

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

**4th QUARTER 2012  
OPERATING SUPPLEMENT**



# Syncora Guarantee Inc. Syncora Capital Assurance Inc.

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### Notes:

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

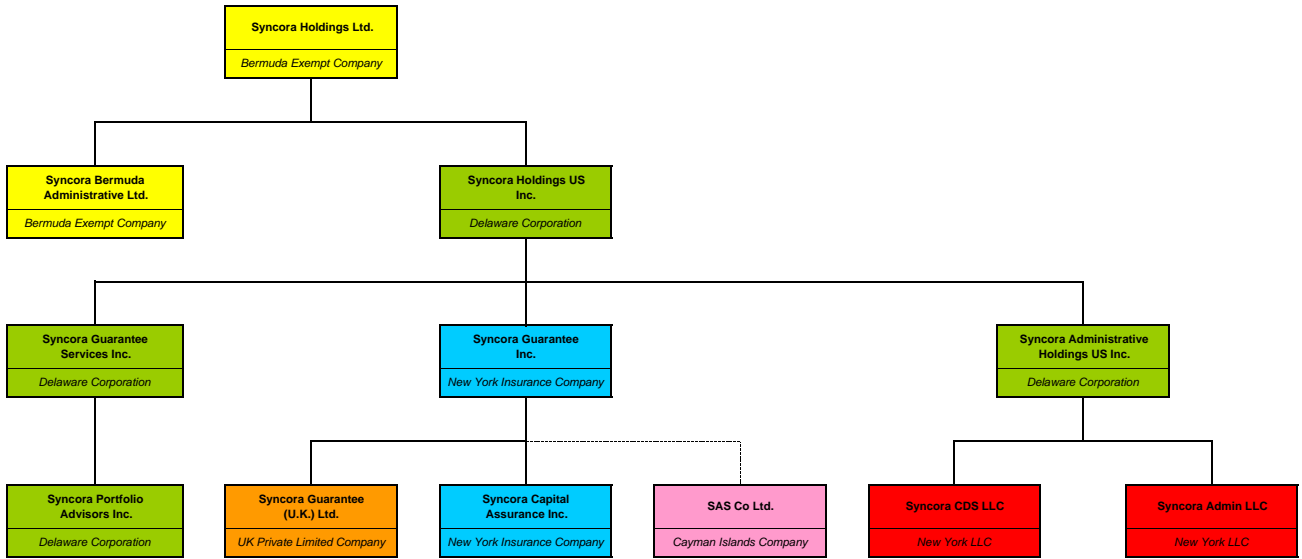
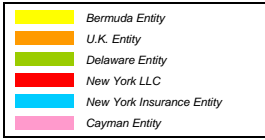
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<b>Leverage ratio<sup>1</sup></b>	Net par outstanding divided by total claims paying resources.
<b>Net par outstanding</b>	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.
<b>Net premiums written</b>	Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.
<b>Net present value of future installment premiums on insurance policies and credit derivative contracts<sup>1</sup> (NPVFIP)</b>	Estimated installment premiums written on insurance policies and credit derivative contracts anticipated to be earned in future periods on policies in force, reduced by planned cessions to reinsurers, plus associated ceding commissions received from reinsurers, discounted at 7%. NPVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.
<b>Net principal and interest outstanding</b>	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers.

**Note:**

<sup>1</sup>Includes certain management estimates.

# Syncora Legal Entity Structure



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

### Syncora Guarantee Inc.

	As of		
	12/31/2012	9/30/2012	6/30/2012
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 76,656	\$ 160,988	\$ 58,680
Bonds	521,605	487,552	154,067
Uninsured cash flow certificates	59,748	42,304	89,516
Interest rate derivatives	-	0	7
Investment in subsidiary - Syncora Guarantee (UK)	51,492	50,302	49,938
Investment in subsidiary - Syncora Capital Assurance	172,527	146,374	141,650
Receivables for securities	-	1,201	10,465
Subtotal, cash and invested assets	882,027	888,719	504,324
Investment income due and accrued	3,115	2,922	2,451
Uncollected premiums	4,518	4,979	6,511
Collateral deposit	8,400	10,300	8,300
Assets received as salvage	197,648	197,668	197,638
Other assets	4,145	38,838	53,370
<b>Total Assets</b>	<b>\$ 1,099,854</b>	<b>\$ 1,143,427</b>	<b>\$ 772,594</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 209,558	\$ 254,524	\$ (130,544)
Unearned premiums	222,419	225,446	233,255
Payable to parent, subsidiaries and affiliates	25,660	22,280	17,463
Mandatory contingency reserve	104,826	103,568	99,958
Other liabilities	26,732	33,389	38,414
<b>Total Liabilities</b>	<b>589,195</b>	<b>639,207</b>	<b>258,546</b>
Surplus notes	584,334	584,834	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	2,046,972	2,046,472	2,006,306
Unassigned funds (surplus)	(2,335,647)	(2,342,087)	(2,332,258)
Surplus as regards policyholders	510,659	504,220	514,048
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 1,099,854</b>	<b>\$ 1,143,427</b>	<b>\$ 772,594</b>

### Syncora Capital Assurance Inc.

	As of		
	12/31/2012	9/30/2012	6/30/2012
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 45,388	\$ 46,988	\$ 49,498
Preferred stocks	5,090	5,090	5,088
Common stocks	8,395	7,005	6,732
Bonds	618,385	622,514	617,129
Uninsured cash flow certificates	30,387	30,752	31,199
Other invested assets	1,878	1,894	1,885
Receivables for securities	-	5,300	-
Subtotal, cash and invested assets	709,523	719,543	711,531
Investment income due and accrued	5,444	5,574	5,688
Uncollected premiums	2,281	3,394	2,639
Net deferred tax asset	2,289	2,501	2,501
Other assets	1,338	1,503	787
<b>Total Assets</b>	<b>\$ 720,876</b>	<b>\$ 732,514</b>	<b>\$ 723,146</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 8,099	\$ 8,633	\$ 4,402
Unearned premiums	299,756	323,776	331,977
Payable to parent, subsidiaries and affiliates	12,553	10,063	9,649
Mandatory contingency reserve	227,701	238,108	234,116
Other liabilities	174	5,486	1,241
<b>Total Liabilities</b>	<b>548,284</b>	<b>586,067</b>	<b>581,385</b>
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)	(218,909)	(245,052)	(249,739)
Surplus as regards policyholders	172,591	146,448	141,761
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 720,876</b>	<b>\$ 732,514</b>	<b>\$ 723,146</b>

# Statement of Income

## (U.S. dollars in thousands)

### Syncora Guarantee Inc.

	Three Months Ended		
	12/31/2012	9/30/2012	6/30/2012
Net premiums written	\$ 6,168	\$ 6,855	\$ 6,924
Underwriting Income			
Net premiums earned	\$ 9,195	\$ 14,664	\$ 16,027
Net losses/(releases) incurred	(16,802)	30,719	(271,900)
Loss adjustment expenses incurred	2,321	11,720	(6,394)
Other underwriting expenses incurred	9,664	6,605	5,781
Net underwriting gain/(loss)	14,012	(34,380)	288,540
Investment Income			
Net investment income earned	10,714	5,899	15,517
Net realized gains/(losses)	(28,677)	9,136	2,243
Total net investment gain/(loss)	(17,963)	15,035	17,761
Other Income			
Other income	2,932	2,840	2,861
Net income/(loss) before taxes	(1,019)	(16,505)	309,161
Federal and foreign income taxes incurred/(benefit)	(7,478)	(5,033)	(5,177)
Net income/(loss)	\$ 6,459	\$ (11,472)	\$ 314,338

### Syncora Capital Assurance Inc.

	Three Months Ended		
	12/31/2012	9/30/2012	6/30/2012
Net premiums written	\$ 5,376	\$ 8,004	\$ 9,271
Underwriting Income			
Net premiums earned	\$ 29,396	\$ 16,205	\$ 16,376
Net losses/(releases) incurred	1,000	-	-
Loss adjustment expenses incurred	9	4,573	(370)
Other underwriting expenses incurred	5,372	5,721	5,410
Net underwriting gain/(loss)	23,015	5,911	11,336
Investment Income			
Net investment income earned	684	6,778	800
Net realized capital gains	(146)	716	(2,688)
Total net investment gain/(loss)	538	7,495	(1,888)
Other Income			
Other income	10	-	4,000
Net income/(loss) before taxes	23,563	13,406	13,447
Federal and foreign income taxes incurred/(benefit)	7,478	5,033	5,177
Net income/(loss)	\$ 16,084	\$ 8,373	\$ 8,270

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

### Syncora Guarantee Inc.

	As of		
	12/31/2012	9/30/2012	6/30/2012
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 511	\$ 504	\$ 514
Contingency reserve	105	104	100
Qualified statutory capital	615	608	614
Unearned premium revenue	222	225	233
Loss & loss adjustment expense reserves <sup>1</sup>	210	255	216
Total policyholders' surplus & reserves	1,047	1,088	1,063
NPVFIP	163	168	171
Total claims paying resources	\$ 1,211	\$ 1,256	\$ 1,234
Net par outstanding	\$ 15,194	\$ 15,337	\$ 15,554
Leverage ratio (Net par outstanding/Total claims paying resources)	12.5	12.2	12.6

**Note:**

<sup>1</sup>For 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		
	12/31/2012	9/30/2012	6/30/2012
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 173	\$ 146	\$ 142
Contingency reserve	228	238	234
Qualified statutory capital	400	385	376
Unearned premium revenue	300	324	332
Loss & loss adjustment expense reserves	8	9	4
Total policyholders' surplus & reserves	708	717	712
NPVFIP	175	180	185
Total claims paying resources	\$ 883	\$ 897	\$ 897
Net par outstanding	\$ 51,662	\$ 54,818	\$ 56,242
Leverage ratio (Net par outstanding/Total claims paying resources)	58.5	61.1	62.7

## Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

### Syncora Guarantee Inc.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
Utility	\$ 589		\$ 589		\$ 589	
General Obligation	340		364		445	
Special Revenue	215		254		256	
Appropriation	127		127		127	
Non Ad Valorem	73		73		73	
Total Public Finance	\$ 1,343	8.8%	\$ 1,407	9.2%	\$ 1,489	9.6%
<b>Asset-Backed Securities</b>						
RMBS	\$ 1,546		\$ 1,590		\$ 1,644	
Commercial ABS	262		290		306	
Total Asset-Backed Securities	\$ 1,809	11.9%	\$ 1,880	12.3%	\$ 1,950	12.5%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 818		\$ 873		\$ 946	
Total Collateralized Debt Obligations	\$ 818	5.4%	\$ 873	5.7%	\$ 946	6.1%
<b>Structured Single Risk</b>						
Global Infrastructure	\$ 5,921		\$ 5,961		\$ 5,937	
Power & Utilities	4,102		3,998		3,988	
Specialized Risk	1,201		1,218		1,245	
Total Structured Single Risk	\$ 11,224	73.9%	\$ 11,177	72.9%	\$ 11,169	71.8%
<b>Total Net Par Outstanding</b>	<u>\$ 15,194</u>	<u>100.0%</u>	<u>\$ 15,337</u>	<u>100.0%</u>	<u>\$ 15,554</u>	<u>100.0%</u>

**Notes:**

Categories include domestic and international credits.

### Syncora Capital Assurance Inc.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
General Obligation	\$ 13,145		\$ 13,771		\$ 14,279	
Special Revenue	9,199		9,654		9,790	
Utility	4,857		4,913		5,110	
Non Ad Valorem	4,033		4,045		4,081	
Appropriation	1,887		2,016		2,088	
Total Public Finance	\$ 33,121	64.1%	\$ 34,399	62.8%	\$ 35,348	62.8%
<b>Asset-Backed Securities</b>						
Commercial ABS	\$ 410		\$ 432		\$ 461	
Total Asset-Backed Securities	\$ 410	0.8%	\$ 432	0.8%	\$ 461	0.8%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 5,398		\$ 5,508		\$ 5,927	
Synthetic CDO	5,361		6,411		6,411	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 11,327	21.9%	\$ 12,487	22.8%	\$ 12,906	22.9%
<b>Structured Single Risk</b>						
Power & Utilities	\$ 4,504		\$ 4,677		\$ 4,758	
Global Infrastructure	2,250		2,402		2,348	
Specialized Risk	50		420		420	
Total Structured Single Risk	\$ 6,804	13.2%	\$ 7,499	13.7%	\$ 7,527	13.4%
<b>Total Net Par Outstanding</b>	<u>\$ 51,662</u>	<u>100.0%</u>	<u>\$ 54,818</u>	<u>100.0%</u>	<u>\$ 56,242</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.

Q4 2012			Q3 2012			Q2 2012		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
						2012 Q2	\$ -	\$ 24,876
			2012 Q3	\$ -	\$ 24,268	2012 Q3	359	24,516
2012 Q4	\$ -	\$ 23,881	2012 Q4	590	23,678	2012 Q4	556	23,960
2013 Q1	493	23,388	2013 Q1	263	23,415	2013 Q1	237	23,723
2013 Q2	226	23,162	2013 Q2	234	23,181	2013 Q2	220	23,503
2013 Q3	229	22,933	2013 Q3	222	22,959	2013 Q3	247	23,257
2013 Q4	411	22,522	2013 Q4	377	22,583	2013 Q4	382	22,875
Total 2013	\$ 1,359		Total	\$ 1,685		Total	\$ 2,001	
2014	\$ 1,098	\$ 21,425	2014	\$ 1,073	\$ 21,510	2014	\$ 1,107	\$ 21,768
2015	1,079	20,346	2015	1,100	20,409	2015	1,104	20,663
2016	1,540	18,806	2016	1,514	18,895	2016	1,489	19,174
2017	1,060	17,745	2017	1,109	17,786	2017	1,080	18,094
Total 2014-2017	\$ 4,777		Total 2014-2017	\$ 4,797		Total 2014-2017	\$ 4,780	
2018-2022	\$ 4,036	\$ 13,709	2018-2022	\$ 4,039	\$ 13,747	2018-2022	\$ 4,035	\$ 14,059
2023-2027	2,853	10,856	2023-2027	2,888	10,859	2023-2027	2,871	11,188
2028-2032	1,625	9,231	2028-2032	1,554	9,305	2028-2032	1,532	9,656
2033 and thereafter	9,231	-	2033 and thereafter	9,305	-	2033 and thereafter	9,656	-
Total 2018-thereafter	\$ 17,745		Total 2018-thereafter	\$ 17,786		Total 2018-thereafter	\$ 18,094	
Total	\$ 23,881		Total	\$ 24,268		Total	\$ 24,876	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

### Syncora Capital Assurance Inc.

Q4 2012			Q3 2012			Q2 2012		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
						2012 Q2	\$ -	\$ 84,085
			2012 Q3	\$ -	\$ 81,757	2012 Q3	1,195	82,890
2012 Q4	\$ -	\$ 76,757	2012 Q4	2,032	79,725	2012 Q4	2,054	80,836
2013 Q1	1,041	75,717	2013 Q1	1,104	78,621	2013 Q1	1,132	79,703
2013 Q2	1,947	73,770	2013 Q2	2,010	76,610	2013 Q2	2,025	77,678
2013 Q3	1,045	72,725	2013 Q3	970	75,641	2013 Q3	999	76,679
2013 Q4	1,629	71,096	2013 Q4	1,578	74,062	2013 Q4	1,595	75,085
Total 2013	\$ 5,661		Total	\$ 7,695		Total	\$ 9,000	
2014	\$ 6,630	\$ 64,466	2014	\$ 7,366	\$ 66,696	2014	\$ 7,728	\$ 67,357
2015	4,589	59,877	2015	5,030	61,665	2015	5,049	62,308
2016	4,709	55,168	2016	4,281	57,385	2016	4,315	57,994
2017	3,890	51,278	2017	3,927	53,458	2017	3,985	54,008
Total 2014-2017	\$ 19,818		Total 2014-2017	\$ 20,604		Total 2014-2017	\$ 21,076	
2018-2022	\$ 13,959	\$ 37,319	2018-2022	\$ 14,848	\$ 38,610	2018-2022	\$ 15,057	\$ 38,951
2023-2027	12,638	24,681	2023-2027	13,267	25,342	2023-2027	13,411	25,541
2028-2032	9,361	15,320	2028-2032	9,955	15,387	2028-2032	10,067	15,473
2033 and thereafter	15,320	-	2033 and thereafter	15,387	-	2033 and thereafter	15,473	-
Total 2018-thereafter	\$ 51,278		Total 2018-thereafter	\$ 53,458		Total 2018-thereafter	\$ 54,008	
Total	\$ 76,757		Total	\$ 81,757		Total	\$ 84,085	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

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

## Syncora Guarantee Inc.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,343	16	\$ 1,407	16	\$ 1,489	16
Asset-Backed Securities	1,809	40	1,880	41	1,950	41
Collateralized Debt Obligations	818	12	873	12	946	12
Structured Single Risk	11,224	46	11,177	47	11,169	47
<b>Total Net Par Outstanding</b>	<b>\$ 15,194</b>	<b>114</b>	<b>\$ 15,337</b>	<b>116</b>	<b>\$ 15,554</b>	<b>116</b>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 120		\$ 120		\$ 120	
Asset-Backed Securities	44		94		(272)	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	23		15		(2)	
<b>Total Net Reserve</b>	<b>\$ 191</b>		<b>\$ 231</b>		<b>\$ (151)</b>	
Less Salvage & Subrogation	(38)		(38)		(38)	
<b>Adjusted Total</b>	<b>\$ 153</b>		<b>\$ 193</b>		<b>\$ (190)</b>	

**Note:**

Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 33,121	2,084	\$ 34,399	2,119	\$ 35,348	2,150
Asset-Backed Securities	410	3	432	3	461	3
Collateralized Debt Obligations	11,327	42	12,487	46	12,906	48
Structured Single Risk	6,804	39	7,499	43	7,527	44
<b>Total Net Par Outstanding</b>	<b>\$ 51,662</b>	<b>2,168</b>	<b>\$ 54,818</b>	<b>2,211</b>	<b>\$ 56,242</b>	<b>2,245</b>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
<b>Total Net Reserve</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	
Less Salvage & Subrogation	(0)		(0)		(0)	
<b>Adjusted Total</b>	<b>\$ (0)</b>		<b>\$ (0)</b>		<b>\$ (0)</b>	

**Note:**

Categories include domestic and international credits.

## Insured Portfolio - Watch List As of December 31, 2012 (U.S. dollars in millions)

### Syncora Guarantee Inc.

	Q4 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	11	4	8	27	50
Remaining weighted-average contract period (in years)	12.4	9.6	7.9	12.9	10.6
Insured contractual payments outstanding:					
Principal	\$ 1,006.6	\$ 717.9	\$ 2,119.3	\$ 1,887.0	\$ 5,730.7
Interest	520.9	272.6	507.2	1,280.0	2,580.7
Total	<u>\$ 1,527.5</u>	<u>\$ 990.5</u>	<u>\$ 2,626.4</u>	<u>\$ 3,167.0</u>	<u>\$ 8,311.4</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 195.7	\$ 195.7
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 190.6	\$ 190.6
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 152.7	\$ 152.7

**Note:**

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

### Syncora Capital Assurance Inc.

	Q4 2012				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits <sup>1</sup>	16	15	3	-	34
Remaining weighted-average contract period (in years)	5.7	9.6	10.9	-	7.6
Insured contractual payments outstanding:					
Principal	\$ 2,225.9	\$ 1,645.2	\$ 347.8	\$ -	\$ 4,219.0
Interest	502.0	544.7	225.8	-	1,272.5
Total	<u>\$ 2,727.9</u>	<u>\$ 2,190.0</u>	<u>\$ 573.6</u>	<u>\$ -</u>	<u>\$ 5,491.5</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ (0.0)	\$ (0.0)

**Note:**

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

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

### Syncora Guarantee Inc.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 697	4.6%	\$ 674	4.4%	\$ 688	4.4%
AA	1,364	9.0	1,492	9.7	1,594	10.2
A	1,942	12.8	1,897	12.4	1,925	12.4
BBB	6,294	41.4	5,753	37.5	5,801	37.3
Below Investment Grade	4,898	32.2	5,522	36.0	5,545	35.7
Total Net Par Outstanding	\$ 15,194	100.0%	\$ 15,337	100.0%	\$ 15,554	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.

	Q4 2012		Q3 2012		Q2 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 4,090	7.9%	\$ 4,410	8.0%	\$ 4,496	8.0%
AA	16,900	32.7	18,012	32.9	18,736	33.3
A	19,032	36.8	20,047	36.6	20,507	36.5
BBB	9,186	17.8	9,678	17.7	9,787	17.4
Below Investment Grade	2,455	4.8	2,671	4.9	2,716	4.8
Total Net Par Outstanding	\$ 51,662	100.0%	\$ 54,818	100.0%	\$ 56,242	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.

	Q4 2012	Q3 2012	Q2 2012
	NPO	NPO	NPO
Public Finance	\$ 564	\$ 564	\$ 564
Asset-Backed Securities	1,390	1,430	1,477
Collateralized Debt Obligations	72	79	88
Structured Single Risk	2,872	3,450	3,417
Total Below Investment Grade	<u>\$ 4,898</u>	<u>\$ 5,522</u>	<u>\$ 5,545</u>
Total Net Par Outstanding	\$ 15,194	\$ 15,337	\$ 15,554
BIG as % of Net Par Outstanding	32.2%	36.0%	35.7%

#### 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.

	Q4 2012	Q3 2012	Q2 2012
	NPO	NPO	NPO
Public Finance	\$ 1,428	\$ 1,430	\$ 1,462
Collateralized Debt Obligations	1,027	1,046	1,059
Structured Single Risk	-	195	195
Total Below Investment Grade	<u>\$ 2,455</u>	<u>\$ 2,671</u>	<u>\$ 2,716</u>
Total Net Par Outstanding	\$ 51,662	\$ 54,818	\$ 56,242
BIG as % of Net Par Outstanding	4.8%	4.9%	4.8%

#### 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.

		Q4 2012	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 527	D
2	Commonwealth of Puerto Rico - GO	188	BBB-
3	New Jersey (State of) - Annual Appropriation	127	AA-
4	Bay Area Toll Authority, CA - Toll Revenue Bonds	108	AA+
5	Massachusetts (Commonwealth of) - GO	69	AA+
6	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	AA
7	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	46	AA-
8	Port Authority of New York and New Jersey, NY	40	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		\$ 1,343	
Total Portfolio Net Par Outstanding		\$ 15,194	
% of Total SGI Portfolio		8.8%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,343	
% 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.

		Q4 2012	
		NPO	Rating
1	San Diego Family Housing LLC	\$ 719	AA
2	State of California - GO	593	BBB+
3	LCOR Alexandria, LLC - Lease Revenue	580	BBB
4	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-
5	City of Miami, FL Miami International Airport - Aviation Revenue Bonds	404	A
6	Port Authority of New York and New Jersey, NY	347	AA-
7	City of Denver Convention Center Hotel Project, CO	344	BBB-
8	City of Detroit, MI - Pension Obligations Bonds	329	B
9	Dodger Tickets LLC	328	BBB
10	Metropolitan Pier & Exposition Center, IL	327	AAA
11	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+
12	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
13	New Jersey Transportation Trust Fund, NJ	318	A+
14	Miami-Dade County (Water/Sewer), FL	311	A+
15	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	266	A-
16	Navy Northeast Family Housing LLC Trust 220	256	AA-
17	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	250	BBB
18	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	246	BB+
19	City of Denver, CO Airport System - Revenue Bonds	237	A+
20	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds	230	AA-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,188	
Total Portfolio Net Par Outstanding		\$ 51,662	
% of Total SCAI Portfolio		13.9%	
Total Public Finance Portfolio Net Par Outstanding		\$ 33,121	
% of Total Public Finance Portfolio		21.7%	

#### 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.

		Q4 2012	
Servicer/Manager Name <sup>1</sup>		NPO	
1	American Home Servicing	\$	315
2	CLO Manager 1 <sup>2</sup>		303
3	Wells Fargo Bank, NA		301
4	Countrywide Home Loans		295
5	CLO Manager 2 <sup>2</sup>		268
6	OneWest Bank, FSB		255
7	JP Morgan		185
8	CLO Manager 3 <sup>2</sup>		150
9	TMF Administration Services Limited		134
10	Private Commercial ABS Transaction <sup>2</sup>		100
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,305
Total Portfolio Net Par Outstanding		\$	15,194
% of Total Portfolio			15.2%
Total Structured Finance Portfolio Net Par Outstanding		\$	13,851
% of Total Structured Finance Portfolio			16.6%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

### Syncora Capital Assurance Inc.

		Q4 2012	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 4 <sup>2</sup>	\$	1,225
2	CLO Manager 5 <sup>2</sup>		722
3	CLO Manager 6 <sup>2</sup>		652
4	CLO Manager 2 <sup>2</sup>		646
5	CLO Manager 7 <sup>2</sup>		497
6	CLO Manager 8 <sup>2</sup>		391
7	CLO Manager 9 <sup>2</sup>		358
8	CLO Manager 10 <sup>2</sup>		321
9	CLO Manager 1 <sup>2</sup>		314
10	Private Commercial ABS Transaction <sup>2</sup>		311
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	5,436
Total Portfolio Net Par Outstanding		\$	51,662
% of Total Portfolio			10.5%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	18,542
% of Total U.S. Structured Finance Portfolio			29.3%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

# Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

## Syncora Guarantee Inc.

Q4 2012				Q3 2012				Q2 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
Alabama	\$ 2,090	\$ 910	6.0%	Alabama	\$ 2,199	\$ 995	6.5%	Alabama	\$ 2,211	\$ 996	6.4%
Illinois	2,305	510	3.4	Illinois	2,388	510	3.3	Illinois	2,394	503	3.2
Puerto Rico	703	249	1.6	Puerto Rico	726	272	1.8	Puerto Rico	851	352	2.3
New Jersey	932	205	1.4	New Jersey	1,062	245	1.6	New Jersey	1,123	245	1.6
Other <sup>1</sup>	27,768	381	2.5	Other <sup>1</sup>	29,071	382	2.5	Other <sup>1</sup>	29,966	384	2.5
Non-PF Multi <sup>2,3</sup>	2,543	2,533	16.7	Non-PF Multi <sup>2</sup>	2,646	2,636	17.2	Non-PF Multi <sup>2</sup>	2,736	2,726	17.5
<b>Total United States</b>	<b>\$ 36,342</b>	<b>\$ 4,788</b>	<b>31.5%</b>	<b>Total United States</b>	<b>\$ 38,092</b>	<b>\$ 5,040</b>	<b>32.9%</b>	<b>Total United States</b>	<b>\$ 39,281</b>	<b>\$ 5,206</b>	<b>33.5%</b>
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 5,939	\$ 5,510	36.3%	United Kingdom	\$ 5,790	\$ 5,371	35.0%	United Kingdom	\$ 5,817	\$ 5,403	34.7%
Australia	2,172	2,070	13.6	Australia	2,169	2,067	13.5	Australia	2,143	2,043	13.1
France	772	772	5.1	France	772	772	5.0	France	823	823	5.3
Chile	873	678	4.5	Chile	874	680	4.4	Chile	847	657	4.2
Spain	260	260	1.7	Spain	257	257	1.7	Spain	254	254	1.6
Canada	287	188	1.2	Canada	290	191	1.2	Turkey	196	196	1.3
Italy	170	170	1.1	Turkey	177	177	1.2	Canada	286	186	1.2
Turkey	157	157	1.0	Italy	167	167	1.1	Italy	178	178	1.1
Other <sup>1</sup>	835	320	2.1	Other <sup>1</sup>	831	316	2.1	Other <sup>1</sup>	915	310	2.0
Non-PF Multi <sup>2,4</sup>	281	281	1.8	Non-PF Multi <sup>2</sup>	299	299	1.9	Non-PF Multi <sup>2</sup>	298	298	1.9
<b>Total International</b>	<b>\$ 11,745</b>	<b>\$ 10,406</b>	<b>68.5%</b>	<b>Total International</b>	<b>\$ 11,627</b>	<b>\$ 10,297</b>	<b>67.1%</b>	<b>Total International</b>	<b>\$ 11,756</b>	<b>\$ 10,348</b>	<b>66.5%</b>
<b>Total Outstanding</b>	<b>\$ 48,087</b>	<b>\$ 15,194</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 49,719</b>	<b>\$ 15,337</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 51,036</b>	<b>\$ 15,554</b>	<b>100.0%</b>

**Notes:**  
<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.  
<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.  
<sup>3</sup> Consists of \$1,609 million in ABS, \$724 million in CDO and \$200 million in SSR net par.  
<sup>4</sup> Consists of \$266 million in SSR and \$15 million in CDO net par.

## Syncora Capital Assurance Inc.

Q4 2012				Q3 2012				Q2 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
California	\$ 6,698	\$ 6,652	12.9%	California	\$ 6,956	\$ 6,910	12.6%	California	\$ 7,073	\$ 7,026	12.5%
New York	3,464	3,464	6.7	New York	3,497	3,497	6.4	New York	3,662	3,662	6.5
Illinois	2,353	2,353	4.6	Illinois	2,424	2,424	4.4	Illinois	2,434	2,434	4.3
Texas	2,041	2,041	3.9	Texas	2,112	2,112	3.9	Texas	2,158	2,158	3.8
Florida	1,828	1,728	3.3	Florida	1,868	1,765	3.2	Florida	2,008	1,858	3.3
Pennsylvania	1,418	1,418	2.7	Pennsylvania	1,444	1,444	2.6	Pennsylvania	1,549	1,549	2.8
Alabama	1,172	1,172	2.3	Colorado	1,332	1,332	2.4	Colorado	1,348	1,348	2.4
Colorado	1,062	1,062	2.1	Alabama	1,196	1,196	2.2	Alabama	1,207	1,207	2.1
New Jersey	1,058	1,058	2.0	New Jersey	1,139	1,139	2.1	New Jersey	1,201	1,201	2.1
Georgia	953	953	1.8	Georgia	1,004	1,004	1.8	Georgia	1,015	1,015	1.8
Michigan	861	861	1.7	Michigan	994	994	1.8	Michigan	1,009	1,009	1.8
Washington	780	780	1.5	Massachusetts	814	814	1.5	Massachusetts	865	865	1.5
Massachusetts	771	771	1.5	Washington	810	810	1.5	Washington	839	839	1.5
Tennessee	732	732	1.4	Tennessee	747	747	1.4	Tennessee	752	752	1.3
Ohio	677	677	1.3	Ohio	692	692	1.3	Ohio	695	695	1.2
Virginia	669	669	1.3	Virginia	670	670	1.2	South Carolina	674	674	1.2
South Carolina	660	660	1.3	South Carolina	669	669	1.2	Virginia	671	671	1.2
Minnesota	643	643	1.2	Minnesota	655	655	1.2	Minnesota	656	656	1.2
Indiana	617	617	1.2	Indiana	622	622	1.1	Indiana	637	637	1.1
Puerto Rico	580	580	1.1	Puerto Rico	580	580	1.1	Puerto Rico	621	621	1.1
Missouri	533	533	1.0	District Of Columbia	561	561	1.0	Wisconsin	566	566	1.0
Other <sup>1</sup>	5,867	5,867	11.4	Other <sup>1</sup>	6,134	6,134	11.2	District Of Columbia	563	563	1.0
Non-PF Multi <sup>2,3</sup>	9,348	9,348	18.1	Non-PF Multi <sup>2</sup>	10,942	10,942	20.0	Other <sup>1</sup>	5,714	5,714	10.2
<b>Total United States</b>	<b>\$ 44,785</b>	<b>\$ 44,638</b>	<b>86.4%</b>	<b>Total United States</b>	<b>\$ 47,862</b>	<b>\$ 47,713</b>	<b>87.0%</b>	<b>Total United States</b>	<b>\$ 49,041</b>	<b>\$ 48,845</b>	<b>86.8%</b>
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 3,755	\$ 3,755	7.3%	United Kingdom	\$ 3,879	\$ 3,879	7.1%	United Kingdom	\$ 3,833	\$ 3,833	6.8%
Ireland	1,095	1,095	2.1	Ireland	1,073	1,073	2.0	Ireland	1,036	1,036	1.8
New Zealand	713	713	1.4	New Zealand	714	714	1.3	New Zealand	793	793	1.4
Netherlands	657	657	1.3	Netherlands	641	641	1.2	Netherlands	631	631	1.1
Other <sup>1</sup>	780	780	1.5	Other <sup>1</sup>	774	774	1.4	Other <sup>1</sup>	763	763	1.4
Non-PF Multi <sup>2,4</sup>	25	25	0.0	Non-PF Multi <sup>2</sup>	24	24	0.0	Non-PF Multi <sup>2</sup>	341	341	0.6
<b>Total International</b>	<b>\$ 7,024</b>	<b>\$ 7,024</b>	<b>13.6%</b>	<b>Total International</b>	<b>\$ 7,105</b>	<b>\$ 7,105</b>	<b>13.0%</b>	<b>Total International</b>	<b>\$ 7,397</b>	<b>\$ 7,397</b>	<b>13.2%</b>
<b>Total Outstanding</b>	<b>\$ 51,809</b>	<b>\$ 51,662</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 54,967</b>	<b>\$ 54,818</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 56,439</b>	<b>\$ 56,242</b>	<b>100.0%</b>

**Notes:**  
<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.  
<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.  
<sup>3</sup> Consists of \$8,937 million in CDO and \$410 million in ABS net par.  
<sup>4</sup> Consists of \$25 million in CDO net par.



# Investment Portfolio

## As of December 31, 2012

(U.S. dollars in millions)

### Syncora Guarantee Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage		Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 82.8	14.5%
Cash and cash equivalents	\$ 31.0	5.4%	1 to 5 Years	302.7	53.0%
Short-term investments	18.4	3.2%	5 to 10 Years	6.1	1.1%
Total Cash and Short-Term Investments	49.4	8.7%	Due after 10 Years	3.9	0.7%
Debt Securities			Mortgage and asset-backed securities	175.4	30.7%
MBS/ABS	175.4	30.7%	Total	\$ 571.0	100.0%
U.S. Government	216.6	37.9%	Yield to Maturity @ Book Value		1.0%
Corporate	122.0	21.4%	Yield to Maturity @ Market Value		0.6%
States & Political Subs	7.6	1.3%	Duration (years)		2.1
Total Long-Term Fixed Maturity	521.6	91.3%			
Total	\$ 571.0	100.0%			

**Notes:**

- Excludes \$59.7 million of uninsured cash flow ("UCF") securities.
- Excludes \$27.3 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 173.5	30.4%
AA	299.1	52.4%
A	96.3	16.9%
BBB	0.4	0.1%
BB & below and Not Rated	1.7	0.3%
Total	\$ 571.0	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	\$ 57.7	8.7%
Cash and cash equivalents	\$ 40.5	6.1%	1 to 5 Years	111.1	16.8%
Short-term investments	3.0	0.4%	5 to 10 Years	178.2	26.9%
Total Cash and Short-Term Investments	43.5	6.6%	Due after 10 Years	46.4	7.0%
Debt Securities			Mortgage and asset-backed securities	268.4	40.6%
MBS/ABS	268.4	40.6%	Total	\$ 661.9	100.0%
U.S. Government	35.1	5.3%	Yield to Maturity @ Book Value		3.8%
Corporate	281.2	42.5%	Yield to Maturity @ Market Value		2.1%
States & Political Subs	33.7	5.1%	Duration (years)		4.1
Total Long-Term Fixed Maturity	618.4	93.4%			
Total	\$ 661.9	100.0%			

**Notes:**

- Excludes \$30.4 million of uninsured cash flow ("UCF") securities.
- Excludes \$5.1 million of preferred stocks.
- Excludes \$10.3 million of common stocks and alternative investments.
- Excludes \$1.9 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 100.8	15.2%
AA	242.0	36.6%
A	100.9	15.2%
BBB	163.5	24.7%
BB & below and Not Rated	54.7	8.3%
Total	\$ 661.9	100.0%
Average credit quality	A	