

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

**2nd QUARTER 2013
OPERATING SUPPLEMENT**



Syncora Guarantee Inc. Syncora Capital Assurance Inc.

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Notes:

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

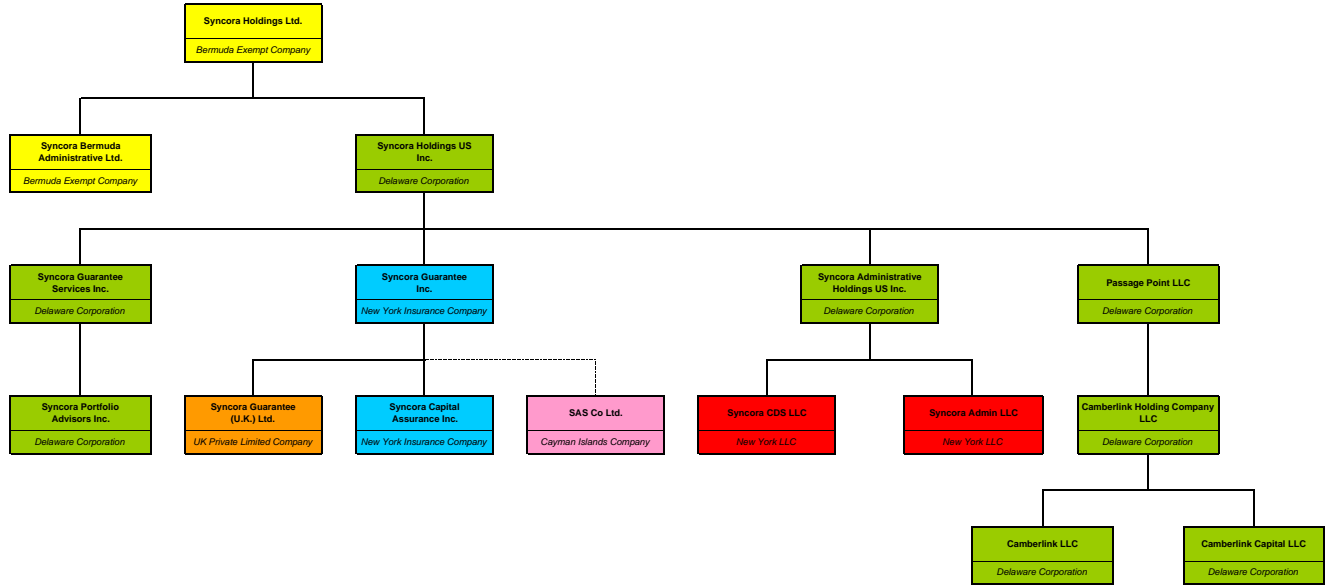
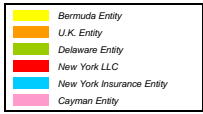
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

Leverage ratio¹	Net par outstanding divided by total claims paying resources.
Net par outstanding	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.
Net premiums written	Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.
Net present value of future installment premiums on insurance policies and credit derivative contracts¹ (NPVFIP)	Estimated installment premiums written on insurance policies and credit derivative contracts anticipated to be earned in future periods on policies in force, reduced by planned cessions to reinsurers, plus associated ceding commissions received from reinsurers, discounted at 7%. NPVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors.
Net principal and interest outstanding	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers.

Note:

¹Includes certain management estimates.

Syncora Legal Entity Structure



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

Syncora Guarantee Inc.

	As of		
	6/30/2013	3/31/2013	12/31/2012
Assets			
Cash, cash equivalents and short-term investments	\$ 89,415	\$ 85,569	\$ 76,656
Bonds	521,980	579,440	521,605
Uninsured cash flow certificates	56,159	53,117	59,748
Interest rate derivatives	8,260	4,464	-
Investment in subsidiary - Syncora Guarantee (UK)	54,413	52,373	51,492
Investment in subsidiary - Syncora Capital Assurance	189,232	185,818	172,527
Subtotal, cash and invested assets	919,460	960,782	882,027
Investment income due and accrued	2,074	2,100	3,115
Uncollected premiums and reinsurance assets	4,312	4,024	4,518
Collateral deposit	1,500	5,900	8,400
Assets received as salvage	197,332	197,332	197,648
Other assets	4,976	4,695	4,145
Total Assets	\$ 1,129,653	\$ 1,174,832	\$ 1,099,854
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 207,941	\$ 281,398	\$ 209,558
Unearned premiums	198,761	220,889	222,419
Payable to parent, subsidiaries and affiliates	20,066	16,135	25,660
Mandatory contingency reserve	100,855	108,029	104,826
Other liabilities	24,096	31,532	26,732
Total Liabilities	551,719	657,983	589,195
Surplus notes	584,334	584,334	584,334
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	2,046,972
Unassigned funds (surplus)	(2,268,372)	(2,329,457)	(2,335,647)
Surplus as regards policyholders	577,934	516,849	510,659
Total Liabilities, Surplus and Other Funds	\$ 1,129,653	\$ 1,174,832	\$ 1,099,854

Syncora Capital Assurance Inc.

	As of		
	6/30/2013	3/31/2013	12/31/2012
Assets			
Cash, cash equivalents and short-term investments	\$ 63,808	\$ 152,368	\$ 45,388
Preferred stocks	5,090	5,090	5,090
Common stocks	14,824	14,143	8,395
Bonds	486,516	522,306	618,385
Uninsured cash flow certificates	51,511	30,884	30,387
Other invested assets	3,255	1,948	1,878
Receivables for securities	6,400	-	-
Subtotal, cash and invested assets	631,403	726,738	709,523
Investment income due and accrued	3,895	4,890	5,444
Uncollected premiums	1,928	2,024	2,281
Net deferred tax asset	2,289	2,289	2,289
Receivable from parent, subsidiaries and affiliates	36,590	580	1,283
Other assets	62	136	55
Total Assets	\$ 676,167	\$ 736,656	\$ 720,876
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 51,590	\$ 11,871	\$ 8,099
Unearned premiums	278,532	291,075	299,756
Payable to parent, subsidiaries and affiliates	4,784	13,517	12,553
Mandatory contingency reserve	134,152	230,019	227,701
Payable for securities	17,619	3,124	-
Other liabilities	220	1,181	174
Total Liabilities	486,895	550,788	548,284
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)	(202,228)	(205,632)	(218,909)
Surplus as regards policyholders	189,272	185,868	172,591
Total Liabilities, Surplus and Other Funds	\$ 676,167	\$ 736,656	\$ 720,876

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	6/30/2013	3/31/2013	12/31/2012
Net premiums written	\$ 7,794	\$ 5,958	\$ 6,168
Underwriting Income			
Net premiums earned	\$ 29,922	\$ 7,489	\$ 9,195
Net losses/(releases) incurred	721	4,891	(16,802)
Loss adjustment expenses incurred	(374)	3,715	2,321
Other underwriting expenses incurred	6,479	8,373	9,664
Net underwriting gain/(loss)	23,097	(9,490)	14,012
Investment Income			
Net investment income earned	10,411	3,883	10,714
Net realized gains/(losses)	(1,322)	1,470	(28,677)
Total net investment gain/(loss)	9,090	5,353	(17,963)
Other Income			
Other income	-	295	2,932
Net income/(loss) before taxes	32,187	(3,842)	(1,019)
Federal and foreign income taxes incurred/(benefit)	35,703	(7,941)	(7,478)
Net income/(loss)	\$ (3,516)	\$ 4,100	\$ 6,459

Syncora Capital Assurance Inc.

	Three Months Ended		
	6/30/2013	3/31/2013	12/31/2012
Net premiums written	\$ 5,341	\$ 6,698	\$ 5,376
Underwriting Income			
Net premiums earned	\$ 17,884	\$ 15,380	\$ 29,396
Net losses/(releases) incurred	118,945	-	1,000
Loss adjustment expenses incurred	(514)	3,853	9
Other underwriting expenses incurred	5,247	6,080	5,372
Net underwriting gain/(loss)	(105,795)	5,447	23,015
Investment Income			
Net investment income earned	96	6,737	684
Net realized capital gains	(24,418)	11,666	(146)
Total net investment gain/(loss)	(24,321)	18,403	538
Other Income			
Other income	1,255	105	10
Net income/(loss) before taxes	(128,861)	23,954	23,563
Federal and foreign income taxes incurred/(benefit)	(35,703)	7,941	7,478
Net income/(loss)	\$ (93,158)	\$ 16,013	\$ 16,084

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

Syncora Guarantee Inc.

	As of		
	6/30/2013	3/31/2013	12/31/2012
Claims paying resources			
Policyholders' surplus	\$ 578	\$ 517	\$ 511
Contingency reserve	<u>101</u>	<u>108</u>	<u>105</u>
Qualified statutory capital	679	625	615
Unearned premium revenue	199	221	222
Loss & loss adjustment expense reserves	<u>208</u>	<u>281</u>	<u>210</u>
Total policyholders' surplus & reserves	1,085	1,127	1,047
NPVFIP	<u>157</u>	<u>166</u>	<u>163</u>
Total claims paying resources	<u>\$ 1,243</u>	<u>\$ 1,293</u>	<u>\$ 1,211</u>
Net par outstanding	\$ 13,525	\$ 14,693	\$ 15,194
Leverage ratio (Net par outstanding/Total claims paying resources)	10.9	11.4	12.5

Syncora Capital Assurance Inc.

	As of		
	6/30/2013	3/31/2013	12/31/2012
Claims paying resources			
Policyholders' surplus	\$ 189	\$ 186	\$ 173
Contingency reserve	<u>134</u>	<u>230</u>	<u>228</u>
Qualified statutory capital	323	416	400
Unearned premium revenue	279	291	300
Loss & loss adjustment expense reserves	<u>52</u>	<u>12</u>	<u>8</u>
Total policyholders' surplus & reserves	654	719	708
NPVFIP	<u>152</u>	<u>167</u>	<u>175</u>
Total claims paying resources	<u>\$ 805</u>	<u>\$ 886</u>	<u>\$ 883</u>
Net par outstanding	\$ 44,257	\$ 50,247	\$ 51,662
Leverage ratio (Net par outstanding/Total claims paying resources)	55.0	56.7	58.5

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

Syncora Guarantee Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Utility	\$ 589		\$ 589		\$ 589	
General Obligation	333		336		340	
Special Revenue	136		215		215	
Non Ad Valorem	64		73		73	
Appropriation	44		127		127	
Total Public Finance	\$ 1,166	8.6%	\$ 1,339	9.1%	\$ 1,343	8.8%
Asset-Backed Securities						
RMBS	\$ 1,451		\$ 1,494		\$ 1,546	
Commercial ABS	213		244		262	
Total Asset-Backed Securities	\$ 1,664	12.3%	\$ 1,739	11.8%	\$ 1,809	11.9%
Collateralized Debt Obligations						
Cashflow CDO	\$ 680		\$ 731		\$ 818	
Total Collateralized Debt Obligations	\$ 680	5.0%	\$ 731	5.0%	\$ 818	5.4%
Structured Single Risk						
Global Infrastructure	\$ 5,413		\$ 5,818		\$ 5,921	
Power & Utilities	3,451		3,894		4,102	
Specialized Risk	1,150		1,171		1,201	
Total Structured Single Risk	\$ 10,013	74.0%	\$ 10,884	74.1%	\$ 11,224	73.9%
Total Net Par Outstanding	<u>\$ 13,525</u>	<u>100.0%</u>	<u>\$ 14,693</u>	<u>100.0%</u>	<u>\$ 15,194</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 11,906		\$ 12,530		\$ 13,145	
Special Revenue	8,948		9,088		9,199	
Utility	4,655		4,802		4,857	
Non Ad Valorem	4,020		4,035		4,033	
Appropriation	1,730		1,835		1,887	
Total Public Finance	\$ 31,259	70.6%	\$ 32,290	64.3%	\$ 33,121	64.1%
Asset-Backed Securities						
Commercial ABS	\$ 356		\$ 388		\$ 410	
Total Asset-Backed Securities	\$ 356	0.8%	\$ 388	0.8%	\$ 410	0.8%
Collateralized Debt Obligations						
Cashflow CDO	\$ 3,311		\$ 5,215		\$ 5,398	
Synthetic CDO	2,696		5,361		5,361	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 6,576	14.9%	\$ 11,144	22.2%	\$ 11,327	21.9%
Structured Single Risk						
Power & Utilities	\$ 3,889		\$ 4,249		\$ 4,504	
Global Infrastructure	2,127		2,126		2,250	
Specialized Risk	50		50		50	
Total Structured Single Risk	\$ 6,066	13.7%	\$ 6,425	12.8%	\$ 6,804	13.2%
Total Net Par Outstanding	<u>\$ 44,257</u>	<u>100.0%</u>	<u>\$ 50,247</u>	<u>100.0%</u>	<u>\$ 51,662</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q2 2013			Q1 2013			Q4 2012		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q1	\$ -	\$ 23,698	2012 Q4	\$ -	\$ 23,881
2013 Q2	\$ -	\$ 21,334	2013 Q2	508	23,190	2013 Q1	493	23,388
2013 Q3	511	20,823	2013 Q3	218	22,972	2013 Q2	226	23,162
2013 Q4	389	20,434	2013 Q4	417	22,556	2013 Q3	229	22,933
Total 2013	\$ 901		Total 2013	\$ 1,143		2013 Q4	411	22,522
						Total 2013	\$ 1,359	
2014	\$ 878	\$ 19,555	2014	\$ 982	\$ 21,574	2014	\$ 1,098	\$ 21,425
2015	1,007	18,548	2015	1,014	20,560	2015	1,079	20,346
2016	1,427	17,122	2016	1,521	19,039	2016	1,540	18,806
2017	1,093	16,028	2017	1,093	17,946	2017	1,060	17,745
Total 2014-2017	\$ 4,405		Total 2014-2017	\$ 4,609		Total 2014-2017	\$ 4,777	
2018-2022	\$ 3,818	\$ 12,210	2018-2022	\$ 3,923	\$ 14,023	2018-2022	\$ 4,036	\$ 13,709
2023-2027	2,693	9,517	2023-2027	2,714	11,309	2023-2027	2,853	10,856
2028-2032	1,353	8,164	2028-2032	1,318	9,990	2028-2032	1,625	9,231
2033 and thereafter	8,164	-	2033 and thereafter	9,990	-	2033 and thereafter	9,231	-
Total 2018-thereafter	\$ 16,028		Total 2018-thereafter	\$ 17,946		Total 2018-thereafter	\$ 17,745	
Total	\$ 21,334		Total	\$ 23,698		Total	\$ 23,881	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q2 2013			Q1 2013			Q4 2012		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2013 Q1	\$ -	\$ 74,374	2012 Q4	\$ -	\$ 76,757
2013 Q2	\$ -	\$ 66,702	2013 Q2	1,908	72,466	2013 Q1	1,041	75,717
2013 Q3	985	65,716	2013 Q3	1,030	71,436	2013 Q2	1,947	73,770
2013 Q4	1,516	64,201	2013 Q4	1,602	69,834	2013 Q3	1,045	72,725
Total 2013	\$ 2,501		Total 2013	\$ 4,540		2013 Q4	1,629	71,096
						Total 2013	\$ 5,661	
2014	\$ 5,371	\$ 58,829	2014	\$ 6,552	\$ 63,282	2014	\$ 6,630	\$ 64,466
2015	3,965	54,864	2015	4,480	58,801	2015	4,589	59,877
2016	4,090	50,774	2016	4,653	54,149	2016	4,709	55,168
2017	3,366	47,409	2017	3,835	50,314	2017	3,890	51,278
Total 2014-2017	\$ 16,792		Total 2014-2017	\$ 19,520		Total 2014-2017	\$ 19,818	
2018-2022	\$ 12,642	\$ 34,766	2018-2022	\$ 13,713	\$ 36,601	2018-2022	\$ 13,959	\$ 37,319
2023-2027	11,145	23,621	2023-2027	12,433	24,167	2023-2027	12,638	24,681
2028-2032	8,776	14,845	2028-2032	9,264	14,903	2028-2032	9,361	15,320
2033 and thereafter	14,845	-	2033 and thereafter	14,903	-	2033 and thereafter	15,320	-
Total 2018-thereafter	\$ 47,409		Total 2018-thereafter	\$ 50,314		Total 2018-thereafter	\$ 51,278	
Total	\$ 66,702		Total	\$ 74,374		Total	\$ 76,757	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,166	18	\$ 1,339	16	\$ 1,343	16
Asset-Backed Securities	1,664	38	1,739	39	1,809	40
Collateralized Debt Obligations	680	8	731	11	818	12
Structured Single Risk	10,013	45	10,884	45	11,224	46
Total Net Par Outstanding	<u>\$ 13,525</u>	<u>109</u>	<u>\$ 14,693</u>	<u>111</u>	<u>\$ 15,194</u>	<u>114</u>
Net Loss Reserve						
Public Finance	\$ 110		\$ 120		\$ 120	
Asset-Backed Securities	119		113		44	
Collateralized Debt Obligations	3		3		3	
Structured Single Risk	(36)		27		23	
Total Net Reserve	<u>\$ 196</u>		<u>\$ 263</u>		<u>\$ 191</u>	
Less Salvage & Subrogation	(38)		(38)		(38)	
Adjusted Total	<u>\$ 158</u>		<u>\$ 225</u>		<u>\$ 153</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 31,259	2,018	\$ 32,290	2,052	\$ 33,121	2,084
Asset-Backed Securities	356	3	388	3	410	3
Collateralized Debt Obligations	6,576	26	11,144	39	11,327	42
Structured Single Risk	6,066	37	6,425	38	6,804	39
Total Net Par Outstanding	<u>\$ 44,257</u>	<u>2,084</u>	<u>\$ 50,247</u>	<u>2,132</u>	<u>\$ 51,662</u>	<u>2,168</u>
Net Loss Reserve						
Public Finance	\$ 41		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 41</u>		<u>\$ -</u>		<u>\$ -</u>	
Less Salvage & Subrogation	(0)		(0)		(0)	
Adjusted Total	<u>\$ 41</u>		<u>\$ (0)</u>		<u>\$ (0)</u>	

Note:

Categories include domestic and international credits.

Insured Portfolio - Watch List
As of June 30, 2013
(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q2 2013				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	12	4	6	30	52
Remaining weighted-average contract period (in years)	12.4	6.3	7.8	13.0	10.2
Insured contractual payments outstanding:					
Principal	\$ 1,001.5	\$ 696.6	\$ 1,879.3	\$ 1,812.5	\$ 5,389.9
Interest	514.6	300.6	424.8	1,210.2	2,450.2
Total	<u>\$ 1,516.0</u>	<u>\$ 997.2</u>	<u>\$ 2,304.1</u>	<u>\$ 3,022.7</u>	<u>\$ 7,840.0</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 241.2	\$ 241.2
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 195.9	\$ 195.9
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 158.2	\$ 158.2

Syncora Capital Assurance Inc.

	Q2 2013				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	18	14	1	2	35
Remaining weighted-average contract period (in years)	7.7	18.9	6.9	10.8	10.8
Insured contractual payments outstanding:					
Principal	\$ 2,762.6	\$ 1,066.1	\$ 3.6	\$ 244.9	\$ 4,077.2
Interest	800.4	1,741.3	1.1	154.8	2,697.5
Total	<u>\$ 3,563.0</u>	<u>\$ 2,807.4</u>	<u>\$ 4.6</u>	<u>\$ 399.7</u>	<u>\$ 6,774.7</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 41.0	\$ 41.0
Net loss reserves	\$ -	\$ -	\$ -	\$ 41.0	\$ 41.0

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

Syncora Guarantee Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 529	3.9%	\$ 599	4.1%	\$ 697	4.6%
AA	1,198	8.9	1,363	9.3	1,364	9.0
A	1,724	12.7	1,883	12.8	1,942	12.8
BBB	5,496	40.6	6,044	41.1	6,294	41.4
Below Investment Grade	4,577	33.8	4,804	32.7	4,898	32.2
Total Net Par Outstanding	\$ 13,525	100.0%	\$ 14,693	100.0%	\$ 15,194	100.0%

Notes:

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

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

Syncora Capital Assurance Inc.

	Q2 2013		Q1 2013		Q4 2012	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 2,836	6.4%	\$ 4,140	8.2%	\$ 4,090	7.9%
AA	13,757	31.1	16,467	32.8	16,900	32.7
A	18,313	41.4	18,425	36.7	19,032	36.8
BBB	7,587	17.1	8,765	17.4	9,186	17.8
Below Investment Grade	1,763	4.0	2,450	4.9	2,455	4.8
Total Net Par Outstanding	\$ 44,257	100.0%	\$ 50,247	100.0%	\$ 51,662	100.0%

Notes:

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

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

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

Syncora Guarantee Inc.

	Q2 2013	Q1 2013	Q4 2012
	NPO	NPO	NPO
Public Finance	\$ 561	\$ 564	\$ 564
Asset-Backed Securities	1,387	1,346	1,390
Collateralized Debt Obligations	24	25	72
Structured Single Risk	2,605	2,870	2,872
Total Below Investment Grade	<u>\$ 4,577</u>	<u>\$ 4,804</u>	<u>\$ 4,898</u>
Total Net Par Outstanding	\$ 13,525	\$ 14,693	\$ 15,194
BIG as % of Net Par Outstanding	33.8%	32.7%	32.2%

Notes:

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

Syncora Capital Assurance Inc.

	Q2 2013	Q1 2013	Q4 2012
	NPO	NPO	NPO
Public Finance	\$ 1,326	\$ 1,425	\$ 1,428
Collateralized Debt Obligations	90	1,025	1,027
Structured Single Risk	347	-	-
Total Below Investment Grade	<u>\$ 1,763</u>	<u>\$ 2,450</u>	<u>\$ 2,455</u>
Total Net Par Outstanding	\$ 44,257	\$ 50,247	\$ 51,662
BIG as % of Net Par Outstanding	4.0%	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.

		Q2 2013	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 527	D
2	Commonwealth of Puerto Rico - GO	188	BBB-
3	Massachusetts (Commonwealth of) - GO	65	AA+
4	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	AA
5	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	46	AA-
6	New Jersey (State of) - Annual Appropriation	44	AA-
7	Port Authority of New York and New Jersey, NY	40	AA-
8	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	39	AA-
9	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA
10	City of Detroit, MI - GO/AA	34	CC
11	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+
12	Port of Portland, OR - Airport Revenue Bonds	28	AA-
13	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA-
14	Commonwealth of Puerto Rico, Highway & Transportation Authority	9	BBB+
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		\$ 1,166	
Total Portfolio Net Par Outstanding		\$ 13,525	
% of Total SGI Portfolio		8.6%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,166	
% of Total Public Finance Portfolio		100.0%	

Notes:

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

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

Syncora Capital Assurance Inc.

		Q2 2013	
		NPO	Rating
1	San Diego Family Housing LLC	\$ 716	AA
2	LCOR Alexandria, LLC - Lease Revenue	580	A
3	State of California - GO	539	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	Metropolitan Pier & Exposition Center, IL	337	AAA
9	New Jersey Transportation Trust Fund, NJ	327	A+
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	317	BBB
13	Miami-Dade County (Water/Sewer), FL	311	A+
14	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	266	A-
15	Navy Northeast Family Housing LLC Trust 220	255	AA-
16	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	246	BB+
17	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	244	BBB
18	City of Denver, CO Airport System - Revenue Bonds	237	A+
19	City of Detroit, MI - Pension Obligations Bonds	231	D
20	City of San Jose, CA Redevelopment Agency - Tax Allocation	229	BBB
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,031	
Total Portfolio Net Par Outstanding		\$ 44,257	
% of Total SCAI Portfolio		15.9%	
Total Public Finance Portfolio Net Par Outstanding		\$ 31,259	
% of Total Public Finance Portfolio		22.5%	

Notes:

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

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

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

Syncora Guarantee Inc.

		Q2 2013	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 1 ²	\$	303
2	Wells Fargo Bank, NA		289
3	American Home Servicing		286
4	CLO Manager 2 ²		268
5	Countrywide Home Loans		268
6	OneWest Bank, FSB		242
7	JP Morgan		175
8	CLO Manager 3 ²		150
9	TMF Administration Services Limited		121
10	Residential Capital, LLC		80
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,182
Total Portfolio Net Par Outstanding		\$	13,525
% of Total Portfolio			16.1%
Total Structured Finance Portfolio Net Par Outstanding		\$	12,358
% of Total Structured Finance Portfolio			17.7%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q2 2013	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	1,216
2	CLO Manager 2 ²		594
3	CLO Manager 5 ²		396
4	CLO Manager 6 ²		382
5	CLO Manager 7 ²		358
6	CLO Manager 8 ²		321
7	CLO Manager 1 ²		314
8	Private Commercial ABS Transaction ²		271
9	CLO Manager 9 ²		95
10	CLO Manager 10 ²		90
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	4,038
Total Portfolio Net Par Outstanding		\$	44,257
% of Total Portfolio			9.1%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	12,998
% of Total U.S. Structured Finance Portfolio			31.1%

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.

Q2 2013				Q1 2013				Q4 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Alabama	\$ 1,883	\$ 829	6.1%	Alabama	\$ 2,038	\$ 910	6.2%	Alabama	\$ 2,090	\$ 910	6.0%
Illinois	2,259	518	3.8	Illinois	2,270	518	3.5	Illinois	2,305	510	3.4
Puerto Rico	700	258	1.9	Puerto Rico	690	249	1.7	Puerto Rico	703	249	1.6
Other ¹	26,445	392	2.9	New Jersey	926	205	1.4	New Jersey	932	205	1.4
Non-PF Multi ^{2,3}	2,342	2,333	17.2	Other ¹	26,976	369	2.5	Other ¹	27,768	381	2.5
Total United States	\$ 33,629	\$ 4,330	32.0%	Non-PF Multi ²	2,445	2,436	16.6	Non-PF Multi ²	2,543	2,533	16.7
				Total United States	\$ 35,346	\$ 4,686	31.9%	Total United States	\$ 36,342	\$ 4,788	31.5%
International				International				International			
United Kingdom	\$ 5,097	\$ 4,697	34.7%	United Kingdom	\$ 5,541	\$ 5,147	35.0%	United Kingdom	\$ 5,939	\$ 5,510	36.3%
Australia	1,864	1,823	13.5	Australia	2,121	2,074	14.1	Australia	2,172	2,070	13.6
France	767	767	5.7	France	779	779	5.3	France	772	772	5.1
Chile	809	630	4.7	Chile	875	682	4.6	Chile	873	678	4.5
Spain	251	251	1.9	Spain	249	249	1.7	Spain	260	260	1.7
Canada	273	174	1.3	Canada	281	182	1.2	Canada	287	188	1.2
Italy	167	167	1.2	Italy	172	172	1.2	Italy	170	170	1.1
Other ¹	829	420	3.1	Other ¹	877	442	3.0	Turkey	157	157	1.0
Non-PF Multi ^{2,4}	266	266	2.0	Non-PF Multi ²	281	281	1.9	Other ¹	835	320	2.1
Total International	\$ 10,323	\$ 9,194	68.0%	Total International	\$ 11,175	\$ 10,007	68.1%	Non-PF Multi ²	281	281	1.8
								Total International	\$ 11,745	\$ 10,406	68.5%
Total Outstanding	\$ 43,952	\$ 13,525	100.0%	Total Outstanding	\$ 46,522	\$ 14,693	100.0%	Total Outstanding	\$ 48,087	\$ 15,194	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 \$1,489 million in ABS, \$644 million in CDO and \$200 million in SSR net par.
⁴ Consists of \$266 million in SSR net par.

Syncora Capital Assurance Inc.

Q2 2013				Q1 2013				Q4 2012			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 6,402	\$ 6,356	14.4%	California	\$ 6,640	\$ 6,594	13.1%	California	\$ 6,698	\$ 6,652	12.9%
New York	3,296	3,296	7.4	New York	3,370	3,370	6.7	New York	3,464	3,464	6.7
Illinois	2,316	2,316	5.2	Illinois	2,315	2,315	4.6	Illinois	2,353	2,353	4.6
Texas	1,873	1,873	4.2	Texas	1,947	1,947	3.9	Texas	2,041	2,041	3.9
Florida	1,821	1,721	3.9	Florida	1,825	1,725	3.4	Florida	1,828	1,728	3.3
Pennsylvania	1,293	1,293	2.9	Pennsylvania	1,336	1,336	2.7	Pennsylvania	1,418	1,418	2.7
New Jersey	1,053	1,053	2.4	Alabama	1,121	1,121	2.2	Alabama	1,172	1,172	2.3
Alabama	1,046	1,046	2.4	New Jersey	1,052	1,052	2.1	Colorado	1,062	1,062	2.1
Colorado	1,030	1,030	2.3	Colorado	1,033	1,033	2.1	New Jersey	1,058	1,058	2.0
Georgia	937	937	2.1	Georgia	945	945	1.9	Georgia	953	953	1.8
Michigan	700	700	1.6	Michigan	818	818	1.6	Michigan	861	861	1.7
Tennessee	697	697	1.6	Washington	776	776	1.5	Washington	780	780	1.5
Washington	684	684	1.5	Massachusetts	766	766	1.5	Massachusetts	771	771	1.5
Virginia	668	668	1.5	Tennessee	718	718	1.4	Tennessee	732	732	1.4
Ohio	665	665	1.5	Virginia	668	668	1.3	Ohio	677	677	1.3
Indiana	605	605	1.4	Ohio	663	663	1.3	Virginia	669	669	1.3
Massachusetts	592	592	1.3	South Carolina	648	648	1.3	South Carolina	660	660	1.3
Puerto Rico	570	570	1.3	Indiana	605	605	1.2	Minnesota	643	643	1.2
Minnesota	564	564	1.3	Minnesota	576	576	1.1	Indiana	617	617	1.2
South Carolina	547	547	1.2	Puerto Rico	570	570	1.1	Puerto Rico	580	580	1.1
District Of Columbia	491	491	1.1	Other ¹	6,176	6,176	12.3	Missouri	533	533	1.0
Missouri	472	472	1.1	Non-PF Multi ²	9,227	9,227	18.4	Other ¹	5,867	5,867	11.4
Other ¹	4,901	4,901	11.1	Total United States	\$ 43,796	\$ 43,650	86.9%	Non-PF Multi ²	9,348	9,348	18.1
Non-PF Multi ^{2,3}	6,169	6,169	13.9					Total United States	\$ 44,785	\$ 44,638	86.4%
Total United States	\$ 39,391	\$ 39,245	88.7%								
International				International				International			
United Kingdom	\$ 3,286	\$ 3,286	7.4%	United Kingdom	\$ 3,537	\$ 3,537	7.0%	United Kingdom	\$ 3,755	\$ 3,755	7.3%
Netherlands	648	648	1.5	Ireland	1,050	1,050	2.1	Ireland	1,095	1,095	2.1
New Zealand	588	588	1.3	Netherlands	639	639	1.3	New Zealand	713	713	1.4
Other ¹	470	470	1.1	New Zealand	636	636	1.3	Netherlands	657	657	1.3
Non-PF Multi ^{2,4}	20	20	0.0	Other ¹	715	715	1.4	Other ¹	780	780	1.5
Total International	\$ 5,012	\$ 5,012	11.3%	Non-PF Multi ²	20	20	0.0	Non-PF Multi ²	25	25	0.0
				Total International	\$ 6,597	\$ 6,597	13.1%	Total International	\$ 7,024	\$ 7,024	13.6%
Total Outstanding	\$ 44,403	\$ 44,257	100.0%	Total Outstanding	\$ 50,393	\$ 50,247	100.0%	Total Outstanding	\$ 51,809	\$ 51,662	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 \$5,812 million in CDO and \$356 million in ABS net par.
⁴ Consists of \$20 million in CDO net par.

Investment Portfolio

As of June 30, 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	\$ 99.2	17.5%
Cash and cash equivalents	\$ 33.0	5.8%	1 to 5 Years	291.7	51.5%
Short-term investments	10.9	1.9%	5 to 10 Years	-	0.0%
Total Cash and Short-Term Investments	43.9	7.7%	Due after 10 Years	15.8	2.8%
Debt Securities			Mortgage and asset-backed securities	159.2	28.1%
MBS/ABS	159.2	28.1%	Total	\$ 565.9	100.0%
U.S. Government	195.1	34.5%	Yield to Maturity @ Book Value		1.1%
Corporate	136.0	24.0%	Yield to Maturity @ Market Value		0.9%
States & Political Subs	31.7	5.6%	Duration (years)		1.8
Total Long-Term Fixed Maturity	522.0	92.2%			
Total	\$ 565.9	100.0%			

Notes:

- Excludes \$56.2 million of uninsured cash flow ("UCF") securities.
- Excludes \$45.5 million of operating cash balances.

Quality Distribution	Book Adjusted	Percentage
	Carrying Value	
AAA	\$ 180.7	31.9%
AA	262.0	46.3%
A	121.1	21.4%
BBB	0.4	0.1%
BB & below and Not Rated	1.7	0.3%
Total	\$ 565.9	100.0%
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	\$ 50.4	9.6%
Cash and cash equivalents	\$ 47.5	9.0%	1 to 5 Years	56.3	10.7%
Short-term investments	3.0	0.6%	5 to 10 Years	127.7	24.2%
Total Cash and Short-Term Investments	50.5	9.6%	Due after 10 Years	47.1	8.9%
Debt Securities			Mortgage and asset-backed securities	245.8	46.6%
MBS/ABS	245.8	46.6%	Total	\$ 527.4	100.0%
U.S. Government	16.1	3.1%	Yield to Maturity @ Book Value		3.7%
Corporate	184.9	35.1%	Yield to Maturity @ Market Value		2.9%
States & Political Subs	30.1	5.7%	Duration (years)		4.4
Total Long-Term Fixed Maturity	476.9	90.4%			
Total	\$ 527.4	100.0%			

Notes:

- Excludes \$51.5 million of uninsured cash flow ("UCF") securities.
- Excludes \$9.6 million of a bond purchased for remediation.
- Excludes \$5.1 million of preferred stocks.
- Excludes \$18.1 million of common stocks and alternative investments.
- Excludes \$13.3 million of operating cash balances.

Quality Distribution	Book Adjusted	Percentage
	Carrying Value	
AAA	\$ 106.9	20.3%
AA	202.1	38.3%
A	95.1	18.0%
BBB	80.7	15.3%
BB & below and Not Rated	42.6	8.1%
Total	\$ 527.4	100.0%
Average credit quality	A+	