\$ 65,736</u>	<u>100.0%</u>	<u>\$ 75,702</u>	<u>100.0%</u>	<u>\$ 77,054</u>	<u>100.0%</u>



# Investment Portfolio

## As of June 30, 2011

(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	\$ 75.6	29.9%
Cash and cash equivalents	\$ 14.5	5.7%	1 to 5 Years	98.5	39.0%
Short-term investments	31.8	12.6%	5 to 10 Years	16.6	6.6%
Total Cash and Short-Term Investments	46.3	18.3%	Due after 10 Years	2.6	1.0%
Debt Securities			Mortgage and asset-backed securities	59.3	23.5%
MBS/ABS	59.3	23.5%	Total	\$ 252.6	100.0%
U.S. Government	98.7	39.1%			
Corporate	46.4	18.4%	Yield to Maturity @ Book Value	2.1%	
Non-U.S. Sovereign	1.2	0.5%	Yield to Maturity @ Market Value	0.9%	
States & Political Subs	0.7	0.3%	Duration (years)	1.5	
Total Long-Term Fixed Maturity	206.3	81.7%			
Total	\$ 252.6	100.0%			

**Notes:**

- Excludes uninsured cash flow ("UCF") securities of \$84.0 million.
- Excludes operating cash balances of \$33.3 million.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 201.9	79.9%
AA	12.0	4.7%
A	34.5	13.6%
BBB	0.4	0.1%
BB & below and Not Rated	3.9	1.6%
Total	\$ 252.6	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	\$ 88.6	11.7%
Cash and cash equivalents	\$ 85.2	11.2%	1 to 5 Years	108.5	14.3%
Short-term investments	1.2	0.2%	5 to 10 Years	201.9	26.6%
Total Cash and Short-Term Investments	86.4	11.4%	Due after 10 Years	35.6	4.7%
Debt Securities			Mortgage and asset-backed securities	325.6	42.8%
MBS/ABS	325.6	42.8%	Total	\$ 760.1	100.0%
U.S. Government	8.4	1.1%			
Corporate	310.4	40.8%	Yield to Maturity @ Book Value <sup>1</sup>	3.9%	
Non-U.S. Sovereign	-	0.0%	Yield to Maturity @ Market Value <sup>1</sup>	3.3%	
States & Political Subs	29.3	3.9%	Duration (years) <sup>1</sup>	4.1	
Total Long-Term Fixed Maturity	673.7	88.6%			
Total	\$ 760.1	100.0%			

**Notes:**

- Excludes \$5.5 million of preferred stock.
- Excludes operating cash balances of \$2.0 million.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 375.7	49.4%
AA	41.6	5.5%
A	164.5	21.6%
BBB	142.7	18.8%
BB & below and Not Rated	35.7	4.7%
Total	\$ 760.1	100.0%
Average credit quality	AA-	