

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

**1st QUARTER 2013
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.

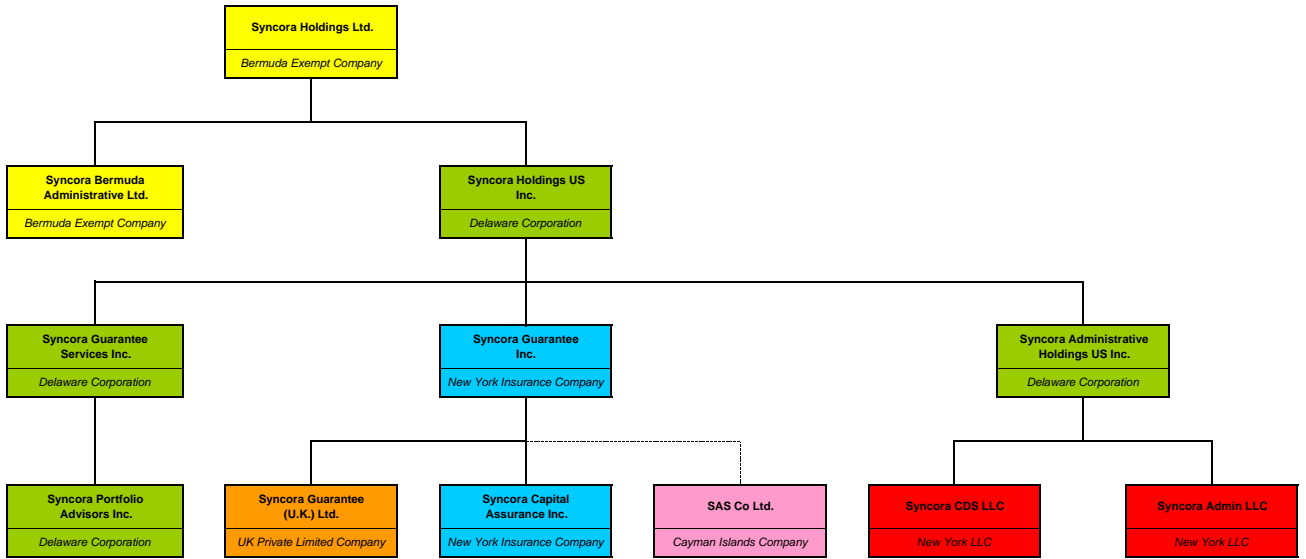
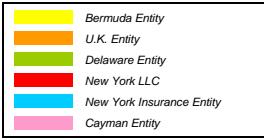
Net principal and interest outstanding

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 | | |
|--|---------------------|---------------------|---------------------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Assets | | | |
| Cash, cash equivalents and short-term investments | \$ 85,569 | \$ 76,656 | \$ 160,988 |
| Bonds | 579,440 | 521,605 | 487,552 |
| Uninsured cash flow certificates | 53,117 | 59,748 | 42,304 |
| Interest rate derivatives | 4,464 | - | 0 |
| Investment in subsidiary - Syncora Guarantee (UK) | 52,373 | 51,492 | 50,302 |
| Investment in subsidiary - Syncora Capital Assurance | 185,818 | 172,527 | 146,374 |
| Receivables for securities | - | - | 1,201 |
| Subtotal, cash and invested assets | 960,782 | 882,027 | 888,719 |
| Investment income due and accrued | 2,100 | 3,115 | 2,922 |
| Uncollected premiums and reinsurance assets | 4,024 | 4,518 | 4,979 |
| Collateral deposit | 5,900 | 8,400 | 10,300 |
| Assets received as salvage | 197,332 | 197,648 | 197,668 |
| Other assets | 4,695 | 4,145 | 38,838 |
| Total Assets | \$ 1,174,832 | \$ 1,099,854 | \$ 1,143,427 |
| Liabilities, Surplus and Other Funds | | | |
| Losses and loss adjustment expenses | \$ 281,398 | \$ 209,558 | \$ 254,524 |
| Unearned premiums | 220,889 | 222,419 | 225,446 |
| Payable to parent, subsidiaries and affiliates | 16,135 | 25,660 | 22,280 |
| Mandatory contingency reserve | 108,029 | 104,826 | 103,568 |
| Other liabilities | 31,532 | 26,732 | 33,389 |
| Total Liabilities | 657,983 | 589,195 | 639,207 |
| Surplus notes | 584,334 | 584,334 | 584,834 |
| 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 | 2,046,972 | 2,046,472 |
| Unassigned funds (surplus) | (2,329,457) | (2,335,647) | (2,342,087) |
| Surplus as regards policyholders | 516,849 | 510,659 | 504,220 |
| Total Liabilities, Surplus and Other Funds | \$ 1,174,832 | \$ 1,099,854 | \$ 1,143,427 |

Syncora Capital Assurance Inc.

| | As of | | |
|---|-------------------|-------------------|-------------------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Assets | | | |
| Cash, cash equivalents and short-term investments | \$ 152,368 | \$ 45,388 | \$ 46,988 |
| Preferred stocks | 5,090 | 5,090 | 5,090 |
| Common stocks | 14,143 | 8,395 | 7,005 |
| Bonds | 522,306 | 618,385 | 622,514 |
| Uninsured cash flow certificates | 30,884 | 30,387 | 30,752 |
| Other invested assets | 1,948 | 1,878 | 1,894 |
| Receivables for securities | - | - | 5,300 |
| Subtotal, cash and invested assets | 726,738 | 709,523 | 719,543 |
| Investment income due and accrued | 4,890 | 5,444 | 5,574 |
| Uncollected premiums | 2,024 | 2,281 | 3,394 |
| Net deferred tax asset | 2,289 | 2,289 | 2,501 |
| Other assets | 715 | 1,338 | 1,503 |
| Total Assets | \$ 736,656 | \$ 720,876 | \$ 732,514 |
| Liabilities, Surplus and Other Funds | | | |
| Losses and loss adjustment expenses | \$ 11,871 | \$ 8,099 | \$ 8,633 |
| Unearned premiums | 291,075 | 299,756 | 323,776 |
| Payable to parent, subsidiaries and affiliates | 13,517 | 12,553 | 10,063 |
| Mandatory contingency reserve | 230,019 | 227,701 | 238,108 |
| Other liabilities | 4,305 | 174 | 5,486 |
| Total Liabilities | 550,788 | 548,284 | 586,067 |
| 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) | (205,632) | (218,909) | (245,052) |
| Surplus as regards policyholders | 185,868 | 172,591 | 146,448 |
| Total Liabilities, Surplus and Other Funds | \$ 736,656 | \$ 720,876 | \$ 732,514 |

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

| | Three Months Ended | | |
|---|--------------------|------------|-------------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Net premiums written | \$ 5,958 | \$ 6,168 | \$ 6,855 |
| Underwriting Income | | | |
| Net premiums earned | \$ 7,489 | \$ 9,195 | \$ 14,664 |
| Net losses/(releases) incurred | 4,891 | (16,802) | 30,719 |
| Loss adjustment expenses incurred | 3,715 | 2,321 | 11,720 |
| Other underwriting expenses incurred | 8,373 | 9,664 | 6,605 |
| Net underwriting gain/(loss) | (9,490) | 14,012 | (34,380) |
| Investment Income | | | |
| Net investment income earned | 3,883 | 10,714 | 5,899 |
| Net realized gains/(losses) | 1,470 | (28,677) | 9,136 |
| Total net investment gain/(loss) | 5,353 | (17,963) | 15,035 |
| Other Income | | | |
| Other income | 295 | 2,932 | 2,840 |
| Net income/(loss) before taxes | (3,842) | (1,019) | (16,505) |
| Federal and foreign income taxes incurred/(benefit) | (7,941) | (7,478) | (5,033) |
| Net income/(loss) | \$ 4,100 | \$ 6,459 | \$ (11,472) |

Syncora Capital Assurance Inc.

| | Three Months Ended | | |
|---|--------------------|------------|-----------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Net premiums written | \$ 6,698 | \$ 5,376 | \$ 8,004 |
| Underwriting Income | | | |
| Net premiums earned | \$ 15,380 | \$ 29,396 | \$ 16,205 |
| Net losses/(releases) incurred | - | 1,000 | - |
| Loss adjustment expenses incurred | 3,853 | 9 | 4,573 |
| Other underwriting expenses incurred | 6,080 | 5,372 | 5,721 |
| Net underwriting gain/(loss) | 5,447 | 23,015 | 5,911 |
| Investment Income | | | |
| Net investment income earned | 6,737 | 684 | 6,778 |
| Net realized capital gains | 11,666 | (146) | 716 |
| Total net investment gain/(loss) | 18,403 | 538 | 7,495 |
| Other Income | | | |
| Other income | 105 | 10 | - |
| Net income/(loss) before taxes | 23,954 | 23,563 | 13,406 |
| Federal and foreign income taxes incurred/(benefit) | 7,941 | 7,478 | 5,033 |
| Net income/(loss) | \$ 16,013 | \$ 16,084 | \$ 8,373 |

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

Syncora Guarantee Inc.

| | As of | | |
|--|-----------------|-----------------|-----------------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Claims paying resources | | | |
| Policyholders' surplus | \$ 517 | \$ 511 | \$ 504 |
| Contingency reserve | <u>108</u> | <u>105</u> | <u>104</u> |
| Qualified statutory capital | 625 | 615 | 608 |
| Unearned premium revenue | 221 | 222 | 225 |
| Loss & loss adjustment expense reserves | <u>281</u> | <u>210</u> | <u>255</u> |
| Total policyholders' surplus & reserves | 1,127 | 1,047 | 1,088 |
| NPVFIP | <u>166</u> | <u>163</u> | <u>168</u> |
| Total claims paying resources | <u>\$ 1,293</u> | <u>\$ 1,211</u> | <u>\$ 1,256</u> |
| Net par outstanding | \$ 14,693 | \$ 15,194 | \$ 15,337 |
| Leverage ratio (Net par outstanding/Total claims paying resources) | 11.4 | 12.5 | 12.2 |

Syncora Capital Assurance Inc.

| | As of | | |
|--|---------------|---------------|---------------|
| | 3/31/2013 | 12/31/2012 | 9/30/2012 |
| Claims paying resources | | | |
| Policyholders' surplus | \$ 186 | \$ 173 | \$ 146 |
| Contingency reserve | <u>230</u> | <u>228</u> | <u>238</u> |
| Qualified statutory capital | 416 | 400 | 385 |
| Unearned premium revenue | 291 | 300 | 324 |
| Loss & loss adjustment expense reserves | <u>12</u> | <u>8</u> | <u>9</u> |
| Total policyholders' surplus & reserves | 719 | 708 | 717 |
| NPVFIP | <u>167</u> | <u>175</u> | <u>180</u> |
| Total claims paying resources | <u>\$ 886</u> | <u>\$ 883</u> | <u>\$ 897</u> |
| Net par outstanding | \$ 50,247 | \$ 51,662 | \$ 54,818 |
| Leverage ratio (Net par outstanding/Total claims paying resources) | 56.7 | 58.5 | 61.1 |

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| Public Finance | | | | | | |
| Utility | \$ 589 | | \$ 589 | | \$ 589 | |
| General Obligation | 336 | | 340 | | 364 | |
| Special Revenue | 215 | | 215 | | 254 | |
| Appropriation | 127 | | 127 | | 127 | |
| Non Ad Valorem | <u>73</u> | | <u>73</u> | | <u>73</u> | |
| Total Public Finance | \$ 1,339 | 9.1% | \$ 1,343 | 8.8% | \$ 1,407 | 9.2% |
| Asset-Backed Securities | | | | | | |
| RMBS | \$ 1,494 | | \$ 1,546 | | \$ 1,590 | |
| Commercial ABS | <u>244</u> | | <u>262</u> | | <u>290</u> | |
| Total Asset-Backed Securities | \$ 1,739 | 11.8% | \$ 1,809 | 11.9% | \$ 1,880 | 12.3% |
| Collateralized Debt Obligations | | | | | | |
| Cashflow CDO | <u>\$ 731</u> | | <u>\$ 818</u> | | <u>\$ 873</u> | |
| Total Collateralized Debt Obligations | \$ 731 | 5.0% | \$ 818 | 5.4% | \$ 873 | 5.7% |
| Structured Single Risk | | | | | | |
| Global Infrastructure | \$ 5,818 | | \$ 5,921 | | \$ 5,961 | |
| Power & Utilities | 3,894 | | 4,102 | | 3,998 | |
| Specialized Risk | <u>1,171</u> | | <u>1,201</u> | | <u>1,218</u> | |
| Total Structured Single Risk | \$ 10,884 | 74.1% | \$ 11,224 | 73.9% | \$ 11,177 | 72.9% |
| Total Net Par Outstanding | <u>\$ 14,693</u> | <u>100.0%</u> | <u>\$ 15,194</u> | <u>100.0%</u> | <u>\$ 15,337</u> | <u>100.0%</u> |

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| Public Finance | | | | | | |
| General Obligation | \$ 12,530 | | \$ 13,145 | | \$ 13,771 | |
| Special Revenue | 9,088 | | 9,199 | | 9,654 | |
| Utility | 4,802 | | 4,857 | | 4,913 | |
| Non Ad Valorem | 4,035 | | 4,033 | | 4,045 | |
| Appropriation | <u>1,835</u> | | <u>1,887</u> | | <u>2,016</u> | |
| Total Public Finance | \$ 32,290 | 64.3% | \$ 33,121 | 64.1% | \$ 34,399 | 62.8% |
| Asset-Backed Securities | | | | | | |
| Commercial ABS | <u>\$ 388</u> | | <u>\$ 410</u> | | <u>\$ 432</u> | |
| Total Asset-Backed Securities | \$ 388 | 0.8% | \$ 410 | 0.8% | \$ 432 | 0.8% |
| Collateralized Debt Obligations | | | | | | |
| Synthetic CDO | \$ 5,361 | | \$ 5,361 | | \$ 6,411 | |
| Cashflow CDO | 5,215 | | 5,398 | | 5,508 | |
| Market Value CDO | <u>568</u> | | <u>568</u> | | <u>568</u> | |
| Total Collateralized Debt Obligations | \$ 11,144 | 22.2% | \$ 11,327 | 21.9% | \$ 12,487 | 22.8% |
| Structured Single Risk | | | | | | |
| Power & Utilities | \$ 4,249 | | \$ 4,504 | | \$ 4,677 | |
| Global Infrastructure | 2,126 | | 2,250 | | 2,402 | |
| Specialized Risk | <u>50</u> | | <u>50</u> | | <u>420</u> | |
| Total Structured Single Risk | \$ 6,425 | 12.8% | \$ 6,804 | 13.2% | \$ 7,499 | 13.7% |
| Total Net Par Outstanding | <u>\$ 50,247</u> | <u>100.0%</u> | <u>\$ 51,662</u> | <u>100.0%</u> | <u>\$ 54,818</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.

| Q1 2013 | | | Q4 2012 | | | Q3 2012 | | |
|-----------------------|-----------|-----------|-----------------------|-----------|-----------|-----------------------|-----------|-----------|
| Scheduled Net | | NPIO | Scheduled Net | | NPIO | Scheduled Net | | NPIO |
| Debt Service | | | Debt Service | | | Debt Service | | |
| | | | 2012 Q4 | \$ - | \$ 23,881 | 2012 Q3 | \$ - | \$ 24,268 |
| 2013 Q1 | \$ - | \$ 23,698 | 2013 Q1 | 493 | 23,388 | 2012 Q4 | 590 | 23,678 |
| 2013 Q2 | 508 | 23,190 | 2013 Q2 | 226 | 23,162 | 2013 Q1 | 263 | 23,415 |
| 2013 Q3 | 218 | 22,972 | 2013 Q3 | 229 | 22,933 | 2013 Q2 | 234 | 23,181 |
| 2013 Q4 | 417 | 22,556 | 2013 Q4 | 411 | 22,522 | 2013 Q3 | 222 | 22,959 |
| Total 2013 | \$ 1,143 | | Total 2013 | \$ 1,359 | | 2013 Q4 | 377 | 22,583 |
| | | | | | | Total | \$ 1,685 | |
| 2014 | \$ 982 | \$ 21,574 | 2014 | \$ 1,098 | \$ 21,425 | 2014 | \$ 1,073 | \$ 21,510 |
| 2015 | 1,014 | 20,560 | 2015 | 1,079 | 20,346 | 2015 | 1,100 | 20,409 |
| 2016 | 1,521 | 19,039 | 2016 | 1,540 | 18,806 | 2016 | 1,514 | 18,895 |
| 2017 | 1,093 | 17,946 | 2017 | 1,060 | 17,745 | 2017 | 1,109 | 17,786 |
| Total 2014-2017 | \$ 4,609 | | Total 2014-2017 | \$ 4,777 | | Total 2014-2017 | \$ 4,797 | |
| 2018-2022 | \$ 3,923 | \$ 14,023 | 2018-2022 | \$ 4,036 | \$ 13,709 | 2018-2022 | \$ 4,039 | \$ 13,747 |
| 2023-2027 | 2,714 | 11,309 | 2023-2027 | 2,853 | 10,856 | 2023-2027 | 2,888 | 10,859 |
| 2028-2032 | 1,318 | 9,990 | 2028-2032 | 1,625 | 9,231 | 2028-2032 | 1,554 | 9,305 |
| 2033 and thereafter | 9,990 | - | 2033 and thereafter | 9,231 | - | 2033 and thereafter | 9,305 | - |
| Total 2018-thereafter | \$ 17,946 | | Total 2018-thereafter | \$ 17,745 | | Total 2018-thereafter | \$ 17,786 | |
| Total | \$ 23,698 | | Total | \$ 23,881 | | Total | \$ 24,268 | |

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

| Q1 2013 | | | Q4 2012 | | | Q3 2012 | | |
|-----------------------|-----------|-----------|-----------------------|-----------|-----------|-----------------------|-----------|-----------|
| Scheduled Net | | NPIO | Scheduled Net | | NPIO | Scheduled Net | | NPIO |
| Debt Service | | | Debt Service | | | Debt Service | | |
| | | | 2012 Q4 | \$ - | \$ 76,757 | 2012 Q3 | \$ - | \$ 81,757 |
| 2013 Q1 | \$ - | \$ 74,374 | 2013 Q1 | 1,041 | 75,717 | 2012 Q4 | 2,032 | 79,725 |
| 2013 Q2 | 1,908 | 72,466 | 2013 Q2 | 1,947 | 73,770 | 2013 Q1 | 1,104 | 78,621 |
| 2013 Q3 | 1,030 | 71,436 | 2013 Q3 | 1,045 | 72,725 | 2013 Q2 | 2,010 | 76,610 |
| 2013 Q4 | 1,602 | 69,834 | 2013 Q4 | 1,629 | 71,096 | 2013 Q3 | 970 | 75,641 |
| Total 2013 | \$ 4,540 | | Total 2013 | \$ 5,661 | | 2013 Q4 | 1,578 | 74,062 |
| | | | | | | Total | \$ 7,695 | |
| 2014 | \$ 6,552 | \$ 63,282 | 2014 | \$ 6,630 | \$ 64,466 | 2014 | \$ 7,366 | \$ 66,696 |
| 2015 | 4,480 | 58,801 | 2015 | 4,589 | 59,877 | 2015 | 5,030 | 61,665 |
| 2016 | 4,653 | 54,149 | 2016 | 4,709 | 55,168 | 2016 | 4,281 | 57,385 |
| 2017 | 3,835 | 50,314 | 2017 | 3,890 | 51,278 | 2017 | 3,927 | 53,458 |
| Total 2014-2017 | \$ 19,520 | | Total 2014-2017 | \$ 19,818 | | Total 2014-2017 | \$ 20,604 | |
| 2018-2022 | \$ 13,713 | \$ 36,601 | 2018-2022 | \$ 13,959 | \$ 37,319 | 2018-2022 | \$ 14,848 | \$ 38,610 |
| 2023-2027 | 12,433 | 24,167 | 2023-2027 | 12,638 | 24,681 | 2023-2027 | 13,267 | 25,342 |
| 2028-2032 | 9,264 | 14,903 | 2028-2032 | 9,361 | 15,320 | 2028-2032 | 9,955 | 15,387 |
| 2033 and thereafter | 14,903 | - | 2033 and thereafter | 15,320 | - | 2033 and thereafter | 15,387 | - |
| Total 2018-thereafter | \$ 50,314 | | Total 2018-thereafter | \$ 51,278 | | Total 2018-thereafter | \$ 53,458 | |
| Total | \$ 74,374 | | Total | \$ 76,757 | | Total | \$ 81,757 | |

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|---------------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | NPO | # of Credits | NPO | # of Credits | NPO | # of Credits |
| Public Finance | \$ 1,339 | 16 | \$ 1,343 | 16 | \$ 1,407 | 16 |
| Asset-Backed Securities | 1,739 | 39 | 1,809 | 40 | 1,880 | 41 |
| Collateralized Debt Obligations | 731 | 11 | 818 | 12 | 873 | 12 |
| Structured Single Risk | 10,884 | 45 | 11,224 | 46 | 11,177 | 47 |
| Total Net Par Outstanding | <u>\$ 14,693</u> | <u>111</u> | <u>\$ 15,194</u> | <u>114</u> | <u>\$ 15,337</u> | <u>116</u> |
| | Net Loss Reserve | | Net Loss Reserve | | Net Loss Reserve | |
| Public Finance | \$ 120 | | \$ 120 | | \$ 120 | |
| Asset-Backed Securities | 113 | | 44 | | 94 | |
| Collateralized Debt Obligations | 3 | | 3 | | 3 | |
| Structured Single Risk | 27 | | 23 | | 15 | |
| Total Net Reserve | <u>\$ 263</u> | | <u>\$ 191</u> | | <u>\$ 231</u> | |
| Less Salvage & Subrogation | <u>(38)</u> | | <u>(38)</u> | | <u>(38)</u> | |
| Adjusted Total | <u>\$ 225</u> | | <u>\$ 153</u> | | <u>\$ 193</u> | |

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|---------------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | NPO | # of Credits | NPO | # of Credits | NPO | # of Credits |
| Public Finance | \$ 32,290 | 2,052 | \$ 33,121 | 2,084 | \$ 34,399 | 2,119 |
| Asset-Backed Securities | 388 | 3 | 410 | 3 | 432 | 3 |
| Collateralized Debt Obligations | 11,144 | 39 | 11,327 | 42 | 12,487 | 46 |
| Structured Single Risk | 6,425 | 38 | 6,804 | 39 | 7,499 | 43 |
| Total Net Par Outstanding | <u>\$ 50,247</u> | <u>2,132</u> | <u>\$ 51,662</u> | <u>2,168</u> | <u>\$ 54,818</u> | <u>2,211</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 | <u>(0)</u> | | <u>(0)</u> | | <u>(0)</u> | |
| Adjusted Total | <u>\$ (0)</u> | | <u>\$ (0)</u> | | <u>\$ (0)</u> | |

Note:

Categories include domestic and international credits.

**Insured Portfolio - Watch List
As of March 31, 2013
(U.S. dollars in millions)**

Syncora Guarantee Inc.

| | Q1 2013 | | | | |
|--|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | Special Monitoring List | Yellow Flag List | Red Flag List | Loss List | Total |
| Number of credits ¹ | 11 | 4 | 7 | 28 | 50 |
| Remaining weighted-average contract period (in years) | 12.5 | 6.5 | 7.9 | 12.6 | 10.1 |
| Insured contractual payments outstanding: | | | | | |
| Principal | \$ 1,007.9 | \$ 699.9 | \$ 2,068.7 | \$ 1,900.8 | \$ 5,677.4 |
| Interest | 518.0 | 308.4 | 484.0 | 1,261.9 | 2,572.4 |
| Total | <u>\$ 1,526.0</u> | <u>\$ 1,008.3</u> | <u>\$ 2,552.8</u> | <u>\$ 3,162.6</u> | <u>\$ 8,249.7</u> |
| Gross loss reserves before salvage | \$ - | \$ - | \$ - | \$ 267.8 | \$ 267.8 |
| Net loss reserves before salvage, but after reinsurance | \$ - | \$ - | \$ - | \$ 262.7 | \$ 262.7 |
| Net loss reserves after salvage and subrogation, after reinsurance | \$ - | \$ - | \$ - | \$ 224.9 | \$ 224.9 |

Syncora Capital Assurance Inc.

| | Q1 2013 | | | | |
|---|-------------------------|-------------------|-----------------|-------------|-------------------|
| | Special Monitoring List | Yellow Flag List | Red Flag List | Loss List | Total |
| Number of credits ¹ | 18 | 14 | 3 | - | 35 |
| Remaining weighted-average contract period (in years) | 7.9 | 10.0 | 10.6 | - | 8.8 |
| Insured contractual payments outstanding: | | | | | |
| Principal | \$ 2,770.9 | \$ 1,653.7 | \$ 347.7 | \$ - | \$ 4,772.3 |
| Interest | 810.0 | 611.7 | 221.6 | - | 1,643.2 |
| Total | <u>\$ 3,580.9</u> | <u>\$ 2,265.4</u> | <u>\$ 569.2</u> | <u>\$ -</u> | <u>\$ 6,415.5</u> |
| Gross loss reserves | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net loss reserves | \$ - | \$ - | \$ - | \$ (0.0) | \$ (0.0) |

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

Syncora Guarantee Inc.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|---------------------------|-----------|--------|-----------|--------|-----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| AAA | \$ 599 | 4.1% | \$ 697 | 4.6% | \$ 674 | 4.4% |
| AA | 1,363 | 9.3 | 1,364 | 9.0 | 1,492 | 9.7 |
| A | 1,883 | 12.8 | 1,942 | 12.8 | 1,897 | 12.4 |
| BBB | 6,044 | 41.1 | 6,294 | 41.4 | 5,753 | 37.5 |
| Below Investment Grade | 4,804 | 32.7 | 4,898 | 32.2 | 5,522 | 36.0 |
| Total Net Par Outstanding | \$ 14,693 | 100.0% | \$ 15,194 | 100.0% | \$ 15,337 | 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.

| | Q1 2013 | | Q4 2012 | | Q3 2012 | |
|---------------------------|-----------|--------|-----------|--------|-----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| AAA | \$ 4,140 | 8.2% | \$ 4,090 | 7.9% | \$ 4,410 | 8.0% |
| AA | 16,467 | 32.8 | 16,900 | 32.7 | 18,012 | 32.9 |
| A | 18,425 | 36.7 | 19,032 | 36.8 | 20,047 | 36.6 |
| BBB | 8,765 | 17.4 | 9,186 | 17.8 | 9,678 | 17.7 |
| Below Investment Grade | 2,450 | 4.9 | 2,455 | 4.8 | 2,671 | 4.9 |
| Total Net Par Outstanding | \$ 50,247 | 100.0% | \$ 51,662 | 100.0% | \$ 54,818 | 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.

| | Q1 2013 | Q4 2012 | Q3 2012 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 564 | \$ 564 | \$ 564 |
| Asset-Backed Securities | 1,346 | 1,390 | 1,430 |
| Collateralized Debt Obligations | 25 | 72 | 79 |
| Structured Single Risk | 2,870 | 2,872 | 3,450 |
| Total Below Investment Grade | <u>\$ 4,804</u> | <u>\$ 4,898</u> | <u>\$ 5,522</u> |
| Total Net Par Outstanding | \$ 14,693 | \$ 15,194 | \$ 15,337 |
| BIG as % of Net Par Outstanding | 32.7% | 32.2% | 36.0% |

Notes:

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

Syncora Capital Assurance Inc.

| | Q1 2013 | Q4 2012 | Q3 2012 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 1,425 | \$ 1,428 | \$ 1,430 |
| Collateralized Debt Obligations | 1,025 | 1,027 | 1,046 |
| Structured Single Risk | - | - | 195 |
| Total Below Investment Grade | <u>\$ 2,450</u> | <u>\$ 2,455</u> | <u>\$ 2,671</u> |
| Total Net Par Outstanding | \$ 50,247 | \$ 51,662 | \$ 54,818 |
| BIG as % of Net Par Outstanding | 4.9% | 4.8% | 4.9% |

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.

| | | Q1 2013 | |
|---|--|-----------|--------|
| | | 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 | 65 | 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 | B |
| 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 | | \$ 1,339 | |
| Total Portfolio Net Par Outstanding | | \$ 14,693 | |
| % of Total SGI Portfolio | | 9.1% | |
| Total Public Finance Portfolio Net Par Outstanding | | \$ 1,339 | |
| % 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.

| | | Q1 2013 | |
|---|--|-----------|--------|
| | | NPO | Rating |
| 1 | San Diego Family Housing LLC | \$ 716 | AA |
| 2 | LCOR Alexandria, LLC - Lease Revenue | 580 | BBB+ |
| 3 | State of California - GO | 545 | A |
| 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 | Metropolitan Pier & Exposition Center, IL | 327 | AAA |
| 10 | DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes | 326 | BB+ |
| 11 | City of Syracuse Industrial Development Agency (Carousel Center), NY | 326 | BBB- |
| 12 | Dodger Tickets LLC | 325 | 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 | Baltimore Development Corporation (Convention Center Headquarters Hotel Project) | 246 | BB+ |
| 18 | Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds | 244 | BBB+ |
| 19 | City of Denver, CO Airport System - Revenue Bonds | 237 | A+ |
| 20 | City of San Jose, CA Redevelopment Agency - Tax Allocation | 229 | BBB |
| Total Net Par Outstanding of the Largest Public Finance Credits | | \$ 7,126 | |
| Total Portfolio Net Par Outstanding | | \$ 50,247 | |
| % of Total SCAI Portfolio | | 14.2% | |
| Total Public Finance Portfolio Net Par Outstanding | | \$ 32,290 | |
| % of Total Public Finance Portfolio | | 22.1% | |

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.

| | | Q1 2013 | |
|---|---|---------|--------|
| Servicer/Manager Name ¹ | | NPO | |
| 1 | CLO Manager 1 ² | \$ | 303 |
| 2 | Wells Fargo Bank, NA | | 295 |
| 3 | American Home Servicing | | 290 |
| 4 | Countrywide Home Loans | | 280 |
| 5 | CLO Manager 2 ² | | 268 |
| 6 | OneWest Bank, FSB | | 250 |
| 7 | JP Morgan | | 180 |
| 8 | CLO Manager 3 ² | | 150 |
| 9 | TMF Administration Services Limited | | 127 |
| 10 | Private Commercial ABS Transaction ² | | 96 |
| Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures | | \$ | 2,238 |
| Total Portfolio Net Par Outstanding | | \$ | 14,693 |
| % of Total Portfolio | | | 15.2% |
| Total Structured Finance Portfolio Net Par Outstanding | | \$ | 13,354 |
| % of Total Structured Finance Portfolio | | | 16.8% |

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

| | | Q1 2013 | |
|---|---|---------|--------|
| Servicer/Manager Name ¹ | | NPO | |
| 1 | CLO Manager 4 ² | \$ | 1,207 |
| 2 | CLO Manager 5 ² | | 682 |
| 3 | CLO Manager 2 ² | | 646 |
| 4 | CLO Manager 6 ² | | 644 |
| 5 | CLO Manager 7 ² | | 472 |
| 6 | CLO Manager 8 ² | | 386 |
| 7 | CLO Manager 9 ² | | 358 |
| 8 | CLO Manager 10 ² | | 321 |
| 9 | CLO Manager 1 ² | | 314 |
| 10 | Private Commercial ABS Transaction ² | | 295 |
| Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures | | \$ | 5,325 |
| Total Portfolio Net Par Outstanding | | \$ | 50,247 |
| % of Total Portfolio | | | 10.6% |
| Total U.S. Structured Finance Portfolio Net Par Outstanding | | \$ | 17,957 |
| % of Total U.S. Structured Finance Portfolio | | | 29.7% |

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.

| Q1 2013 | | | | Q4 2012 | | | | Q3 2012 | | | |
|-----------------------------|------------------|------------------|---------------|---------------------------------|------------------|------------------|---------------|---------------------------------|------------------|------------------|---------------|
| | GPO | NPO | % NPO | | GPO | NPO | % NPO | | GPO | NPO | % NPO |
| United States | | | | United States | | | | United States | | | |
| Alabama | \$ 2,038 | \$ 910 | 6.2% | Alabama | \$ 2,090 | \$ 910 | 6.0% | Alabama | \$ 2,199 | \$ 995 | 6.5% |
| Illinois | 2,270 | 518 | 3.5 | Illinois | 2,305 | 510 | 3.4 | Illinois | 2,388 | 510 | 3.3 |
| Puerto Rico | 690 | 249 | 1.7 | Puerto Rico | 703 | 249 | 1.6 | Puerto Rico | 726 | 272 | 1.8 |
| New Jersey | 926 | 205 | 1.4 | New Jersey | 932 | 205 | 1.4 | New Jersey | 1,062 | 245 | 1.6 |
| Other ¹ | 26,976 | 369 | 2.5 | Other ¹ | 27,768 | 381 | 2.5 | Other ¹ | 29,071 | 382 | 2.5 |
| Non-PF Multi ^{2,3} | 2,445 | 2,436 | 16.6 | Non-PF Multi ² | 2,543 | 2,533 | 16.7 | Non-PF Multi ² | 2,646 | 2,636 | 17.2 |
| Total United States | \$ 35,346 | \$ 4,686 | 31.9% | Total United States | \$ 36,342 | \$ 4,788 | 31.5% | Total United States | \$ 38,092 | \$ 5,040 | 32.9% |
| International | | | | International | | | | International | | | |
| United Kingdom | \$ 5,541 | \$ 5,147 | 35.0% | United Kingdom | \$ 5,939 | \$ 5,510 | 36.3% | United Kingdom | \$ 5,790 | \$ 5,371 | 35.0% |
| Australia | 2,121 | 2,074 | 14.1 | Australia | 2,172 | 2,070 | 13.6 | Australia | 2,169 | 2,067 | 13.5 |
| France | 779 | 779 | 5.3 | France | 772 | 772 | 5.1 | France | 772 | 772 | 5.0 |
| Chile | 875 | 682 | 4.6 | Chile | 873 | 678 | 4.5 | Chile | 874 | 680 | 4.4 |
| Spain | 249 | 249 | 1.7 | Spain | 260 | 260 | 1.7 | Spain | 257 | 257 | 1.7 |
| Canada | 281 | 182 | 1.2 | Canada | 287 | 188 | 1.2 | Canada | 290 | 191 | 1.2 |
| Italy | 172 | 172 | 1.2 | Italy | 170 | 170 | 1.1 | Turkey | 177 | 177 | 1.2 |
| Other ¹ | 877 | 442 | 3.0 | Turkey | 157 | 157 | 1.0 | Italy | 167 | 167 | 1.1 |
| Non-PF Multi ^{2,4} | 281 | 281 | 1.9 | Other ¹ | 835 | 320 | 2.1 | Other ¹ | 831 | 316 | 2.1 |
| Total International | \$ 11,175 | \$ 10,007 | 68.1% | Non-PF Multi² | 281 | 281 | 1.8 | Non-PF Multi² | 299 | 299 | 1.9 |
| Total Outstanding | \$ 46,522 | \$ 14,693 | 100.0% | Total International | \$ 11,745 | \$ 10,406 | 68.5% | Total International | \$ 11,627 | \$ 10,297 | 67.1% |
| Total Outstanding | \$ 48,087 | \$ 15,194 | 100.0% | Total Outstanding | \$ 49,719 | \$ 15,337 | 100.0% | Total Outstanding | \$ 49,719 | \$ 15,337 | 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 \$1,555 million in ABS, \$681 million in CDO and \$200 million in SSR net par.
⁴ Consists of \$266 million in SSR and \$15 million in CDO net par.

Syncora Capital Assurance Inc.

| Q1 2013 | | | | Q4 2012 | | | | Q3 2012 | | | |
|-----------------------------|------------------|------------------|---------------|---------------------------------|------------------|------------------|---------------|---------------------------------|------------------|------------------|---------------|
| | GPO | NPO | % NPO | | GPO | NPO | % NPO | | GPO | NPO | % NPO |
| United States | | | | United States | | | | United States | | | |
| California | \$ 6,640 | \$ 6,594 | 13.1% | California | \$ 6,698 | \$ 6,652 | 12.9% | California | \$ 6,956 | \$ 6,910 | 12.6% |
| New York | 3,370 | 3,370 | 6.7 | New York | 3,464 | 3,464 | 6.7 | New York | 3,497 | 3,497 | 6.4 |
| Illinois | 2,315 | 2,315 | 4.6 | Illinois | 2,353 | 2,353 | 4.6 | Illinois | 2,424 | 2,424 | 4.4 |
| Texas | 1,947 | 1,947 | 3.9 | Texas | 2,041 | 2,041 | 3.9 | Texas | 2,112 | 2,112 | 3.9 |
| Florida | 1,825 | 1,725 | 3.4 | Florida | 1,828 | 1,728 | 3.3 | Florida | 1,868 | 1,765 | 3.2 |
| Pennsylvania | 1,336 | 1,336 | 2.7 | Pennsylvania | 1,418 | 1,418 | 2.7 | Pennsylvania | 1,444 | 1,444 | 2.6 |
| Alabama | 1,121 | 1,121 | 2.2 | Alabama | 1,172 | 1,172 | 2.3 | Colorado | 1,332 | 1,332 | 2.4 |
| New Jersey | 1,052 | 1,052 | 2.1 | Colorado | 1,062 | 1,062 | 2.1 | Alabama | 1,196 | 1,196 | 2.2 |
| Colorado | 1,033 | 1,033 | 2.1 | New Jersey | 1,058 | 1,058 | 2.0 | New Jersey | 1,139 | 1,139 | 2.1 |
| Georgia | 945 | 945 | 1.9 | Georgia | 953 | 953 | 1.8 | Georgia | 1,004 | 1,004 | 1.8 |
| Michigan | 818 | 818 | 1.6 | Michigan | 861 | 861 | 1.7 | Michigan | 994 | 994 | 1.8 |
| Washington | 776 | 776 | 1.5 | Washington | 780 | 780 | 1.5 | Massachusetts | 814 | 814 | 1.5 |
| Massachusetts | 766 | 766 | 1.5 | Massachusetts | 771 | 771 | 1.5 | Washington | 810 | 810 | 1.5 |
| Tennessee | 718 | 718 | 1.4 | Tennessee | 732 | 732 | 1.4 | Tennessee | 747 | 747 | 1.4 |
| Virginia | 668 | 668 | 1.3 | Ohio | 677 | 677 | 1.3 | Ohio | 692 | 692 | 1.3 |
| Ohio | 663 | 663 | 1.3 | Virginia | 669 | 669 | 1.3 | Virginia | 670 | 670 | 1.2 |
| South Carolina | 648 | 648 | 1.3 | South Carolina | 660 | 660 | 1.3 | South Carolina | 669 | 669 | 1.2 |
| Indiana | 605 | 605 | 1.2 | Minnesota | 643 | 643 | 1.2 | Minnesota | 655 | 655 | 1.2 |
| Minnesota | 576 | 576 | 1.1 | Indiana | 617 | 617 | 1.2 | Indiana | 622 | 622 | 1.1 |
| Puerto Rico | 570 | 570 | 1.1 | Puerto Rico | 580 | 580 | 1.1 | Puerto Rico | 580 | 580 | 1.1 |
| Other ¹ | 6,176 | 6,176 | 12.3 | Missouri | 533 | 533 | 1.0 | District Of Columbia | 561 | 561 | 1.0 |
| Non-PF Multi ^{2,3} | 9,227 | 9,227 | 18.4 | Other ¹ | 5,867 | 5,867 | 11.4 | Other ¹ | 6,134 | 6,134 | 11.2 |
| Total United States | \$ 43,796 | \$ 43,650 | 86.9% | Non-PF Multi² | 9,348 | 9,348 | 18.1 | Non-PF Multi² | 10,942 | 10,942 | 20.0 |
| Total United States | \$ 44,785 | \$ 44,638 | 86.4% | Total United States | \$ 47,862 | \$ 47,713 | 87.0% | Total United States | \$ 47,862 | \$ 47,713 | 87.0% |
| International | | | | International | | | | International | | | |
| United Kingdom | \$ 3,537 | \$ 3,537 | 7.0% | United Kingdom | \$ 3,755 | \$ 3,755 | 7.3% | United Kingdom | \$ 3,879 | \$ 3,879 | 7.1% |
| Ireland | 1,050 | 1,050 | 2.1 | Ireland | 1,095 | 1,095 | 2.1 | Ireland | 1,073 | 1,073 | 2.0 |
| Netherlands | 639 | 639 | 1.3 | New Zealand | 713 | 713 | 1.4 | New Zealand | 714 | 714 | 1.3 |
| New Zealand | 636 | 636 | 1.3 | Netherlands | 657 | 657 | 1.3 | Netherlands | 641 | 641 | 1.2 |
| Other ¹ | 715 | 715 | 1.4 | Other ¹ | 780 | 780 | 1.5 | Other ¹ | 774 | 774 | 1.4 |
| Non-PF Multi ^{2,4} | 20 | 20 | 0.0 | Non-PF Multi ² | 25 | 25 | 0.0 | Non-PF Multi ² | 24 | 24 | 0.0 |
| Total International | \$ 6,597 | \$ 6,597 | 13.1% | Total International | \$ 7,024 | \$ 7,024 | 13.6% | Total International | \$ 7,105 | \$ 7,105 | 13.0% |
| Total Outstanding | \$ 50,393 | \$ 50,247 | 100.0% | Total Outstanding | \$ 51,809 | \$ 51,662 | 100.0% | Total Outstanding | \$ 54,967 | \$ 54,818 | 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 \$8,839 million in CDO and \$388 million in ABS net par.
⁴ Consists of \$20 million in CDO net par.

Investment Portfolio As of March 31, 2013 (U.S. dollars in millions)

Syncora Guarantee Inc.

| Distribution by Security Type | Book Adjusted | | Maturity | Book Adjusted | |
|---------------------------------------|-----------------|---------------|--------------------------------------|-----------------|---------------|
| | Carrying Value | Percentage | | Carrying Value | Percentage |
| Short-term investments | | | Within 1 Year | \$ 110.1 | 17.4% |
| Cash and cash equivalents | \$ 32.0 | 5.1% | 1 to 5 Years | 312.4 | 49.4% |
| Short-term investments | <u>20.9</u> | <u>3.3%</u> | 5 to 10 Years | 1.6 | 0.3% |
| Total Cash and Short-Term Investments | <u>52.9</u> | <u>8.4%</u> | Due after 10 Years | 3.9 | 0.6% |
| Debt Securities | | | Mortgage and asset-backed securities | <u>204.3</u> | <u>32.3%</u> |
| MBS/ABS | 204.3 | 32.3% | Total | <u>\$ 632.3</u> | <u>100.0%</u> |
| U.S. Government | 217.0 | 34.3% | Yield to Maturity @ Book Value | | 1.0% |
| Corporate | 147.7 | 23.4% | Yield to Maturity @ Market Value | | 0.6% |
| States & Political Subs | <u>10.4</u> | <u>1.6%</u> | Duration (years) | | 2.0 |
| Total Long-Term Fixed Maturity | <u>579.4</u> | <u>91.6%</u> | | | |
| Total | <u>\$ 632.3</u> | <u>100.0%</u> | | | |

Notes:

- Excludes \$53.1 million of uninsured cash flow ("UCF") securities.
- Excludes \$32.7 million of operating cash balances.

| Quality Distribution | Book Adjusted | Percentage |
|--------------------------|-----------------|---------------|
| | Carrying Value | |
| AAA | \$ 206.2 | 32.6% |
| AA | 302.2 | 47.8% |
| A | 121.8 | 19.3% |
| BBB | 0.4 | 0.1% |
| BB & below and Not Rated | <u>1.7</u> | <u>0.3%</u> |
| Total | <u>\$ 632.3</u> | <u>100.0%</u> |
| Average credit quality | | AA |

Syncora Capital Assurance Inc.

| Distribution by Security Type | Book Adjusted | | Maturity | Book Adjusted | |
|---------------------------------------|-----------------|---------------|--------------------------------------|-----------------|---------------|
| | Carrying Value | Percentage | | Carrying Value | Percentage |
| Short-term investments | | | Within 1 Year | \$ 114.3 | 18.4% |
| Cash and cash equivalents | \$ 56.9 | 9.2% | 1 to 5 Years | 72.6 | 11.7% |
| Short-term investments | <u>57.4</u> | <u>9.3%</u> | 5 to 10 Years | 147.0 | 23.7% |
| Total Cash and Short-Term Investments | <u>114.3</u> | <u>18.4%</u> | Due after 10 Years | 43.5 | 7.0% |
| Debt Securities | | | Mortgage and asset-backed securities | <u>243.5</u> | <u>39.2%</u> |
| MBS/ABS | 243.5 | 39.2% | Total | <u>\$ 620.9</u> | <u>100.0%</u> |
| U.S. Government | 13.1 | 2.1% | Yield to Maturity @ Book Value | | 3.4% |
| Corporate | 220.0 | 35.4% | Yield to Maturity @ Market Value | | 2.0% |
| States & Political Subs | <u>30.0</u> | <u>4.8%</u> | Duration (years) | | 3.9 |
| Total Long-Term Fixed Maturity | <u>506.6</u> | <u>81.6%</u> | | | |
| Total | <u>\$ 620.9</u> | <u>100.0%</u> | | | |

Notes:

- Excludes \$30.9 million of uninsured cash flow ("UCF") securities.
- Excludes \$15.7 million of a bond purchased for remediation.
- Excludes \$5.1 million of preferred stocks.
- Excludes \$16.1 million of common stocks and alternative investments.
- Excludes \$38.0 million of operating cash balances.

| Quality Distribution | Book Adjusted | Percentage |
|--------------------------|-----------------|---------------|
| | Carrying Value | |
| AAA | \$ 168.3 | 27.1% |
| AA | 194.9 | 31.4% |
| A | 94.2 | 15.2% |
| BBB | 119.7 | 19.3% |
| BB & below and Not Rated | <u>43.8</u> | <u>7.1%</u> |
| Total | <u>\$ 620.9</u> | <u>100.0%</u> |
| Average credit quality | | A |