

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

**2nd 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

Leverage ratio¹

Net par outstanding divided by total claims paying resources.

Net par outstanding

Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.

Net premiums written

Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.

Net present value of future installment premiums on insurance policies and credit derivative contracts¹ (NPVFIP)

Estimated installment premiums written on insurance policies and credit derivative contracts anticipated to be earned in future periods on policies in force, reduced by planned cessions to reinsurers, plus associated ceding commissions received from reinsurers, discounted at 7%. NPVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.

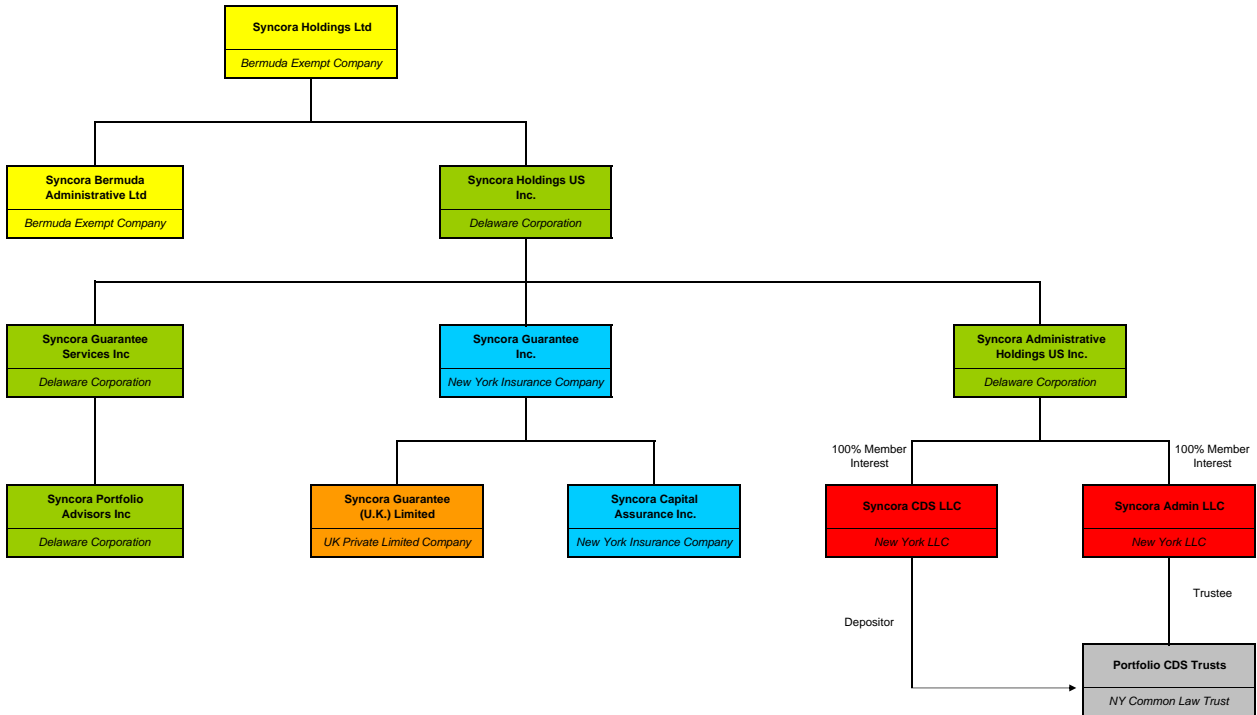
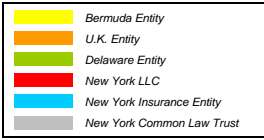
Net principal and interest outstanding

Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers

Note:

¹Includes certain management estimates.

Syncora Legal Entity Structure



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

Syncora Guarantee Inc.

	As of		
	6/30/2012	3/31/2012	12/31/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 58,680	\$ 42,932	\$ 118,216
Bonds	154,067	271,172	218,225
Uninsured cash flow certificates	89,516	88,418	90,873
Interest rate derivatives	7	9	192
Investment in subsidiary - Syncora Guarantee (UK)	49,938	50,262	49,128
Investment in subsidiary - Syncora Capital Assurance	141,650	136,535	132,322
Receivables for securities	10,465	-	-
Subtotal, cash and invested assets	504,324	589,328	608,955
Investment income due and accrued	2,451	2,398	3,837
Uncollected premiums	6,511	5,863	5,547
Collateral deposit	8,300	1,500	6,700
Assets received as salvage	197,638	197,619	168,239
Other assets	53,370	45,738	40,405
Total Assets	\$ 772,594	\$ 842,446	\$ 833,683
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ (130,544)	\$ 249,054	\$ 245,867
Unearned premiums	233,255	242,358	242,494
Payable to parent, subsidiaries and affiliates	17,463	15,926	27,360
Mandatory contingency reserve	99,958	101,699	104,706
Other liabilities	38,414	40,372	27,185
Total Liabilities	258,546	649,409	647,612
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)	(2,332,258)	(2,653,270)	(2,660,235)
Surplus as regards policyholders	514,048	193,037	186,071
Total Liabilities, Surplus and Other Funds	\$ 772,594	\$ 842,446	\$ 833,683

Syncora Capital Assurance Inc.

	As of		
	6/30/2012	3/31/2012	12/31/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 49,498	\$ 49,717	\$ 47,001
Preferred stocks	5,088	5,762	5,591
Common stocks	6,732	5,993	3,591
Bonds	617,129	613,432	612,418
Uninsured cash flow certificates	31,199	35,016	34,468
Other invested assets	1,885	1,964	1,992
Subtotal, cash and invested assets	711,531	711,884	705,061
Investment income due and accrued	5,688	5,490	5,327
Uncollected premiums	2,639	2,650	2,871
Net deferred tax asset	2,501	2,501	1,284
Other assets	787	1,505	1,655
Total Assets	\$ 723,146	\$ 724,030	\$ 716,199
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 4,402	\$ 5,016	\$ 3,020
Unearned premiums	331,977	339,082	346,103
Payable to parent, subsidiaries and affiliates	9,649	9,757	9,348
Mandatory contingency reserve	234,116	231,067	224,328
Other liabilities	1,241	2,344	721
Total Liabilities	581,385	587,266	583,519
Surplus notes	200,000	200,000	200,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	189,000	189,000	189,000
Unassigned funds (surplus)	(249,739)	(254,736)	(258,819)
Surplus as regards policyholders	141,761	136,764	132,681
Total Liabilities, Surplus and Other Funds	\$ 723,146	\$ 724,030	\$ 716,199

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	6/30/2012	3/31/2012	12/31/2011
Net premiums written	\$ 6,924	\$ 7,660	\$ 7,422
Underwriting Income			
Net premiums earned	\$ 16,027	\$ 7,796	\$ 25,891
Net losses/(releases) incurred	(271,900)	(964)	32,680
Loss adjustment expenses incurred	(6,394)	16,284	7,644
Other underwriting expenses incurred	5,781	6,369	5,616
Net underwriting gain/(loss)	288,540	(13,893)	(20,049)
Investment Income			
Net investment income earned	15,517	9,441	19,745
Net realized gains/(losses)	2,243	(5,228)	(3,182)
Total net investment gain/(loss)	17,761	4,213	16,564
Other Income			
Other income	2,861	3,955	3,252
Net income/(loss) before taxes	309,161	(5,725)	(233)
Federal and foreign income taxes incurred/(benefit)	(5,177)	(4,238)	(1,859)
Net income/(loss)	\$ 314,338	\$ (1,487)	\$ 1,625

Syncora Capital Assurance Inc.

	Three Months Ended		
	6/30/2012	3/31/2012	12/31/2011
Net premiums written	\$ 9,271	\$ 8,881	\$ 6,435
Underwriting Income			
Net premiums earned	\$ 16,376	\$ 15,901	\$ 15,727
Net losses/(releases) incurred	-	-	-
Loss adjustment expenses incurred	(370)	2,789	2,751
Other underwriting expenses incurred	5,410	6,477	8,240
Net underwriting gain/(loss)	11,336	6,635	4,736
Investment Income			
Net investment income earned	800	6,755	(914)
Net realized capital gains	(2,688)	103	3,139
Total net investment gain/(loss)	(1,888)	6,858	2,225
Other Income			
Other income	4,000	-	1,052
Net income/(loss) before taxes	13,447	13,493	8,013
Federal and foreign income taxes incurred/(benefit)	5,177	4,238	1,859
Net income/(loss)	\$ 8,270	\$ 9,255	\$ 6,154

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

Syncora Guarantee Inc.

	As of		
	6/30/2012	3/31/2012	12/31/2011
Claims paying resources			
Policyholders' surplus	\$ 514	\$ 193	\$ 186
Contingency reserve	100	102	105
Qualified statutory capital	614	295	291
Unearned premium revenue	233	242	242
Loss & loss adjustment expense reserves ¹	216	249	246
Total policyholders' surplus & reserves	1,063	786	779
NPVFIP	171	190	189
Total claims paying resources	\$ 1,234	\$ 976	\$ 968
Net par outstanding	\$ 15,554	\$ 15,996	\$ 16,160
Leverage ratio (Net par outstanding/Total claims paying resources)	12.6	16.4	16.7

Note:

¹For the six months ending 6/30/2012, the reported loss and loss adjustment expense reserves excludes the benefit of the Countrywide litigation settlement (\$375.0 million).

Syncora Capital Assurance Inc.

	As of		
	6/30/2012	3/31/2012	12/31/2011
Claims paying resources			
Policyholders' surplus	\$ 142	\$ 137	\$ 133
Contingency reserve	234	231	224
Qualified statutory capital	376	368	357
Unearned premium revenue	332	339	346
Loss & loss adjustment expense reserves	4	5	3
Total policyholders' surplus & reserves	712	712	706
NPVFIP	185	195	201
Total claims paying resources	\$ 897	\$ 907	\$ 907
Net par outstanding	\$ 56,242	\$ 57,816	\$ 58,563
Leverage ratio (Net par outstanding/Total claims paying resources)	62.7	63.8	64.6

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Utility	\$ 589		\$ 589		\$ 616	
General Obligation	445		447		451	
Special Revenue	256		256		308	
Appropriation	127		127		127	
Non Ad Valorem	73		73		73	
Total Public Finance	\$ 1,489	9.6%	\$ 1,492	9.3%	\$ 1,574	9.7%
Asset-Backed Securities						
RMBS	\$ 1,644		\$ 1,708		\$ 1,767	
Commercial ABS	306		338		350	
Consumer ABS - Auto	-		-		107	
Total Asset-Backed Securities	\$ 1,950	12.5%	\$ 2,046	12.8%	\$ 2,223	13.8%
Collateralized Debt Obligations						
Cashflow CDO	\$ 946		\$ 1,019		\$ 1,058	
Market Value CDO	-		-		-	
Synthetic CDO	-		-		-	
Total Collateralized Debt Obligations	\$ 946	6.1%	\$ 1,019	6.4%	\$ 1,058	6.5%
Structured Single Risk						
Global Infrastructure	\$ 5,937		\$ 5,910		\$ 5,833	
Power & Utilities	3,988		4,203		4,101	
Specialized Risk	1,245		1,327		1,371	
Total Structured Single Risk	\$ 11,169	71.8%	\$ 11,439	71.5%	\$ 11,304	70.0%
Total Net Par Outstanding	<u>\$ 15,554</u>	<u>100.0%</u>	<u>\$ 15,996</u>	<u>100.0%</u>	<u>\$ 16,160</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 14,279		\$ 14,714		\$ 15,131	
Special Revenue	9,790		9,874		10,007	
Utility	5,110		5,228		5,260	
Non Ad Valorem	4,081		4,155		4,169	
Appropriation	2,088		2,206		2,244	
Total Public Finance	\$ 35,348	62.8%	\$ 36,177	62.6%	\$ 36,811	62.9%
Asset-Backed Securities						
Commercial ABS	\$ 461		\$ 475		\$ 493	
Total Asset-Backed Securities	\$ 461	0.8%	\$ 475	0.8%	\$ 493	0.8%
Collateralized Debt Obligations						
Synthetic CDO	\$ 6,411		\$ 6,411		\$ 6,418	
Cashflow CDO	5,927		6,136		6,278	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 12,906	22.9%	\$ 13,115	22.7%	\$ 13,263	22.6%
Structured Single Risk						
Power & Utilities	\$ 4,758		\$ 5,227		\$ 5,198	
Global Infrastructure	2,348		2,402		2,378	
Specialized Risk	420		420		420	
Total Structured Single Risk	\$ 7,527	13.4%	\$ 8,048	13.9%	\$ 7,996	13.7%
Total Net Par Outstanding	<u>\$ 56,242</u>	<u>100.0%</u>	<u>\$ 57,816</u>	<u>100.0%</u>	<u>\$ 58,563</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.

Q2 2012			Q1 2012			Q4 2011		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
					\$ 25,879	2012 Q1	\$ 506	\$ 26,009
		\$ 24,876	2012 Q2	\$ 352	25,527	2012 Q2	335	25,168
2012 Q3	\$ 359	24,516	2012 Q3	312	25,215	2012 Q3	296	24,872
2012 Q4	556	23,960	2012 Q4	527	24,688	2012 Q4	473	24,399
Total 2012	\$ 916		Total 2012	\$ 1,190		Total 2012	\$ 1,610	
2013	1,085	22,875	2013	1,061	23,628	2013	1,120	23,280
2014	1,107	21,768	2014	1,055	22,573	2014	1,048	22,231
2015	1,104	20,663	2015	1,124	21,449	2015	1,079	21,153
2016	1,489	19,174	2016	1,473	19,976	2016	1,459	19,694
Total 2013-2016	\$ 4,785		Total 2013-2016	\$ 4,712		Total 2013-2016	\$ 4,706	
2017-2021	4,557	14,617	2017-2021	4,499	15,477	2017-2021	4,492	15,202
2022-2026	3,067	11,551	2022-2026	3,064	12,414	2022-2026	3,019	12,183
2027-2031	1,318	10,232	2027-2031	1,226	11,187	2027-2031	1,245	10,937
2032 and thereafter	10,232	-	2032 and thereafter	11,187	-	2032 and thereafter	10,937	-
Total 2017-thereafter	\$ 19,174		Total 2017-thereafter	\$ 19,976		Total 2017-thereafter	\$ 19,694	
Total	\$ 24,876		Total	\$ 25,879		Total	\$ 26,009	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q2 2012			Q1 2012			Q4 2011		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
					\$ 87,106	2012 Q1	\$ 1,073	\$ 88,435
		\$ 84,085	2012 Q2	\$ 909	86,196	2012 Q2	889	87,362
2012 Q3	\$ 1,195	82,890	2012 Q3	1,212	84,985	2012 Q3	1,193	86,473
2012 Q4	2,054	80,836	2012 Q4	2,085	82,900	2012 Q4	2,103	85,280
Total 2012	\$ 3,249		Total 2012	\$ 4,206		Total 2012	\$ 5,258	83,177
2013	5,751	75,085	2013	5,873	77,027	2013	5,942	77,235
2014	7,728	67,357	2014	7,819	69,207	2014	7,894	69,341
2015	5,049	62,308	2015	5,156	64,051	2015	5,166	64,175
2016	4,315	57,994	2016	4,402	59,649	2016	4,418	59,757
Total 2013-2016	\$ 22,842		Total 2013-2016	\$ 23,251		Total 2013-2016	\$ 23,420	
2017-2021	16,236	41,757	2017-2021	16,946	42,703	2017-2021	17,008	42,749
2022-2026	13,663	28,094	2022-2026	13,837	28,866	2022-2026	13,948	28,801
2027-2031	10,803	17,291	2027-2031	10,804	18,062	2027-2031	10,853	17,948
2032 and thereafter	17,291	-	2032 and thereafter	18,062	-	2032 and thereafter	17,948	-
Total 2017-thereafter	\$ 57,994		Total 2017-thereafter	\$ 59,649		Total 2017-thereafter	\$ 59,757	
Total	\$ 84,085		Total	\$ 87,106		Total	\$ 88,435	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,489	16	\$ 1,492	16	\$ 1,574	16
Asset-Backed Securities	1,950	41	2,046	42	2,223	46
Collateralized Debt Obligations	946	12	1,019	13	1,058	14
Structured Single Risk	11,169	47	11,439	51	11,304	51
Total Net Par Outstanding	\$ 15,554	116	\$ 15,996	122	\$ 16,160	127
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 120		\$ 120		\$ 120	
Asset-Backed Securities	(272)		(34)		2	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	(2)		116		93	
Total Net Reserve	\$ (151)		\$ 205		\$ 217	
Less Salvage & Subrogation	(38)		(39)		(39)	
Adjusted Total	\$ (190)		\$ 166		\$ 179	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 35,348	2,150	\$ 36,177	2,194	\$ 36,811	2,229
Asset-Backed Securities	461	3	475	3	493	3
Collateralized Debt Obligations	12,906	48	13,115	49	13,263	51
Structured Single Risk	7,527	44	8,048	46	7,996	47
Total Net Par Outstanding	\$ 56,242	2,245	\$ 57,816	2,292	\$ 58,563	2,330
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	\$ -		\$ -		\$ -	
Less Salvage & Subrogation	(0)		(0)		-	
Adjusted Total	\$ (0)		\$ (0)		\$ -	

Note:

Categories include domestic and international credits.

**Insured Portfolio - Watch List
As of June 30, 2012
(U.S. dollars in millions)**

Syncora Guarantee Inc.

	Q2 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	10	5	7	27	49
Remaining weighted-average contract period (in years)	13.6	9.6	8.6	13.0	11.0
Insured contractual payments outstanding:					
Principal	\$ 791.7	\$ 710.5	\$ 2,015.1	\$ 2,005.3	\$ 5,522.7
Interest	404.1	304.2	520.2	1,294.8	2,523.3
Total	<u>\$ 1,195.9</u>	<u>\$ 1,014.8</u>	<u>\$ 2,535.2</u>	<u>\$ 3,300.1</u>	<u>\$ 8,046.0</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ (146.2)	\$ (146.2)
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ (151.3)	\$ (151.3)
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ (189.7)	\$ (189.7)

Note:

¹Count excludes credits with \$0 (zero) net par outstanding.

Syncora Capital Assurance Inc.

	Q2 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	14	15	3	-	32
Remaining weighted-average contract period (in years)	6.8	10.4	11.4	-	8.5
Insured contractual payments outstanding:					
Principal	\$ 2,451.7	\$ 1,743.5	\$ 347.8	\$ -	\$ 4,543.0
Interest	722.3	631.0	235.8	-	1,589.0
Total	<u>\$ 3,174.0</u>	<u>\$ 2,374.5</u>	<u>\$ 583.5</u>	<u>\$ -</u>	<u>\$ 6,132.1</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ (0.2)	\$ (0.2)

Note:

¹Count excludes credits with \$0 (zero) net par outstanding.

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

Syncora Guarantee Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 688	4.4%	\$ 701	4.4%	\$ 716	4.4%
AA	1,594	10.2%	1,651	10.3%	1,721	10.6%
A	1,925	12.4%	2,148	13.4%	2,102	13.0%
BBB	5,801	37.3%	6,367	39.8%	6,608	40.9%
Below Investment Grade	5,545	35.7%	5,129	32.1%	5,013	31.0%
Total Net Par Outstanding	\$ 15,554	100.0%	\$ 15,996	100.0%	\$ 16,160	100.0%

Notes:

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

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

Syncora Capital Assurance Inc.

	Q2 2012		Q1 2012		Q4 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 4,496	8.0%	\$ 5,537	9.6%	\$ 5,592	9.5%
AA	18,736	33.3%	19,339	33.4%	19,258	32.9%
A	20,507	36.5%	21,247	36.7%	21,907	37.4%
BBB	9,787	17.4%	9,471	16.4%	9,580	16.4%
Below Investment Grade	2,716	4.8%	2,222	3.8%	2,227	3.8%
Total Net Par Outstanding	\$ 56,242	100.0%	\$ 57,816	100.0%	\$ 58,563	100.0%

Notes:

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

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

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q2 2012	Q1 2012	Q4 2011
	NPO	NPO	NPO
Public Finance	\$ 564	\$ 566	\$ 593
Asset-Backed Securities	1,477	1,536	1,406
Collateralized Debt Obligations	88	119	128
Structured Single Risk	3,417	2,908	2,886
Total Below Investment Grade	<u>\$ 5,545</u>	<u>\$ 5,129</u>	<u>\$ 5,013</u>
Total Net Par Outstanding	\$ 15,554	\$ 15,996	\$ 16,160
BIG as % of Net Par Outstanding	35.7%	32.1%	31.0%

Notes:

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

Syncora Capital Assurance Inc.

	Q2 2012	Q1 2012	Q4 2011
	NPO	NPO	NPO
Public Finance	\$ 1,462	\$ 1,464	\$ 1,467
Asset-Backed Securities	-	-	-
Collateralized Debt Obligations	1,059	563	564
Structured Single Risk	195	195	195
Total Below Investment Grade	<u>\$ 2,716</u>	<u>\$ 2,222</u>	<u>\$ 2,227</u>
Total Net Par Outstanding	\$ 56,242	\$ 57,816	\$ 58,563
BIG as % of Net Par Outstanding	4.8%	3.8%	3.8%

Notes:

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

Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

Syncora Guarantee Inc.

		Q2 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	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	39	AA-
10	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA
11	City of Detroit, MI - GO/AA	37	BB
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		\$ 1,489	
Total Portfolio Net Par Outstanding		\$ 15,554	
% of Total SGI Portfolio		9.6%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,489	
% of Total Public Finance Portfolio		100.0%	

Notes:

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

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

Syncora Capital Assurance Inc.

		Q2 2012	
		NPO	Rating
1	State of California - GO	\$ 765	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	329	B
10	Dodger Tickets LLC	328	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	317	AAA
15	New Jersey Transportation Trust Fund, NJ	311	A+
16	City of New York, NY - GO	293	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	256	AA-
20	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	248	BB+
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,711	
Total Portfolio Net Par Outstanding		\$ 56,242	
% of Total SCAI Portfolio		13.7%	
Total Public Finance Portfolio Net Par Outstanding		\$ 35,348	
% of Total Public Finance Portfolio		21.8%	

Notes:

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

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

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

Syncora Guarantee Inc.

		Q2 2012	
Servicer/Manager Name ¹		NPO	
1	American Home Servicing	\$	323
2	Countrywide Home Loans		318
3	Wells Fargo Bank, NA		313
4	CLO Manager 1 ²		303
5	OneWest Bank, FSB		272
6	CLO Manager 2 ²		268
7	JP Morgan		195
8	CLO Manager 3 ²		150
9	TMF Administration Services Limited		146
10	Private Commercial ABS Transaction ²		126
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,415
Total Portfolio Net Par Outstanding		\$	15,554
% of Total Portfolio			15.5%
Total Structured Finance Portfolio Net Par Outstanding		\$	14,065
% of Total Structured Finance Portfolio			17.2%

Note:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q2 2012	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	1,199
2	CLO Manager 5 ²		682
3	CLO Manager 2 ²		646
4	CLO Manager 6 ²		629
5	CLO Manager 7 ²		523
6	CLO Manager 8 ²		508
7	CLO Manager 9 ²		358
8	Private Commercial ABS Transaction ²		346
9	CLO Manager 10 ²		321
10	CLO Manager 1 ²		314
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	5,526
Total Portfolio Net Par Outstanding		\$	56,242
% of Total Portfolio			9.8%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	20,894
% of Total U.S. Structured Finance Portfolio			26.4%

Note:

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

²Servicer/manager not revealed due to confidentiality.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q2 2012				Q1 2012				Q4 2011									
		GPO	NPO	% NPO			GPO	NPO	% NPO			GPO	NPO	% NPO			
United States				United States				United States									
Alabama	\$	2,211	\$	996	6.4%	Alabama	\$	2,441	\$	917	5.7%	Alabama	\$	2,486	\$	943	5.8%
Illinois		2,394		503	3.2%	Illinois		2,424		503	3.1%	Illinois		2,492		496	3.1%
Puerto Rico		851		352	2.3%	Puerto Rico		851		352	2.2%	Puerto Rico		851		352	2.2%
New Jersey		1,123		245	1.6%	New Jersey		1,134		245	1.5%	New Jersey		1,138		245	1.5%
Other ¹		29,966		384	2.5%	Other ¹		30,943		426	2.7%	California		5,693		179	1.1%
Non-PF Multi ^{2,3}		2,736		2,726	17.5%	Non-PF Multi ²		2,845		2,834	17.7%	Other ¹		25,822		302	1.9%
Total United States	\$	39,281	\$	5,206	33.5%	Total United States	\$	40,638	\$	5,276	33.0%	Total United States	\$	41,518	\$	5,541	34.3%
International				International				International									
United Kingdom	\$	5,817	\$	5,403	34.7%	United Kingdom	\$	5,996	\$	5,580	34.9%	United Kingdom	\$	5,921	\$	5,511	34.1%
Australia		2,143		2,043	13.1%	Australia		2,168		2,066	12.9%	Australia		2,244		2,042	12.6%
France		823		823	5.3%	France		815		815	5.1%	France		825		825	5.1%
Chile		847		657	4.2%	Chile		868		674	4.2%	Chile		814		632	3.9%
Spain		254		254	1.6%	Spain		316		316	2.0%	Spain		307		307	1.9%
Turkey		196		196	1.3%	Turkey		233		233	1.5%	Turkey		274		274	1.7%
Canada		286		186	1.2%	Canada		291		191	1.2%	Canada		288		188	1.2%
Italy		178		178	1.1%	Italy		173		173	1.1%	Italy		180		180	1.1%
Other ¹		915		310	2.0%	Other ¹		941		325	2.0%	Other ¹		953		316	2.0%
Non-PF Multi ^{2,4}		298		298	1.9%	Non-PF Multi ²		346		346	2.2%	Non-PF Multi ²		344		344	2.1%
Total International	\$	11,756	\$	10,348	66.5%	Total International	\$	12,146	\$	10,720	67.0%	Total International	\$	12,149	\$	10,619	65.7%
Total Outstanding	\$	51,036	\$	15,554	100.0%	Total Outstanding	\$	52,784	\$	15,996	100.0%	Total Outstanding	\$	53,666	\$	16,160	100.0%

Notes:

¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.

² Non-Public Finance deals with underlying securities in multiple states/countries.

³ Consists of \$1,733 million in ABS, \$793 million in CDO, \$200 million in SSR net par.

⁴ Consists of \$266 million in SSR, \$32 million in CDO net par.

Syncora Capital Assurance Inc.

Q2 2012				Q1 2012				Q4 2011									
		GPO	NPO	% NPO			GPO	NPO	% NPO			GPO	NPO	% NPO			
United States				United States				United States									
California	\$	7,073	\$	7,026	12.5%	California	\$	7,096	\$	7,049	12.2%	California	\$	7,115	\$	7,067	12.1%
New York		3,662		3,662	6.5%	New York		3,713		3,713	6.4%	New York		3,738		3,738	6.4%
Illinois		2,434		2,434	4.3%	Illinois		2,453		2,453	4.2%	Illinois		2,524		2,524	4.3%
Texas		2,158		2,158	3.8%	Texas		2,181		2,181	3.8%	Texas		2,222		2,222	3.8%
Florida		2,008		1,858	3.3%	Florida		2,136		1,986	3.4%	Florida		2,139		1,989	3.4%
Pennsylvania		1,549		1,549	2.8%	Pennsylvania		1,639		1,639	2.8%	Pennsylvania		1,739		1,739	3.0%
Colorado		1,348		1,348	2.4%	Alabama		1,517		1,517	2.6%	Alabama		1,532		1,532	2.6%
Alabama		1,207		1,207	2.1%	Colorado		1,352		1,352	2.3%	Colorado		1,359		1,359	2.3%
New Jersey		1,201		1,201	2.1%	New Jersey		1,203		1,203	2.1%	New Jersey		1,208		1,208	2.1%
Georgia		1,015		1,015	1.8%	Michigan		1,049		1,049	1.8%	Michigan		1,049		1,049	1.8%
Michigan		1,009		1,009	1.8%	Georgia		1,041		1,041	1.8%	Georgia		997		997	1.7%
Massachusetts		865		865	1.5%	Massachusetts		878		878	1.5%	Massachusetts		879		879	1.5%
Washington		839		839	1.5%	Washington		843		843	1.5%	Washington		852		852	1.5%
Tennessee		752		752	1.3%	Tennessee		783		783	1.4%	Tennessee		798		798	1.4%
Ohio		695		695	1.2%	Minnesota		712		712	1.2%	Minnesota		778		778	1.3%
South Carolina		674		674	1.2%	Ohio		694		694	1.2%	Ohio		695		695	1.2%
Virginia		671		671	1.2%	South Carolina		685		685	1.2%	South Carolina		688		688	1.2%
Minnesota		656		656	1.2%	Virginia		671		671	1.2%	Indiana		677		677	1.2%
Indiana		637		637	1.1%	Indiana		637		637	1.1%	Virginia		672		672	1.1%
Puerto Rico		621		621	1.1%	Puerto Rico		621		621	1.1%	Wisconsin		655		655	1.1%
Wisconsin		566		566	1.0%	Wisconsin		605		605	1.0%	District Of Columbia		649		649	1.1%
District Of Columbia		563		563	1.0%	Missouri		604		604	1.0%	Puerto Rico		618		618	1.1%
Other ¹		5,714		5,714	10.2%	District Of Columbia		583		583	1.0%	Missouri		616		616	1.1%
Non-PF Multi ^{2,3}		11,124		11,124	19.8%	Other ¹		5,494		5,494	9.5%	Other ¹		5,578		5,578	9.5%
Total United States	\$	49,041	\$	48,845	86.8%	Non-PF Multi²		11,230		11,230	19.4%	Total United States	\$	51,136	\$	50,938	87.0%
International				International				International									
United Kingdom	\$	3,833	\$	3,833	6.8%	United Kingdom	\$	3,910	\$	3,910	6.8%	United Kingdom	\$	3,833	\$	3,833	6.5%
Ireland		1,036		1,036	1.8%	Ireland		1,086		1,086	1.9%	Ireland		1,059		1,059	1.8%
New Zealand		793		793	1.4%	New Zealand		811		811	1.4%	New Zealand		769		769	1.3%
Netherlands		631		631	1.1%	Netherlands		665		665	1.1%	Netherlands		646		646	1.1%
Other ¹		763		763	1.4%	Other ¹		779		779	1.3%	Other ¹		908		908	1.6%
Non-PF Multi ^{2,4}		341		341	0.6%	Non-PF Multi ²		343		343	0.6%	Non-PF Multi ²		409		409	0.7%
Total International	\$	7,397	\$	7,397	13.2%	Total International	\$	7,593	\$	7,593	13.1%	Total International	\$	7,625	\$	7,625	13.0%
Total Outstanding	\$	56,439	\$	56,242	100.0%	Total Outstanding	\$	58,013	\$	57,816	100.0%	Total Outstanding	\$	58,761	\$	58,563	100.0%

Notes:

¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.

² Non-Public Finance deals with underlying securities in multiple states/countries.

³ Consists of \$10,293 million in CDO, \$461 million in ABS, \$370 million in SSR net par.

⁴ Consists of \$341 million in CDO net par.

Investment Portfolio

As of June 30, 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	\$ 70.4	41.6%
Cash and cash equivalents	\$ 13.0	7.7%	1 to 5 Years	76.5	45.2%
Short-term investments	<u>2.2</u>	<u>1.3%</u>	5 to 10 Years	3.8	2.2%
Total Cash and Short-Term Investments	<u>15.2</u>	<u>9.0%</u>	Due after 10 Years	1.2	0.7%
Debt Securities			Mortgage and asset-backed securities	<u>17.3</u>	<u>10.2%</u>
MBS/ABS	17.3	10.2%	Total	<u>\$ 169.3</u>	<u>100.0%</u>
U.S. Government	135.4	80.0%	Yield to Maturity @ Book Value	1.5%	
Corporate	-	0.0%	Yield to Maturity @ Market Value	0.6%	
Non-U.S. Sovereign	-	0.0%	Duration (years)	1.8	
States & Political Subs	<u>1.4</u>	<u>0.8%</u>			
Total Long-Term Fixed Maturity	<u>154.1</u>	<u>91.0%</u>			
Total	<u>\$ 169.3</u>	<u>100.0%</u>			

Notes:

- Excludes \$89.5 million of uninsured cash flow ("UCF") securities
- Excludes \$43.5 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 15.2	9.0%
AA	151.8	89.7%
A	0.0	0.0%
BBB	0.4	0.2%
BB & below and Not Rated	<u>1.9</u>	<u>1.1%</u>
Total	<u>\$ 169.3</u>	<u>100.0%</u>
Average credit quality	AA+	

Syncora Capital Assurance Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage		Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 68.6	10.3%
Cash and cash equivalents	\$ 47.4	7.1%	1 to 5 Years	110.0	16.5%
Short-term investments	<u>1.0</u>	<u>0.1%</u>	5 to 10 Years	180.4	27.1%
Total Cash and Short-Term Investments	<u>48.4</u>	<u>7.3%</u>	Due after 10 Years	41.9	6.3%
Debt Securities			Mortgage and asset-backed securities	<u>264.6</u>	<u>39.8%</u>
MBS/ABS	264.6	39.8%	Total	<u>\$ 665.5</u>	<u>100.0%</u>
U.S. Government	36.8	5.5%	Yield to Maturity @ Book Value	3.9%	
Corporate	282.2	42.4%	Yield to Maturity @ Market Value	2.4%	
States & Political Subs	<u>33.5</u>	<u>5.0%</u>	Duration (years)	3.8	
Total Long-Term Fixed Maturity	<u>617.1</u>	<u>92.7%</u>			
Total	<u>\$ 665.5</u>	<u>100.0%</u>			

Notes:

- Excludes \$31.2 million of uninsured cash flow ("UCF") securities
- Excludes \$5.1 million of preferred stocks
- Excludes \$8.6 million of common stocks and alternative investments
- Excludes \$1.1 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 103.0	15.5%
AA	246.4	37.0%
A	105.0	15.8%
BBB	165.7	24.9%
BB & below and Not Rated	<u>45.4</u>	<u>6.8%</u>
Total	<u>\$ 665.5</u>	<u>100.0%</u>
Average credit quality	A	