

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

**3rd QUARTER 2012
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 - Net 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.

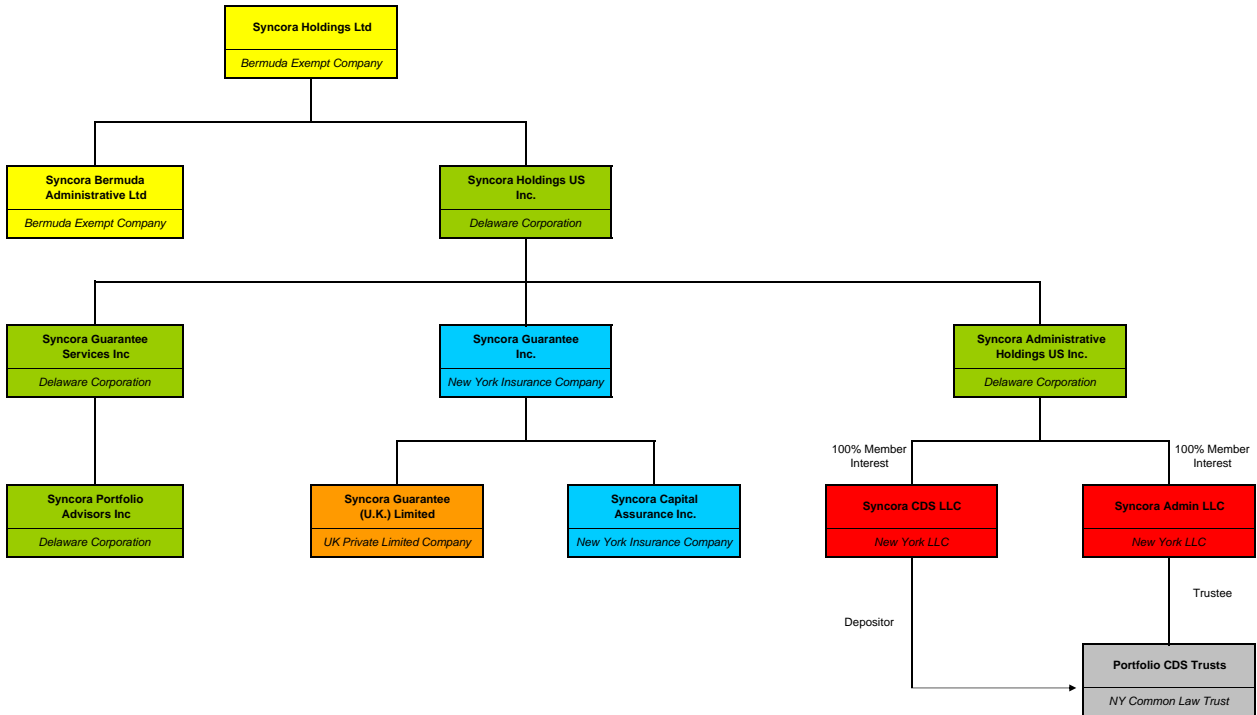
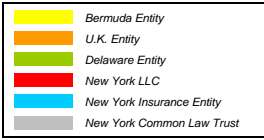
Net principal and interest outstanding

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



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

Syncora Guarantee Inc.

	As of		
	9/30/2012	6/30/2012	3/31/2012
Assets			
Cash, cash equivalents and short-term investments	\$ 160,988	\$ 58,680	\$ 42,932
Bonds	487,552	154,067	271,172
Uninsured cash flow certificates	42,304	89,516	88,418
Interest rate derivatives	0	7	9
Investment in subsidiary - Syncora Guarantee (UK)	50,302	49,938	50,262
Investment in subsidiary - Syncora Capital Assurance	146,374	141,650	136,535
Receivables for securities	1,201	10,465	-
Subtotal, cash and invested assets	888,719	504,324	589,328
Investment income due and accrued	2,922	2,451	2,398
Uncollected premiums	4,979	6,511	5,863
Collateral deposit	10,300	8,300	1,500
Assets received as salvage	197,668	197,638	197,619
Other assets	38,838	53,370	45,738
Total Assets	\$ 1,143,427	\$ 772,594	\$ 842,446
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 254,524	\$ (130,544)	\$ 249,054
Unearned premiums	225,446	233,255	242,358
Payable to parent, subsidiaries and affiliates	22,280	17,463	15,926
Mandatory contingency reserve	103,568	99,958	101,699
Other liabilities	33,389	38,414	40,372
Total Liabilities	639,207	258,546	649,409
Surplus notes	584,834	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	2,046,472	2,006,306	2,006,306
Unassigned funds (surplus)	(2,342,087)	(2,332,258)	(2,653,270)
Surplus as regards policyholders	504,220	514,048	193,037
Total Liabilities, Surplus and Other Funds	\$ 1,143,427	\$ 772,594	\$ 842,446

Syncora Capital Assurance Inc.

	As of		
	9/30/2012	6/30/2012	3/31/2012
Assets			
Cash, cash equivalents and short-term investments	\$ 46,988	\$ 49,498	\$ 49,717
Preferred stocks	5,090	5,088	5,762
Common stocks	7,005	6,732	5,993
Bonds	622,514	617,129	613,432
Uninsured cash flow certificates	30,752	31,199	35,016
Other invested assets	1,894	1,885	1,964
Receivables for securities	5,300	-	-
Subtotal, cash and invested assets	719,543	711,531	711,884
Investment income due and accrued	5,574	5,688	5,490
Uncollected premiums	3,394	2,639	2,650
Net deferred tax asset	2,501	2,501	2,501
Other assets	1,503	787	1,505
Total Assets	\$ 732,514	\$ 723,146	\$ 724,030
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 8,633	\$ 4,402	\$ 5,016
Unearned premiums	323,776	331,977	339,082
Payable to parent, subsidiaries and affiliates	10,063	9,649	9,757
Mandatory contingency reserve	238,108	234,116	231,067
Other liabilities	5,486	1,241	2,344
Total Liabilities	586,067	581,385	587,266
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)	(245,052)	(249,739)	(254,736)
Surplus as regards policyholders	146,448	141,761	136,764
Total Liabilities, Surplus and Other Funds	\$ 732,514	\$ 723,146	\$ 724,030

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	9/30/2012	6/30/2012	3/31/2012
Net premiums written	\$ 6,855	\$ 6,924	\$ 7,660
Underwriting Income			
Net premiums earned	\$ 14,664	\$ 16,027	\$ 7,796
Net losses/(releases) incurred	30,719	(271,900)	(964)
Loss adjustment expenses incurred	11,720	(6,394)	16,284
Other underwriting expenses incurred	6,605	5,781	6,369
Net underwriting gain/(loss)	(34,380)	288,540	(13,893)
Investment Income			
Net investment income earned	5,899	15,517	9,441
Net realized gains/(losses)	9,136	2,243	(5,228)
Total net investment gain/(loss)	15,035	17,761	4,213
Other Income			
Other income	2,840	2,861	3,955
Net income/(loss) before taxes	(16,505)	309,161	(5,725)
Federal and foreign income taxes incurred/(benefit)	(5,033)	(5,177)	(4,238)
Net income/(loss)	\$ (11,472)	\$ 314,338	\$ (1,487)

Syncora Capital Assurance Inc.

	Three Months Ended		
	9/30/2012	6/30/2012	3/31/2012
Net premiums written	\$ 8,004	\$ 9,271	\$ 8,881
Underwriting Income			
Net premiums earned	\$ 16,205	\$ 16,376	\$ 15,901
Net losses/(releases) incurred	-	-	-
Loss adjustment expenses incurred	4,573	(370)	2,789
Other underwriting expenses incurred	5,721	5,410	6,477
Net underwriting gain/(loss)	5,911	11,336	6,635
Investment Income			
Net investment income earned	6,778	800	6,755
Net realized capital gains	716	(2,688)	103
Total net investment gain/(loss)	7,495	(1,888)	6,858
Other Income			
Other income	-	4,000	-
Net income/(loss) before taxes	13,406	13,447	13,493
Federal and foreign income taxes incurred/(benefit)	5,033	5,177	4,238
Net income/(loss)	\$ 8,373	\$ 8,270	\$ 9,255

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

Syncora Guarantee Inc.

	As of		
	9/30/2012	6/30/2012	3/31/2012
Claims paying resources			
Policyholders' surplus	\$ 504	\$ 514	\$ 193
Contingency reserve	104	100	102
Qualified statutory capital	608	614	295
Unearned premium revenue	225	233	242
Loss & loss adjustment expense reserves ¹	255	216	249
Total policyholders' surplus & reserves	1,088	1,063	786
NPVFIP	168	171	190
Total claims paying resources	<u>\$ 1,256</u>	<u>\$ 1,234</u>	<u>\$ 976</u>
Net par outstanding	\$ 15,337	\$ 15,554	\$ 15,996
Leverage ratio (Net par outstanding/Total claims paying resources)	12.2	12.6	16.4

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		
	9/30/2012	6/30/2012	3/31/2012
Claims paying resources			
Policyholders' surplus	\$ 146	\$ 142	\$ 137
Contingency reserve	238	234	231
Qualified statutory capital	385	376	368
Unearned premium revenue	324	332	339
Loss & loss adjustment expense reserves	9	4	5
Total policyholders' surplus & reserves	717	712	712
NPVFIP	180	185	195
Total claims paying resources	<u>\$ 897</u>	<u>\$ 897</u>	<u>\$ 907</u>
Net par outstanding	\$ 54,818	\$ 56,242	\$ 57,816
Leverage ratio (Net par outstanding/Total claims paying resources)	61.1	62.7	63.8

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Utility	\$ 589		\$ 589		\$ 589	
General Obligation	364		445		447	
Special Revenue	254		256		256	
Appropriation	127		127		127	
Non Ad Valorem	73		73		73	
Total Public Finance	\$ 1,407	9.2%	\$ 1,489	9.6%	\$ 1,492	9.3%
Asset-Backed Securities						
RMBS	\$ 1,590		\$ 1,644		\$ 1,708	
Commercial ABS	290		306		338	
Consumer ABS - Auto	-		-		-	
Total Asset-Backed Securities	\$ 1,880	12.3%	\$ 1,950	12.5%	\$ 2,046	12.8%
Collateralized Debt Obligations						
Cashflow CDO	\$ 873		\$ 946		\$ 1,019	
Market Value CDO	-		-		-	
Synthetic CDO	-		-		-	
Total Collateralized Debt Obligations	\$ 873	5.7%	\$ 946	6.1%	\$ 1,019	6.4%
Structured Single Risk						
Global Infrastructure	\$ 5,961		\$ 5,937		\$ 5,910	
Power & Utilities	3,998		3,988		4,203	
Specialized Risk	1,218		1,245		1,327	
Total Structured Single Risk	\$ 11,177	72.9%	\$ 11,169	71.8%	\$ 11,439	71.5%
Total Net Par Outstanding	<u>\$ 15,337</u>	<u>100.0%</u>	<u>\$ 15,554</u>	<u>100.0%</u>	<u>\$ 15,996</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 13,771		\$ 14,279		\$ 14,714	
Special Revenue	9,654		9,790		9,874	
Utility	4,913		5,110		5,228	
Non Ad Valorem	4,045		4,081		4,155	
Appropriation	2,016		2,088		2,206	
Total Public Finance	\$ 34,399	62.8%	\$ 35,348	62.8%	\$ 36,177	62.6%
Asset-Backed Securities						
Commercial ABS	\$ 432		\$ 461		\$ 475	
Total Asset-Backed Securities	\$ 432	0.8%	\$ 461	0.8%	\$ 475	0.8%
Collateralized Debt Obligations						
Synthetic CDO	\$ 6,411		\$ 6,411		\$ 6,411	
Cashflow CDO	5,508		5,927		6,136	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 12,487	22.8%	\$ 12,906	22.9%	\$ 13,115	22.7%
Structured Single Risk						
Power & Utilities	\$ 4,677		\$ 4,758		\$ 5,227	
Global Infrastructure	2,402		2,348		2,402	
Specialized Risk	420		420		420	
Total Structured Single Risk	\$ 7,499	13.7%	\$ 7,527	13.4%	\$ 8,048	13.9%
Total Net Par Outstanding	<u>\$ 54,818</u>	<u>100.0%</u>	<u>\$ 56,242</u>	<u>100.0%</u>	<u>\$ 57,816</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.

Q3 2012			Q2 2012			Q1 2012		
Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO
					\$ 24,876	2012 Q2	\$ 352	\$ 25,879
		\$ 24,268	2012 Q3	\$ 359	24,516	2012 Q3	312	25,215
2012 Q4	\$ 590	23,678	2012 Q4	556	23,960	2012 Q4	527	24,688
Total 2012	\$ 590		Total 2012	\$ 916		Total 2012	\$ 1,190	
2013	1,096	22,583	2013	1,085	22,875	2013	1,061	23,628
2014	1,073	21,510	2014	1,107	21,768	2014	1,055	22,573
2015	1,100	20,409	2015	1,104	20,663	2015	1,124	21,449
2016	1,514	18,895	2016	1,489	19,174	2016	1,473	19,976
Total 2013-2016	\$ 4,783		Total 2013-2016	\$ 4,785		Total 2013-2016	\$ 4,712	
2017-2021	4,583	14,312	2017-2021	4,557	14,617	2017-2021	4,499	15,477
2022-2026	3,090	11,222	2022-2026	3,067	11,551	2022-2026	3,064	12,414
2027-2031	1,334	9,889	2027-2031	1,318	10,232	2027-2031	1,226	11,187
2032 and thereafter	9,889	-	2032 and thereafter	10,232	-	2032 and thereafter	11,187	-
Total 2017-thereafter	\$ 18,895		Total 2017-thereafter	\$ 19,174		Total 2017-thereafter	\$ 19,976	
Total	\$ 24,268		Total	\$ 24,876		Total	\$ 25,879	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q3 2012			Q2 2012			Q1 2012		
Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO	Scheduled Net Debt Service		NPIO
					\$ 84,085	2012 Q2	\$ 909	\$ 87,106
		\$ 81,757	2012 Q3	\$ 1,195	82,890	2012 Q3	1,212	86,196
2012 Q4	\$ 2,032	79,725	2012 Q4	2,054	80,836	2012 Q4	2,085	84,985
Total 2012	\$ 2,032		Total 2012	\$ 3,249		Total 2012	\$ 4,206	82,900
2013	5,663	74,062	2013	5,751	75,085	2013	5,873	77,027
2014	7,366	66,696	2014	7,728	67,357	2014	7,819	69,207
2015	5,030	61,665	2015	5,049	62,308	2015	5,156	64,051
2016	4,281	57,385	2016	4,315	57,994	2016	4,402	59,649
Total 2013-2016	\$ 22,340		Total 2013-2016	\$ 22,842		Total 2013-2016	\$ 23,251	
2017-2021	16,010	41,374	2017-2021	16,236	41,757	2017-2021	16,946	42,703
2022-2026	13,486	27,888	2022-2026	13,663	28,094	2022-2026	13,837	28,866
2027-2031	10,695	17,194	2027-2031	10,803	17,291	2027-2031	10,804	18,062
2032 and thereafter	17,194	-	2032 and thereafter	17,291	-	2032 and thereafter	18,062	-
Total 2017-thereafter	\$ 57,385		Total 2017-thereafter	\$ 57,994		Total 2017-thereafter	\$ 59,649	
Total	\$ 81,757		Total	\$ 84,085		Total	\$ 87,106	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,407	16	\$ 1,489	16	\$ 1,492	16
Asset-Backed Securities	1,880	41	1,950	41	2,046	42
Collateralized Debt Obligations	873	12	946	12	1,019	13
Structured Single Risk	11,177	47	11,169	47	11,439	51
Total Net Par Outstanding	\$ 15,337	116	\$ 15,554	116	\$ 15,996	122
Net Loss Reserve						
Public Finance	\$ 120		\$ 120		\$ 120	
Asset-Backed Securities	94		(272)		(34)	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	15		(2)		116	
Total Net Reserve	\$ 231		\$ (151)		\$ 205	
Less Salvage & Subrogation	(38)		(38)		(39)	
Adjusted Total	\$ 193		\$ (190)		\$ 166	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 34,399	2,119	\$ 35,348	2,150	\$ 36,177	2,194
Asset-Backed Securities	432	3	461	3	475	3
Collateralized Debt Obligations	12,487	46	12,906	48	13,115	49
Structured Single Risk	7,499	43	7,527	44	8,048	46
Total Net Par Outstanding	\$ 54,818	2,211	\$ 56,242	2,245	\$ 57,816	2,292
Net Loss Reserve						
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	\$ -		\$ -		\$ -	
Less Salvage & Subrogation	(0)		(0)		(0)	
Adjusted Total	\$ (0)		\$ (0)		\$ (0)	

Note:

Categories include domestic and international credits.

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

Syncora Guarantee Inc.

	Q3 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	10	6	6	28	50
Remaining weighted-average contract period (in years)	13.4	9.6	8.3	13.1	10.9
Insured contractual payments outstanding:					
Principal	\$ 744.4	\$ 890.9	\$ 2,003.4	\$ 1,996.5	\$ 5,635.1
Interest	403.0	383.4	499.9	1,290.9	2,577.2
Total	<u>\$ 1,147.4</u>	<u>\$ 1,274.3</u>	<u>\$ 2,503.3</u>	<u>\$ 3,287.3</u>	<u>\$ 8,212.3</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 236.4	\$ 236.4
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 231.3	\$ 231.3
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 193.0	\$ 193.0

Note:

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

Syncora Capital Assurance Inc.

	Q3 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	13	16	3	-	32
Remaining weighted-average contract period (in years)	6.0	9.8	11.1	-	8.0
Insured contractual payments outstanding:					
Principal	\$ 2,143.1	\$ 1,736.1	\$ 347.8	\$ -	\$ 4,227.0
Interest	509.5	589.2	231.5	-	1,330.2
Total	<u>\$ 2,652.7</u>	<u>\$ 2,325.3</u>	<u>\$ 579.3</u>	<u>\$ -</u>	<u>\$ 5,557.3</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ (0.1)	\$ (0.1)

Note:

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

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

Syncora Guarantee Inc.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 674	4.4%	\$ 688	4.4%	\$ 701	4.4%
AA	1,492	9.7%	1,594	10.2%	1,651	10.3%
A	1,897	12.4%	1,925	12.4%	2,148	13.4%
BBB	5,753	37.5%	5,801	37.3%	6,367	39.8%
Below Investment Grade	5,522	36.0%	5,545	35.7%	5,129	32.1%
Total Net Par Outstanding	\$ 15,337	100.0%	\$ 15,554	100.0%	\$ 15,996	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.

	Q3 2012		Q2 2012		Q1 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 4,410	8.0%	\$ 4,496	8.0%	\$ 5,537	9.6%
AA	18,012	32.9%	18,736	33.3%	19,339	33.4%
A	20,047	36.6%	20,507	36.5%	21,247	36.7%
BBB	9,678	17.7%	9,787	17.4%	9,471	16.4%
Below Investment Grade	2,671	4.9%	2,716	4.8%	2,222	3.8%
Total Net Par Outstanding	\$ 54,818	100.0%	\$ 56,242	100.0%	\$ 57,816	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.

	Q3 2012	Q2 2012	Q1 2012
	NPO	NPO	NPO
Public Finance	\$ 564	\$ 564	\$ 566
Asset-Backed Securities	1,430	1,477	1,536
Collateralized Debt Obligations	79	88	119
Structured Single Risk	3,450	3,417	2,908
Total Below Investment Grade	<u>\$ 5,522</u>	<u>\$ 5,545</u>	<u>\$ 5,129</u>
Total Net Par Outstanding	\$ 15,337	\$ 15,554	\$ 15,996
BIG as % of Net Par Outstanding	36.0%	35.7%	32.1%

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.

	Q3 2012	Q2 2012	Q1 2012
	NPO	NPO	NPO
Public Finance	\$ 1,430	\$ 1,462	\$ 1,464
Asset-Backed Securities	-	-	-
Collateralized Debt Obligations	1,046	1,059	563
Structured Single Risk	195	195	195
Total Below Investment Grade	<u>\$ 2,671</u>	<u>\$ 2,716</u>	<u>\$ 2,222</u>
Total Net Par Outstanding	\$ 54,818	\$ 56,242	\$ 57,816
BIG as % of Net Par Outstanding	4.9%	4.8%	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.

		Q3 2012	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 527	D
2	Commonwealth of Puerto Rico - GO	204	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	28	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		\$ 1,407	
Total Portfolio Net Par Outstanding		\$ 15,337	
% of Total SGI Portfolio		9.2%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,407	
% 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.

		Q3 2012	
		NPO	Rating
1	State of California - GO	\$ 719	BBB+
2	San Diego Family Housing LLC	719	AA
3	LCOR Alexandria, LLC - Lease Revenue	580	BBB
4	City of Denver, CO Airport System - Revenue Bonds	476	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	318	AAA
15	New Jersey Transportation Trust Fund, NJ	311	A+
16	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	272	A-
17	Navy Northeast Family Housing LLC Trust 220	256	AA-
18	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	250	BBB
19	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	246	BB+
20	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds	234	AA-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,574	
Total Portfolio Net Par Outstanding		\$ 54,818	
% of Total SCAI Portfolio		13.8%	
Total Public Finance Portfolio Net Par Outstanding		\$ 34,399	
% of Total Public Finance Portfolio		22.0%	

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 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.

		Q3 2012	
Servicer/Manager Name ¹		NPO	
1	American Home Servicing	\$	318
2	Countrywide Home Loans		307
3	Wells Fargo Bank, NA		305
4	CLO Manager 1 ²		303
5	CLO Manager 2 ²		268
6	OneWest Bank, FSB		264
7	JP Morgan		190
8	CLO Manager 3 ²		150
9	TMF Administration Services Limited		140
10	Private Commercial ABS Transaction ²		121
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,367
Total Portfolio Net Par Outstanding		\$	15,337
% of Total Portfolio			15.4%
Total Structured Finance Portfolio Net Par Outstanding		\$	13,930
% of Total Structured Finance Portfolio			17.0%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q3 2012	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	1,209
2	CLO Manager 5 ²		703
3	CLO Manager 6 ²		647
4	CLO Manager 2 ²		646
5	CLO Manager 7 ²		507
6	CLO Manager 8 ²		462
7	CLO Manager 9 ²		358
8	Private Commercial ABS Transaction ²		325
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		\$	5,491
Total Portfolio Net Par Outstanding		\$	54,818
% of Total Portfolio			10.0%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	20,419
% of Total U.S. Structured Finance Portfolio			26.9%

Notes:

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 2012				Q2 2012				Q1 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Alabama	\$ 2,199	\$ 995	6.5%	Alabama	\$ 2,211	\$ 996	6.4%	Alabama	\$ 2,441	\$ 917	5.7%
Illinois	2,388	510	3.3%	Illinois	2,394	503	3.2%	Illinois	2,424	503	3.1%
Puerto Rico	726	272	1.8%	Puerto Rico	851	352	2.3%	Puerto Rico	851	352	2.2%
New Jersey	1,062	245	1.6%	New Jersey	1,123	245	1.6%	New Jersey	1,134	245	1.5%
Other ¹	29,071	382	2.5%	Other ¹	29,966	384	2.5%	Other ¹	30,943	426	2.7%
Non-PF Multi ^{2,3}	2,646	2,636	17.2%	Non-PF Multi ²	2,736	2,726	17.5%	Non-PF Multi ²	2,845	2,834	17.7%
Total United States	\$ 38,092	\$ 5,040	32.9%	Total United States	\$ 39,281	\$ 5,206	33.5%	Total United States	\$ 40,638	\$ 5,276	33.0%
International				International				International			
United Kingdom	\$ 5,790	\$ 5,371	35.0%	United Kingdom	\$ 5,817	\$ 5,403	34.7%	United Kingdom	\$ 5,996	\$ 5,580	34.9%
Australia	2,169	2,067	13.5%	Australia	2,143	2,043	13.1%	Australia	2,168	2,066	12.9%
France	772	772	5.0%	France	823	823	5.3%	France	815	815	5.1%
Chile	874	680	4.4%	Chile	847	657	4.2%	Chile	868	674	4.2%
Spain	257	257	1.7%	Spain	254	254	1.6%	Spain	316	316	2.0%
Canada	290	191	1.2%	Turkey	196	196	1.3%	Turkey	233	233	1.5%
Turkey	177	177	1.2%	Canada	286	186	1.2%	Canada	291	191	1.2%
Italy	167	167	1.1%	Italy	178	178	1.1%	Italy	173	173	1.1%
Other ¹	831	316	2.1%	Other ¹	915	310	2.0%	Other ¹	941	325	2.0%
Non-PF Multi ^{2,4}	299	299	1.9%	Non-PF Multi ²	298	298	1.9%	Non-PF Multi ²	346	346	2.2%
Total International	\$ 11,627	\$ 10,297	67.1%	Total International	\$ 11,756	\$ 10,348	66.5%	Total International	\$ 12,146	\$ 10,720	67.0%
Total Outstanding	\$ 49,719	\$ 15,337	100.0%	Total Outstanding	\$ 51,036	\$ 15,554	100.0%	Total Outstanding	\$ 52,784	\$ 15,996	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 \$1,673 million in ABS, \$763 million in CDO, \$200 million in SSR net par.
⁴ Consists of \$266 million in SSR, \$33 million in CDO net par.

Syncora Capital Assurance Inc.

Q3 2012				Q2 2012				Q1 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 6,956	\$ 6,910	12.6%	California	\$ 7,073	\$ 7,026	12.5%	California	\$ 7,096	\$ 7,049	12.2%
New York	3,497	3,497	6.4%	New York	3,662	3,662	6.5%	New York	3,713	3,713	6.4%
Illinois	2,424	2,424	4.4%	Illinois	2,434	2,434	4.3%	Illinois	2,453	2,453	4.2%
Texas	2,112	2,112	3.9%	Texas	2,158	2,158	3.8%	Texas	2,181	2,181	3.8%
Florida	1,868	1,765	3.2%	Florida	2,008	1,858	3.3%	Florida	2,136	1,986	3.4%
Pennsylvania	1,444	1,444	2.6%	Pennsylvania	1,549	1,549	2.8%	Pennsylvania	1,639	1,639	2.8%
Colorado	1,332	1,332	2.4%	Colorado	1,348	1,348	2.4%	Alabama	1,517	1,517	2.6%
Alabama	1,196	1,196	2.2%	Alabama	1,207	1,207	2.1%	Colorado	1,352	1,352	2.3%
New Jersey	1,139	1,139	2.1%	New Jersey	1,201	1,201	2.1%	New Jersey	1,203	1,203	2.1%
Georgia	1,004	1,004	1.8%	Georgia	1,015	1,015	1.8%	Michigan	1,049	1,049	1.8%
Michigan	994	994	1.8%	Michigan	1,009	1,009	1.8%	Georgia	1,041	1,041	1.8%
Massachusetts	814	814	1.5%	Massachusetts	865	865	1.5%	Massachusetts	878	878	1.5%
Washington	810	810	1.5%	Washington	839	839	1.5%	Washington	843	843	1.5%
Tennessee	747	747	1.4%	Tennessee	752	752	1.3%	Tennessee	783	783	1.4%
Ohio	692	692	1.3%	Ohio	695	695	1.2%	Minnesota	712	712	1.2%
Virginia	670	670	1.2%	South Carolina	674	674	1.2%	Ohio	694	694	1.2%
South Carolina	669	669	1.2%	Virginia	671	671	1.2%	South Carolina	685	685	1.2%
Minnesota	655	655	1.2%	Minnesota	656	656	1.2%	Virginia	671	671	1.2%
Indiana	622	622	1.1%	Indiana	637	637	1.1%	Indiana	637	637	1.1%
Puerto Rico	580	580	1.1%	Puerto Rico	621	621	1.1%	Puerto Rico	621	621	1.1%
District Of Columbia	561	561	1.0%	Wisconsin	566	566	1.0%	Wisconsin	605	605	1.0%
Other ¹	6,134	6,134	11.2%	District Of Columbia	563	563	1.0%	Missouri	604	604	1.0%
Non-PF Multi ^{2,3}	10,942	10,942	20.0%	Other ¹	5,714	5,714	10.2%	District Of Columbia	583	583	1.0%
Total United States	\$ 47,862	\$ 47,713	87.0%	Non-PF Multi ²	11,124	11,124	19.8%	Other ¹	5,494	5,494	9.5%
				Total United States	\$ 49,041	\$ 48,845	86.8%	Non-PF Multi ²	11,230	11,230	19.4%
								Total United States	\$ 50,420	\$ 50,223	86.9%
International				International				International			
United Kingdom	\$ 3,879	\$ 3,879	7.1%	United Kingdom	\$ 3,833	\$ 3,833	6.8%	United Kingdom	\$ 3,910	\$ 3,910	6.8%
Ireland	1,073	1,073	2.0%	Ireland	1,036	1,036	1.8%	Ireland	1,086	1,086	1.9%
New Zealand	714	714	1.3%	New Zealand	793	793	1.4%	New Zealand	811	811	1.4%
Netherlands	641	641	1.2%	Netherlands	631	631	1.1%	Netherlands	665	665	1.1%
Other ¹	774	774	1.4%	Other ¹	763	763	1.4%	Other ¹	779	779	1.3%
Non-PF Multi ^{2,4}	24	24	0.0%	Non-PF Multi ²	341	341	0.6%	Non-PF Multi ²	343	343	0.6%
Total International	\$ 7,105	\$ 7,105	13.0%	Total International	\$ 7,397	\$ 7,397	13.2%	Total International	\$ 7,593	\$ 7,593	13.1%
Total Outstanding	\$ 54,967	\$ 54,818	100.0%	Total Outstanding	\$ 56,439	\$ 56,242	100.0%	Total Outstanding	\$ 58,013	\$ 57,816	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 \$10,140 million in CDO, \$432 million in ABS, \$370 million in SSR net par.
⁴ Consists of \$24 million in CDO net par.

Investment Portfolio

As of September 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	\$ 161.7	26.3%
Cash and cash equivalents	\$ 78.0	12.7%	1 to 5 Years	308.6	50.2%
Short-term investments	49.4	8.0%	5 to 10 Years	2.3	0.4%
Total Cash and Short-Term Investments	127.5	20.7%	Due after 10 Years	4.0	0.6%
Debt Securities			Mortgage and asset-backed securities	138.5	22.5%
MBS/ABS	138.5	22.5%	Total	\$ 615.0	100.0%
U.S. Government	241.7	39.3%	Yield to Maturity @ Book Value		0.9%
Corporate	99.9	16.2%	Yield to Maturity @ Market Value		0.5%
States & Political Subs	7.4	1.2%	Duration (years)		1.9
Total Long-Term Fixed Maturity	487.6	79.3%			
Total	\$ 615.0	100.0%			

Notes:

- Excludes \$42.3 million of uninsured cash flow ("UCF") securities.
- Excludes \$33.5 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 213.3	34.7%
AA	323.2	52.6%
A	76.2	12.4%
BBB	0.4	0.1%
BB & below and Not Rated	1.8	0.3%
Total	\$ 615.0	100.0%
Average credit quality	AA	

Syncora Capital Assurance Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage		Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 61.7	9.2%
Cash and cash equivalents	\$ 43.8	6.6%	1 to 5 Years	100.1	15.0%
Short-term investments	1.3	0.2%	5 to 10 Years	188.0	28.2%
Total Cash and Short-Term Investments	45.2	6.8%	Due after 10 Years	44.4	6.6%
Debt Securities			Mortgage and asset-backed securities	273.5	41.0%
MBS/ABS	273.5	41.0%	Total	\$ 667.7	100.0%
U.S. Government	34.6	5.2%	Yield to Maturity @ Book Value		3.9%
Corporate	278.9	41.8%	Yield to Maturity @ Market Value		2.0%
States & Political Subs	35.5	5.3%	Duration (years)		3.9
Total Long-Term Fixed Maturity	622.5	93.2%			
Total	\$ 667.7	100.0%			

Notes:

- Excludes \$30.8 million of uninsured cash flow ("UCF") securities.
- Excludes \$5.1 million of preferred stocks.
- Excludes \$8.9 million of common stocks and alternative investments.
- Excludes \$1.8 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 96.9	14.5%
AA	255.9	38.3%
A	98.8	14.8%
BBB	164.0	24.6%
BB & below and Not Rated	52.1	7.8%
Total	\$ 667.7	100.0%
Average credit quality	A	