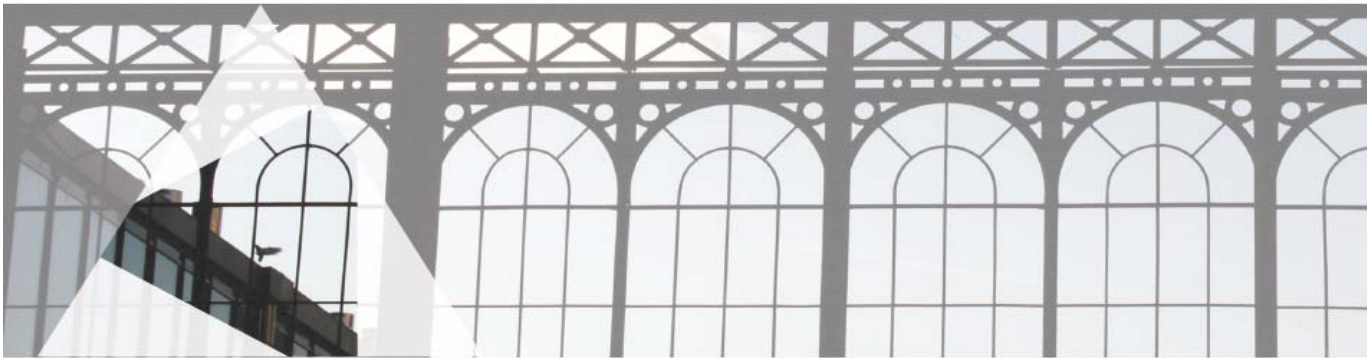


**Syncora Guarantee Inc.
Syncora Capital Assurance Inc.**

**3RD QUARTER 2011
OPERATING SUPPLEMENT**



Syncora Guarantee Inc. Syncora Capital Assurance Inc. Index

	Page Number
Certain Definitions	2
Syncora Legal Entity Structure	3
Assets, Liabilities, Surplus/(Deficit) and Other Funds	4
Statement of Income	5
Claims Paying Resources & Leverage Ratio	6
Insured Portfolio - Par Outstanding	7
Insured Portfolio - Debt Service Amortization	8
Insured Portfolio - Composition & Loss Reserves	9
Insured Portfolio - Watch List	10
Insured Portfolio - Distribution by Rating	11
Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures	12
Insured Portfolio - 20 Largest Public Finance Credits	13
Insured Portfolio - Top 10 Structured Finance Servicer/Manager Exposures	14
Insured Portfolio - Profile by Geographic Distribution	15
Investment Portfolio	16

Notes:

All information herein is presented on a statutory basis unless otherwise specified.
Numbers throughout the document may not add due to rounding.

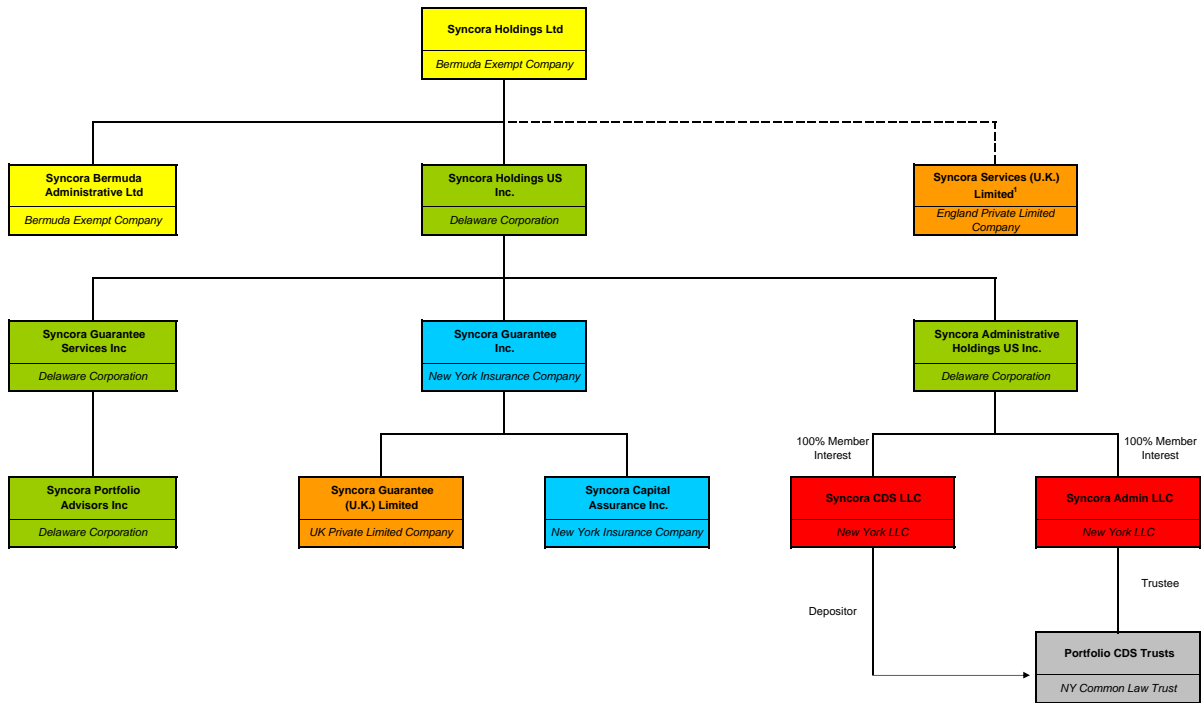
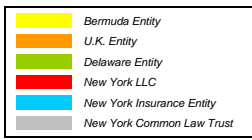
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

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



Note:
¹ 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		
	9/30/2011	6/30/2011	3/31/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 54,672	\$ 79,561	\$ 77,784
Bonds	215,664	206,310	183,793
Uninsured cash flow certificates	90,601	83,996	84,823
Interest rate derivatives	485	814	2,768
Investment in subsidiary - Syncora Guarantee (UK)	51,212	50,172	54,534
Investment in subsidiary - Syncora Capital Assurance	196,664	151,939	128,880
Subtotal, cash and invested assets	609,298	572,793	532,582
Investment income due and accrued	2,182	2,548	2,097
Uncollected premiums	5,965	5,139	8,512
Collateral deposit	5,300	7,100	5,100
Assets received as salvage	168,249	171,989	171,969
Other assets	40,636	44,038	38,323
Total Assets	\$ 831,629	\$ 803,606	\$ 758,584
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 234,407	\$ 223,866	\$ 166,835
Unearned premiums	260,962	266,437	268,055
Payable to parent, subsidiaries and affiliates	24,588	23,398	22,663
Mandatory contingency reserve	108,367	108,030	111,735
Other liabilities	30,025	35,544	32,736
Total Liabilities	658,350	657,274	602,024
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)	(2,673,026)	(2,699,974)	(2,689,747)
Surplus as regards policyholders	173,280	146,332	156,560
Total Liabilities, Surplus and Other Funds	\$ 831,629	\$ 803,606	\$ 758,584

Syncora Capital Assurance Inc.

	As of		
	9/30/2011	6/30/2011	3/31/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 51,376	\$ 88,478	\$ 76,311
Preferred stocks	5,644	5,485	4,095
Common stocks	3,258	-	-
Bonds	686,201	673,686	689,261
Uninsured cash flow certificates	33,898	-	-
Other invested assets	2,004	-	-
Receivables for securities	6,542	6,756	-
Subtotal, cash and invested assets	788,923	774,405	769,667
Investment income due and accrued	5,838	6,172	5,765
Uncollected premiums	3,801	3,087	3,427
Net deferred tax asset	1,672	1,672	1,672
Other assets	1,343	1,476	233
Total Assets	\$ 801,577	\$ 786,812	\$ 780,764
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 797	\$ 492	\$ 266
Unearned premiums	355,394	361,334	380,781
Payable to parent, subsidiaries and affiliates	10,956	12,351	3,588
Mandatory contingency reserve	228,098	253,156	259,506
Other liabilities	9,043	6,176	5,791
Total Liabilities	604,289	633,510	649,932
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)	(269,212)	(313,197)	(335,668)
Surplus as regards policyholders	197,288	153,303	130,832
Total Liabilities, Surplus and Other Funds	\$ 801,577	\$ 786,812	\$ 780,764

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	9/30/2011	6/30/2011	3/31/2011
Net premiums written	\$ 9,549	\$ 10,353	\$ 12,512
Underwriting Income			
Net premiums earned	\$ 15,023	\$ 11,971	\$ 13,722
Net losses/(releases) incurred	(202)	53,800	(18,501)
Loss adjustment expenses incurred	32,805	9,115	23,348
Other underwriting expenses incurred	7,024	8,474	9,509
Other underwriting deductions/(additions)	(439)	-	-
Net underwriting gain/(loss)	(24,166)	(59,418)	(634)
Investment Income			
Net investment income earned	11,596	18,552	9,867
Net realized gains/(losses)	(4,130)	(722)	3,091
Total net investment gain/(loss)	7,466	17,830	12,958
Other Income			
Other income	2,549	2,935	2,372
Net income/(loss) before taxes	(14,151)	(38,653)	14,696
Federal and foreign income taxes incurred/(benefit)	4,210	(7,354)	(2,934)
Net income/(loss)	\$ (18,361)	\$ (31,299)	\$ 17,630

Syncora Capital Assurance Inc.

	Three Months Ended		
	9/30/2011	6/30/2011	3/31/2011
Net premiums written	\$ 10,650	\$ 9,980	\$ 10,295
Underwriting Income			
Net premiums earned	\$ 16,590	\$ 29,428	\$ 17,423
Net losses/(releases) incurred	5,435	-	48
Loss adjustment expenses incurred	472	274	389
Other underwriting expenses incurred	5,130	6,306	6,726
Net underwriting gain/(loss)	5,552	22,849	10,260
Investment Income			
Net investment income earned	7,314	(911)	5,281
Net realized capital gains	1,216	545	4,935
Total net investment gain/(loss)	8,530	(366)	10,216
Other Income			
Other income	1,192	1,042	1,042
Net income/(loss) before taxes	15,274	23,524	21,517
Federal and foreign income taxes incurred/(benefit)	(4,210)	7,354	2,934
Net income/(loss)	\$ 19,485	\$ 16,171	\$ 18,583

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

Syncora Guarantee Inc.

	As of		
	9/30/2011	6/30/2011	3/31/2011
Claims paying resources			
Policyholders' surplus	\$ 173	\$ 146	\$ 157
Contingency reserve	<u>108</u>	<u>108</u>	<u>112</u>
Qualified statutory capital	282	254	268
Unearned premium revenue	261	266	268
Loss & loss adjustment expense reserves	<u>234</u>	<u>224</u>	<u>167</u>
Total policyholders' surplus & reserves	777	745	703
NPVFIP	<u>212</u>	<u>222</u>	<u>198</u>
Total claims paying resources	<u>\$ 989</u>	<u>\$ 966</u>	<u>\$ 902</u>
Net par outstanding	\$ 17,244	\$ 18,101	\$ 19,001
Leverage ratio (Net par outstanding/Total claims paying resources)	17.4	18.7	21.1

Syncora Capital Assurance Inc.

	As of		
	9/30/2011	6/30/2011	3/31/2011
Claims paying resources			
Policyholders' surplus	\$ 197	\$ 153	\$ 131
Contingency reserve	<u>228</u>	<u>253</u>	<u>260</u>
Qualified statutory capital	425	406	390
Unearned premium revenue	355	361	381
Loss & loss adjustment expense reserves	<u>1</u>	<u>0</u>	<u>0</u>
Total policyholders' surplus & reserves	782	768	771
NPVFIP	<u>211</u>	<u>238</u>	<u>260</u>
Total claims paying resources	<u>\$ 993</u>	<u>\$ 1,006</u>	<u>\$ 1,031</u>
Net par outstanding	\$ 61,955	\$ 65,736	\$ 75,702
Leverage ratio (Net par outstanding/Total claims paying resources)	62.4	65.3	73.4

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

Syncora Guarantee Inc.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Utility	\$ 616		\$ 614		\$ 614	
General Obligation	472		476		478	
Special Revenue	308		309		309	
Appropriation	127		135		277	
Non Ad Valorem	<u>73</u>		<u>73</u>		<u>73</u>	
Total Public Finance	1,596	9.3%	1,608	8.9%	1,752	9.2%
Asset-Backed Securities						
RMBS	1,814		1,909		1,980	
Commercial ABS	383		403		439	
Consumer ABS - Auto	<u>135</u>		<u>167</u>		<u>205</u>	
Total Asset-Backed Securities	2,332	13.5%	2,479	13.7%	2,624	13.8%
Collateralized Debt Obligations						
Cashflow CDO	1,131		1,242		1,320	
Market Value CDO	-		-		-	
Synthetic CDO	<u>-</u>		<u>-</u>		<u>-</u>	
Total Collateralized Debt Obligations	1,131	6.6%	1,242	6.9%	1,320	6.9%
Structured Single Risk						
Global Infrastructure	6,642		6,985		7,529	
Power & Utilities	4,072		4,119		4,069	
Specialized Risk	<u>1,472</u>		<u>1,668</u>		<u>1,708</u>	
Total Structured Single Risk	12,186	70.7%	12,773	70.6%	13,305	70.0%
Total Net Par Outstanding	<u>\$ 17,244</u>	100.0%	<u>\$ 18,101</u>	100.0%	<u>\$ 19,001</u>	100.0%

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 15,546		\$ 15,721		\$ 23,171	
Special Revenue	10,076		10,124		10,208	
Utility	5,401		5,549		5,584	
Non Ad Valorem	4,198		4,369		4,358	
Appropriation	<u>2,305</u>		<u>2,344</u>		<u>2,618</u>	
Total Public Finance	37,526	60.6%	38,107	58.0%	45,939	60.7%
Asset-Backed Securities						
Commercial ABS	<u>509</u>		<u>521</u>		<u>531</u>	
Total Asset-Backed Securities	509	0.8%	521	0.8%	531	0.7%
Collateralized Debt Obligations						
Cashflow CDO	8,071		9,557		11,511	
Synthetic CDO	6,443		7,621		7,647	
Market Value CDO	<u>568</u>		<u>568</u>		<u>568</u>	
Total Collateralized Debt Obligations	15,083	24.3%	17,746	27.0%	19,727	26.1%
Structured Single Risk						
Power & Utilities	5,458		5,767		5,884	
Global Infrastructure	2,622		2,768		2,809	
Specialized Risk	<u>758</u>		<u>826</u>		<u>812</u>	
Total Structured Single Risk	8,838	14.3%	9,361	14.2%	9,506	12.6%
Total Net Par Outstanding	<u>\$ 61,955</u>	100.0%	<u>\$ 65,736</u>	100.0%	<u>\$ 75,702</u>	100.0%

Note:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2011			Q2 2011			Q1 2011	
	Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO
					\$ 29,060	2nd Quarter 2011		\$ 30,105
4th Quarter 2011		\$ 27,957	3rd Quarter 2011	977	28,083	3rd Quarter 2011	873	29,232
Total	696	27,261	4th Quarter 2011	360	27,723	4th Quarter 2011	344	28,272
			Total	1,337		Total	1,833	
2012	1,495	25,766	2012	1,388	26,335	2012	1,437	26,835
2013	1,133	24,633	2013	1,171	25,163	2013	1,190	25,645
2014	1,222	23,411	2014	1,233	23,931	2014	1,220	24,425
2015	1,190	22,220	2015	1,192	22,738	2015	1,190	23,235
Total 2012-2015	5,041		Total 2012-2015	4,985		Total 2012-2015	5,037	
2016-2020	5,650	16,570	2016-2020	5,567	17,171	2016-2020	5,492	17,743
2021-2025	3,864	12,707	2021-2025	3,717	13,454	2021-2025	3,625	14,118
2026-2030	1,872	10,835	2026-2030	1,747	11,707	2026-2030	1,783	12,335
2031 and thereafter	10,835	-	2031 and thereafter	11,707	-	2031 and thereafter	12,335	-
Total 2016-thereafter	22,220		Total 2016-thereafter	22,738		Total 2016-thereafter	23,235	
Total	\$ 27,957		Total	\$ 29,060		Total	\$ 30,105	

Note:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

	Q3 2011			Q2 2011			Q1 2011	
	Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO
					\$ 98,427	2nd Quarter 2011		\$ 109,411
4th Quarter 2011		\$ 93,217	3rd Quarter 2011	1,139	97,288	3rd Quarter 2011	1,036	108,375
Total	1,386	91,831	4th Quarter 2011	1,441	95,846	4th Quarter 2011	1,176	107,199
			Total	2,581		Total	1,496	105,703
2012	5,627	86,204	2012	5,566	90,280	2012	6,026	99,677
2013	7,284	78,920	2013	8,066	82,214	2013	8,714	90,963
2014	8,202	70,718	2014	9,569	72,645	2014	10,414	80,549
2015	5,240	65,478	2015	5,337	67,308	2015	5,759	74,790
Total 2012-2015	26,353		Total 2012-2015	28,538		Total 2012-2015	30,913	
2016-2020	18,307	47,171	2016-2020	19,015	48,293	2016-2020	26,325	48,465
2021-2025	14,750	32,421	2021-2025	15,234	33,058	2021-2025	15,214	33,251
2026-2030	12,063	20,358	2026-2030	12,239	20,819	2026-2030	12,277	20,974
2031 and thereafter	20,358	-	2031 and thereafter	20,819	-	2031 and thereafter	20,974	-
Total 2016-thereafter	65,478		Total 2016-thereafter	67,308		Total 2016-thereafter	74,790	
Total	\$ 93,217		Total	\$ 98,427		Total	\$ 109,411	

Note:

NPIO represents Net Principal and Interest Outstanding.

Insured Portfolio - Composition & Loss Reserves

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,596	16	\$ 1,608	16	\$ 1,752	17
Asset-Backed Securities	2,332	47	2,479	48	2,624	49
Collateralized Debt Obligations	1,131	15	1,242	16	1,320	16
Structured Single Risk	12,186	52	12,773	53	13,305	55
Total Net Par Outstanding	<u>\$ 17,244</u>	<u>130</u>	<u>\$ 18,101</u>	<u>133</u>	<u>\$ 19,001</u>	<u>137</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 106		\$ 105		\$ 105	
Asset-Backed Securities	18		39		15	
Collateralized Debt Obligations	3		4		4	
Structured Single Risk	67		58		24	
Total Net Reserve	<u>\$ 194</u>		<u>\$ 205</u>		<u>\$ 147</u>	
Less Salvage & Subrogation	(31)		(30)		(30)	
Adjusted Total	<u>\$ 163</u>		<u>\$ 175</u>		<u>\$ 117</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 37,526	2,249	\$ 38,107	2,267	\$ 45,939	2,300
Asset-Backed Securities	509	3	521	3	531	3
Collateralized Debt Obligations	15,083	57	17,746	67	19,727	75
Structured Single Risk	8,838	50	9,361	51	9,506	52
Total Net Par Outstanding	<u>\$ 61,955</u>	<u>2,359</u>	<u>\$ 65,736</u>	<u>2,388</u>	<u>\$ 75,702</u>	<u>2,430</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
Less Salvage & Subrogation	-		-		-	
Adjusted Total	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	

Note:

Categories include domestic and international credits.

Insured Portfolio - Watch List As of September 30, 2011 (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2011				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	8	10	3	31	52
Remaining weighted-average contract period (in years)	12.1	11.1	7.9	12.2	11.2
Insured contractual payments outstanding:					
Principal	\$ 1,436.6	\$ 1,119.4	\$ 1,144.2	\$ 2,376.8	\$ 6,077.0
Interest	625.6	573.3	307.1	1,412.5	2,918.5
Total	<u>\$ 2,062.2</u>	<u>\$ 1,692.7</u>	<u>\$ 1,451.3</u>	<u>\$ 3,789.3</u>	<u>\$ 8,995.5</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 197.7	\$ 197.7
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 193.7	\$ 193.7
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 163.0	\$ 163.0

Note:

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

Syncora Capital Assurance Inc.

	Q3 2011				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	17	11	-	-	28
Remaining weighted-average contract period (in years)	8.8	11.9	-	-	9.6
Insured contractual payments outstanding:					
Principal	\$ 3,513.5	\$ 1,297.2	\$ -	\$ -	\$ 4,810.7
Interest	1,032.3	732.7	-	-	1,764.9
Total	<u>\$ 4,545.7</u>	<u>\$ 2,029.9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,575.6</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -

Note:

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

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

Syncora Guarantee Inc.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 774	4.5%	\$ 852	4.7%	\$ 881	4.6%
AA	1,801	10.4%	1,859	10.3%	2,064	10.9%
A	2,011	11.7%	2,028	11.2%	2,018	10.6%
BBB	7,570	43.9%	7,869	43.5%	8,561	45.1%
Below investment grade	5,087	29.5%	5,493	30.3%	5,477	28.8%
Net par outstanding	<u>\$ 17,244</u>	<u>100.0%</u>	<u>\$ 18,101</u>	<u>100.0%</u>	<u>\$ 19,001</u>	<u>100.0%</u>

Note:

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.

	Q3 2011		Q2 2011		Q1 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 5,302	8.6%	\$ 5,330	8.1%	\$ 9,578	12.7%
AA	21,548	34.8%	23,230	35.3%	27,534	36.4%
A	23,088	37.3%	24,562	37.4%	25,830	34.1%
BBB	9,760	15.8%	10,361	15.8%	10,395	13.7%
Below investment grade	2,257	3.6%	2,252	3.4%	2,365	3.1%
Net par outstanding	<u>\$ 61,955</u>	<u>100.0%</u>	<u>\$ 65,736</u>	<u>100.0%</u>	<u>\$ 75,702</u>	<u>100.0%</u>

Note:

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 (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2011	Q2 2011	Q1 2011
	NPO	NPO	NPO
Public Finance	\$ 593	\$ 591	\$ 593
Asset-Backed Securities	1,445	1,717	1,777
Collateralized Debt Obligations	137	159	160
Structured Single Risk	2,912	3,026	2,947
Total Net Par Outstanding	<u>\$ 5,087</u>	<u>\$ 5,493</u>	<u>\$ 5,477</u>
Total SGI Par Outstanding	\$ 17,244	\$ 18,101	\$ 19,001
BIG as % of Net Par Outstanding	29.5%	30.3%	28.8%

Note:

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.

	Q3 2011	Q2 2011	Q1 2011
	NPO	NPO	NPO
Public Finance	\$ 1,496	\$ 1,481	\$ 1,492
Asset-Backed Securities	-	-	-
Collateralized Debt Obligations	566	577	595
Structured Single Risk	195	195	278
Total Net Par Outstanding	<u>\$ 2,257</u>	<u>\$ 2,252</u>	<u>\$ 2,365</u>
Total SGI Par Outstanding	\$ 61,955	\$ 65,736	\$ 75,702
BIG as % of Net Par Outstanding	3.6%	3.4%	3.1%

Note:

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.

		Q3 2011	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 553	D
2	Commonwealth of Puerto Rico - GO	297	BBB-
3	Bay Area Toll Authority, CA - Toll Revenue Bonds	161	AA+
4	New Jersey (State of) - Annual Appropriation	127	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	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		<u>\$ 1,596</u>	
Total Portfolio Net Par Outstanding		\$ 17,244	
% of Total Portfolio		9.3%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,596	
% of Total Public Finance Portfolio		100.0%	

Notes:

Individual obligors 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.

		Q3 2011	
		NPO	Rating
1	State of California - GO	\$ 778	BBB+
2	San Diego Family Housing LLC	723	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	Dodger Tickets LLC	337	BBB
11	Miami-Dade County (Water/Sewer), FL	333	A+
12	DOT Headquarters II Lease-Backed Mortgage Finance Trust Subordinate Notes	326	BB+
13	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
14	City of New York, NY - GO	310	A+
15	Metropolitan Pier & Exposition Center, IL	299	AAA
16	New Jersey Transportation Trust Fund, NJ	295	A+
17	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	277	A-
18	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	273	BBB+
19	Navy Northeast Family Housing LLC Trust 220	258	AA-
20	Natural Gas Acquisition Corporation of City of Clarksville (Ngac) , TN - Utility Obligation Bonds	256	AA-
Total Net Par Outstanding of the 20 Largest Public Finance Credits		<u>\$ 7,819</u>	
Total Portfolio Net Par Outstanding		\$ 61,955	
% of Total Portfolio		12.6%	
Total Public Finance Portfolio Net Par Outstanding		\$ 37,526	
% of Total Public Finance Portfolio		20.8%	

Notes:

Individual obligors 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.

		Q3 2011	
Servicer/Manager Name ¹		NPO	
1	Countrywide Home Loans	\$	360
2	Wells Fargo Bank, NA		341
3	American Home Servicing		337
4	CLO Manager 1 ²		323
5	OneWest Bank, FSB		302
6	CLO Manager 2 ²		268
7	JP Morgan		213
8	Private Commercial ABS Transaction ²		179
9	TMF Administration Services Limited		165
10	CLO Manager 3 ²		151
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,640
Total Portfolio Net Par Outstanding		\$	17,244
% of Total Portfolio			15.3%
Total Structured Finance Portfolio Net Par Outstanding		\$	15,648
% of Total Structured Finance Portfolio			16.9%

Note:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q3 2011	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	1,235
2	CLO Manager 5 ²		721
3	CLO Manager 6 ²		657
4	CLO Manager 7 ²		650
5	CLO Manager 2 ²		646
6	CLO Manager 8 ²		582
7	CLO Manager 9 ²		560
8	CLO Manager 10 ²		525
9	CLO Manager 11 ²		508
10	CLO Manager 12 ²		373
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	6,456
Total Portfolio Net Par Outstanding		\$	61,955
% of Total Portfolio			10.4%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	24,430
% 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.

	Q3 2011				Q2 2011				Q1 2011		
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Alabama	\$ 2,605	\$ 944	5.5%	Alabama	\$ 2,605	\$ 943	5.2%	Alabama	\$ 2,817	\$ 943	5.0%
Illinois	2,541	496	2.9%	Illinois	2,537	487	2.7%	Illinois	2,596	487	2.6%
Puerto Rico	870	372	2.2%	Puerto Rico	945	376	2.1%	Puerto Rico	945	376	2.0%
New Jersey	1,178	245	1.4%	New Jersey	1,223	253	1.4%	New Jersey	1,240	262	1.4%
California	5,778	179	1.0%	Other ¹	33,046	491	2.7%	Other ¹	33,562	619	3.3%
Other ¹	26,582	317	1.8%	Non-PF Multi ²	3,428	3,410	18.8%	Non-PF Multi ²	3,589	3,569	18.8%
Non-PF Multi ^{2,3}	3,179	3,165	18.4%	Total United States	43,784	5,959	32.9%	Total United States	44,748	6,257	32.9%
Total United States	42,733	5,717	33.2%								
International				International				International			
United Kingdom	6,206	5,795	33.6%	United Kingdom	6,486	6,051	33.4%	United Kingdom	6,613	6,182	32.5%
Australia	2,131	1,940	11.2%	Australia	2,359	2,146	11.9%	Australia	2,275	2,070	10.9%
France	863	863	5.0%	Spain	748	748	4.1%	Spain	732	732	3.9%
Spain	691	691	4.0%	Chile	905	703	3.9%	Canada	799	699	3.7%
Chile	806	626	3.6%	France	659	659	3.6%	Chile	875	680	3.6%
Turkey	314	314	1.8%	Turkey	483	483	2.7%	France	659	659	3.5%
Portugal	310	310	1.8%	Portugal	336	336	1.9%	Turkey	523	523	2.8%
Italy	195	195	1.1%	Canada	302	203	1.1%	Portugal	328	328	1.7%
Canada	284	185	1.1%	Norway	466	198	1.1%	Norway	456	194	1.0%
Norway	429	185	1.1%	Italy	182	182	1.0%	Other ¹	871	238	1.3%
Other ¹	678	52	0.3%	Other ¹	729	53	0.3%	Non-PF Multi ²	439	439	2.3%
Non-PF Multi ^{2,4}	372	372	2.2%	Non-PF Multi ²	381	381	2.1%	Total International	14,569	12,744	67.1%
Total International	13,279	11,527	66.8%	Total International	14,035	12,142	67.1%				
Total Outstanding	\$ 56,012	\$ 17,244	100.0%	Total Outstanding	\$ 57,819	\$ 18,101	100.0%	Total Outstanding	\$ 59,317	\$ 19,001	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 \$2,090.7 million in ABS, \$873.8 million in CDO and \$200.0 million in SSR net par.

⁴ Consists of \$266.0 million in SSR and \$105.7 million in CDO net par.

Syncora Capital Assurance Inc.

	Q3 2011				Q2 2011				Q1 2011		
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 7,197	\$ 7,149	11.5%	California	\$ 7,367	\$ 7,320	11.1%	California	\$ 7,393	\$ 7,345	9.7%
New York	3,762	3,762	6.1%	New York	3,784	3,784	5.8%	New York	4,090	4,090	5.4%
Illinois	2,562	2,562	4.1%	Illinois	2,562	2,562	3.9%	Illinois	3,261	3,261	4.3%
Texas	2,230	2,230	3.6%	Texas	2,262	2,262	3.4%	Texas	3,430	3,230	4.3%
Florida	2,157	2,007	3.2%	Florida	2,164	2,014	3.1%	Florida	3,268	2,656	3.5%
Pennsylvania	1,901	1,901	3.1%	Pennsylvania	1,953	1,953	3.0%	Pennsylvania	2,545	2,545	3.4%
Alabama	1,649	1,649	2.7%	Alabama	1,651	1,651	2.5%	Alabama	1,862	1,862	2.5%
Colorado	1,373	1,373	2.2%	Georgia	1,386	1,386	2.1%	New Jersey	1,527	1,527	2.0%
New Jersey	1,240	1,240	2.0%	Colorado	1,375	1,375	2.1%	Massachusetts	1,424	1,424	1.9%
Georgia	1,198	1,198	1.9%	New Jersey	1,277	1,277	1.9%	Ohio	1,407	1,407	1.9%
Michigan	1,115	1,115	1.8%	Michigan	1,118	1,118	1.7%	Georgia	1,393	1,393	1.8%
Massachusetts	903	903	1.5%	Washington	927	927	1.4%	Colorado	1,378	1,378	1.8%
Washington	867	867	1.4%	Massachusetts	917	917	1.4%	Maryland	1,232	1,232	1.6%
Tennessee	810	810	1.3%	Tennessee	815	815	1.2%	Virginia	1,224	1,224	1.6%
Minnesota	788	788	1.3%	Minnesota	791	791	1.2%	Michigan	1,147	1,147	1.5%
Indiana	713	713	1.2%	Indiana	726	726	1.1%	Washington	928	928	1.2%
Ohio	707	707	1.1%	Ohio	707	707	1.1%	North Carolina	890	890	1.2%
South Carolina	695	695	1.1%	South Carolina	699	699	1.1%	Tennessee	829	829	1.1%
Wisconsin	675	675	1.1%	Puerto Rico	686	686	1.0%	Minnesota	794	794	1.0%
Virginia	673	673	1.1%	Wisconsin	680	680	1.0%	Other ¹	10,261	10,261	13.6%
Missouri	661	661	1.1%	Virginia	674	674	1.0%	Non-PF Multi ²	17,320	17,320	22.9%
District Of Columbia	654	654	1.1%	Missouri	670	670	1.0%	Total United States	67,601	66,741	88.2%
Other ¹	6,269	6,269	10.1%	Other ¹	6,387	6,387	9.7%				
Non-PF Multi ^{2,3}	13,138	13,138	21.2%	Non-PF Multi ²	15,310	15,310	23.3%				
Total United States	53,937	53,740	86.7%	Total United States	56,889	56,691	86.2%				
International				International				International			
United Kingdom	3,809	3,809	6.1%	United Kingdom	3,976	3,976	6.0%	United Kingdom	\$ 3,957	\$ 3,957	5.2%
Ireland	1,093	1,093	1.8%	Ireland	1,426	1,426	2.2%	Ireland	1,404	1,404	1.9%
New Zealand	754	754	1.2%	New Zealand	821	821	1.2%	Other ¹	3,144	3,144	4.2%
Netherlands	667	667	1.1%	Netherlands	722	722	1.1%	Non-PF Multi ²	456	456	0.6%
Other ¹	1,482	1,482	2.4%	Other ¹	1,642	1,642	2.5%	Total International	8,961	8,961	11.8%
Non-PF Multi ^{2,4}	411	411	0.7%	Non-PF Multi ²	458	458	0.7%				
Total International	8,216	8,216	13.3%	Total International	9,045	9,045	13.8%				
Total Outstanding	\$ 62,153	\$ 61,955	100.0%	Total Outstanding	\$ 65,933	\$ 65,736	100.0%	Total Outstanding	\$ 76,562	\$ 75,702	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 \$12,259.4 million in CDO, \$508.7 million in ABS and \$370.0 million in SSR net par.

⁴ Consists of \$410.6 million in CDO net par.

Investment Portfolio

As of September 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	\$ 88.2	36.4%
Cash and cash equivalents	\$ 16.1	6.6%	1 to 5 Years	97.5	40.3%
Short-term investments	10.5	4.3%	5 to 10 Years	7.6	3.1%
Total Cash and Short-Term Investments	26.5	11.0%	Due after 10 Years	2.6	1.1%
Debt Securities			Mortgage and asset-backed securities	46.4	19.1%
MBS/ABS	46.4	19.1%	Total	\$ 242.2	100.0%
U.S. Government	126.1	52.1%	Yield to Maturity @ Book Value	2.0%	
Corporate	41.3	17.1%	Yield to Maturity @ Market Value	0.8%	
Non-U.S. Sovereign	1.2	0.5%	Duration (years)	1.7	
States & Political Subs	0.7	0.3%			
Total Long-Term Fixed Maturity	215.7	89.0%			
Total	\$ 242.2	100.0%			

Notes:

- Excludes \$90.6 million of uninsured cash flow ("UCF") securities.
- Excludes \$28.1 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 47.0	19.4%
AA	160.4	66.2%
A	31.0	12.8%
BBB	1.6	0.7%
BB & below and Not Rated	2.2	0.9%
Total	\$ 242.2	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	\$ 52.0	7.1%
Cash and cash equivalents	\$ 46.5	6.3%	1 to 5 Years	113.9	15.5%
Short-term investments	2.7	0.4%	5 to 10 Years	194.8	26.5%
Total Cash and Short-Term Investments	49.2	6.7%	Due after 10 Years	34.6	4.7%
Debt Securities			Mortgage and asset-backed securities	340.1	46.2%
MBS/ABS	340.1	46.2%	Total	\$ 735.4	100.0%
U.S. Government	34.0	4.6%	Yield to Maturity @ Book Value ¹	3.9%	
Corporate	284.2	38.6%	Yield to Maturity @ Market Value ¹	2.9%	
Non-U.S. Sovereign	-	0.0%	Duration (years) ¹	3.7	
States & Political Subs	27.9	3.8%			
Total Long-Term Fixed Maturity	686.2	93.3%			
Total	\$ 735.4	100.0%			

Notes:

- Excludes \$5.6 million of preferred stocks.
- Excludes \$5.3 million of common stocks and alternative investments.
- Excludes \$2.1 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 113.3	15.4%
AA	312.3	42.5%
A	139.7	19.0%
BBB	136.1	18.5%
BB & below and Not Rated	34.0	4.6%
Total	\$ 735.4	100.0%
Average credit quality	A+	