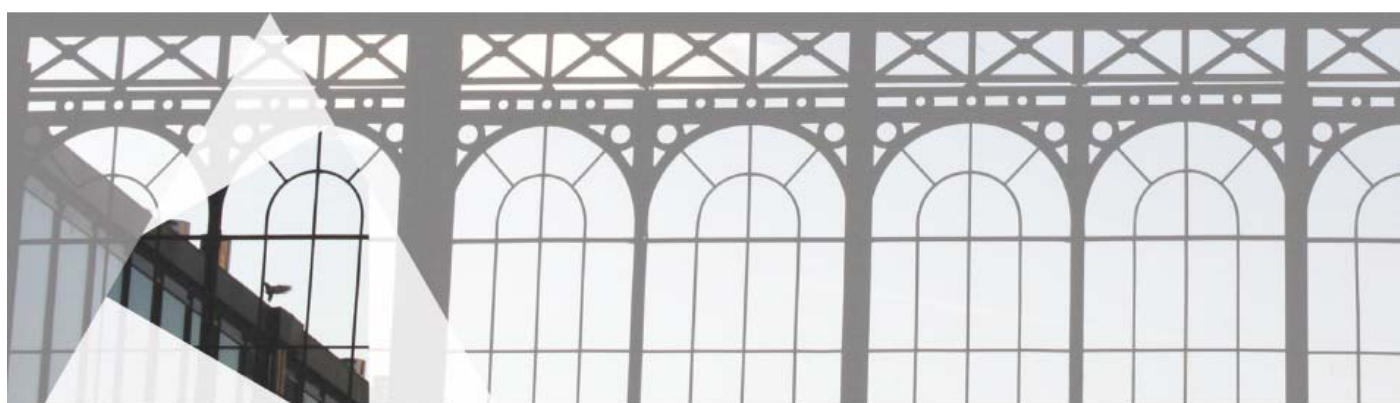


**Syncora Guarantee Inc.
Syncora Capital Assurance Inc.**

**4th QUARTER 2011
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.

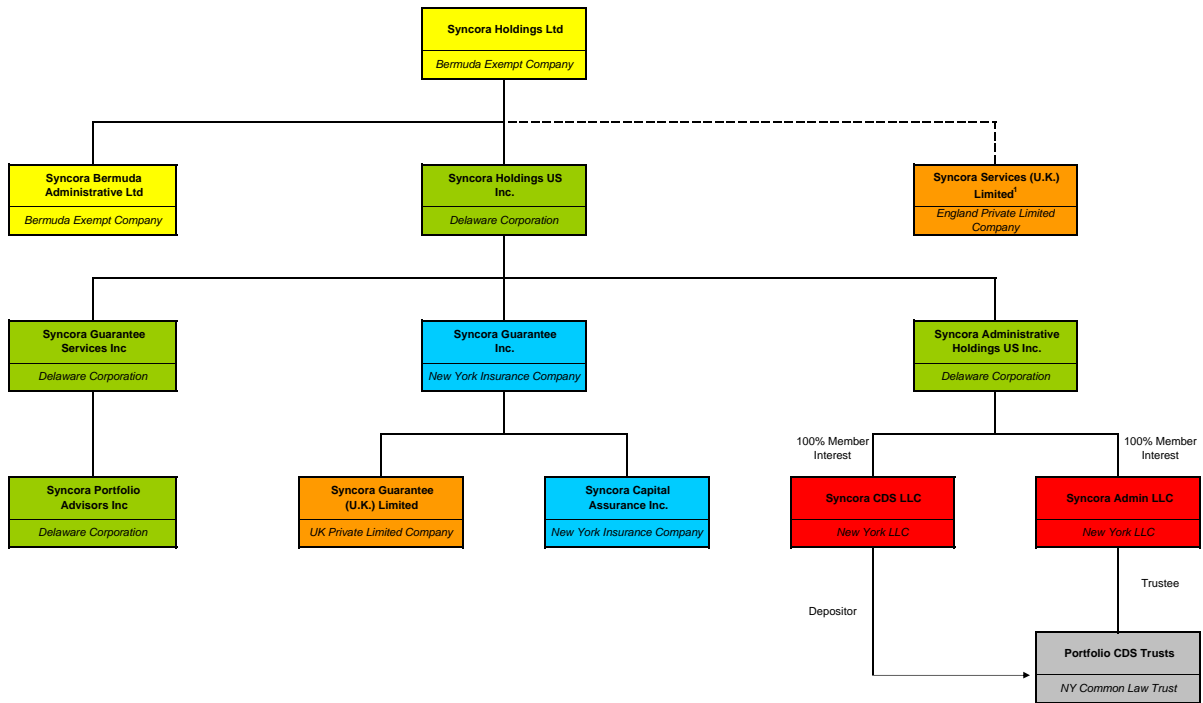
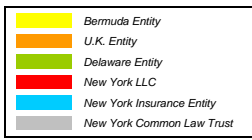
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

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



Note:

¹ Syncora Services (U.K.) Limited was dissolved on February 23, 2012.

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

Syncora Guarantee Inc.

	As of		
	12/31/2011	9/30/2011	6/30/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 118,216	\$ 54,672	\$ 79,561
Bonds	218,225	215,664	206,310
Uninsured cash flow certificates	90,873	90,601	83,996
Interest rate derivatives	192	485	814
Investment in subsidiary - Syncora Guarantee (UK)	49,128	51,212	50,172
Investment in subsidiary - Syncora Capital Assurance	132,322	196,664	151,939
Subtotal, cash and invested assets	608,955	609,298	572,793
Investment income due and accrued	3,837	2,182	2,548
Uncollected premiums	5,547	5,965	5,139
Collateral deposit	6,700	5,300	7,100
Assets received as salvage	168,239	168,249	171,989
Other assets	40,405	40,636	44,038
Total Assets	\$ 833,683	\$ 831,629	\$ 803,606
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 245,867	\$ 234,407	\$ 223,866
Unearned premiums	242,494	260,962	266,437
Payable to parent, subsidiaries and affiliates	27,360	24,588	23,398
Mandatory contingency reserve	104,706	108,367	108,030
Other liabilities	27,185	30,025	35,544
Total Liabilities	647,612	658,350	657,274
Surplus notes	625,000	625,000	625,000
Preferred capital stock	200,000	200,000	200,000
Common capital stock	15,000	15,000	15,000
Gross paid in and contributed surplus	2,006,306	2,006,306	2,006,306
Unassigned funds (surplus)	(2,660,235)	(2,673,026)	(2,699,974)
Surplus as regards policyholders	186,071	173,280	146,332
Total Liabilities, Surplus and Other Funds	\$ 833,683	\$ 831,629	\$ 803,606

Syncora Capital Assurance Inc.

	As of		
	12/31/2011	9/30/2011	6/30/2011
Assets			
Cash, cash equivalents and short-term investments	\$ 47,001	\$ 51,376	\$ 88,478
Preferred stocks	5,591	5,644	5,485
Common stocks	3,591	3,258	-
Bonds	612,418	686,201	673,686
Uninsured cash flow certificates	34,468	33,898	-
Other invested assets	1,992	2,004	-
Receivables for securities	-	6,542	6,756
Subtotal, cash and invested assets	705,061	788,923	774,405
Investment income due and accrued	5,327	5,838	6,172
Uncollected premiums	2,871	3,801	3,087
Net deferred tax asset	1,284	1,672	1,672
Other assets	1,655	1,343	1,476
Total Assets	\$ 716,199	\$ 801,577	\$ 786,812
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 3,020	\$ 797	\$ 492
Unearned premiums	346,103	355,394	361,334
Payable to parent, subsidiaries and affiliates	9,348	10,956	12,351
Mandatory contingency reserve	224,328	228,098	253,156
Other liabilities	721	9,043	6,176
Total Liabilities	583,519	604,289	633,510
Surplus notes	200,000	275,000	275,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	189,000	189,000	189,000
Unassigned funds (surplus)	(258,819)	(269,212)	(313,197)
Surplus as regards policyholders	132,681	197,288	153,303
Total Liabilities, Surplus and Other Funds	\$ 716,199	\$ 801,577	\$ 786,812

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	12/31/2011	9/30/2011	6/30/2011
Net premiums written	\$ 7,422	\$ 9,549	\$ 10,353
Underwriting Income			
Net premiums earned	\$ 25,891	\$ 15,023	\$ 11,971
Net losses/(releases) incurred	32,680	(202)	53,800
Loss adjustment expenses incurred	7,644	32,805	9,115
Other underwriting expenses incurred	5,616	7,024	8,474
Other underwriting deductions/(additions)	-	(439)	-
Net underwriting gain/(loss)	(20,049)	(24,166)	(59,418)
Investment Income			
Net investment income earned	19,745	11,596	18,552
Net realized gains/(losses)	(3,182)	(4,130)	(722)
Total net investment gain/(loss)	16,564	7,466	17,830
Other Income			
Other income	3,252	2,549	2,935
Net income/(loss) before taxes	(233)	(14,151)	(38,653)
Federal and foreign income taxes incurred/(benefit)	(1,859)	4,210	(7,354)
Net income/(loss)	\$ 1,625	\$ (18,361)	\$ (31,299)

Syncora Capital Assurance Inc.

	Three Months Ended		
	12/31/2011	9/30/2011	6/30/2011
Net premiums written	\$ 6,435	\$ 10,650	\$ 9,980
Underwriting Income			
Net premiums earned	\$ 15,727	\$ 16,590	\$ 29,428
Net losses/(releases) incurred	-	5,435	-
Loss adjustment expenses incurred	2,751	472	274
Other underwriting expenses incurred	8,240	5,130	6,306
Net underwriting gain/(loss)	4,736	5,552	22,849
Investment Income			
Net investment income earned	(914)	7,314	(911)
Net realized capital gains	3,139	1,216	545
Total net investment gain/(loss)	2,225	8,530	(366)
Other Income			
Other income	1,052	1,192	1,042
Net income/(loss) before taxes	8,013	15,274	23,524
Federal and foreign income taxes incurred/(benefit)	1,859	(4,210)	7,354
Net income/(loss)	\$ 6,154	\$ 19,485	\$ 16,171

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

Syncora Guarantee Inc.

	As of		
	12/31/2011	9/30/2011	6/30/2011
Claims paying resources			
Policyholders' surplus	\$ 186	\$ 173	\$ 146
Contingency reserve	<u>105</u>	<u>108</u>	<u>108</u>
Qualified statutory capital	291	282	254
Unearned premium revenue	242	261	266
Loss & loss adjustment expense reserves	<u>246</u>	<u>234</u>	<u>224</u>
Total policyholders' surplus & reserves	779	777	745
NPVFIP	<u>189</u>	<u>212</u>	<u>222</u>
Total claims paying resources	<u>\$ 968</u>	<u>\$ 989</u>	<u>\$ 966</u>
Net par outstanding	\$ 16,160	\$ 17,244	\$ 18,101
Leverage ratio (Net par outstanding/Total claims paying resources)	16.7	17.4	18.7

Syncora Capital Assurance Inc.

	As of		
	12/31/2011	9/30/2011	6/30/2011
Claims paying resources			
Policyholders' surplus	\$ 133	\$ 197	\$ 153
Contingency reserve	<u>224</u>	<u>228</u>	<u>253</u>
Qualified statutory capital	357	425	406
Unearned premium revenue	346	355	361
Loss & loss adjustment expense reserves	<u>3</u>	<u>1</u>	<u>0</u>
Total policyholders' surplus & reserves	706	782	768
NPVFIP	<u>201</u>	<u>211</u>	<u>238</u>
Total claims paying resources	<u>\$ 907</u>	<u>\$ 993</u>	<u>\$ 1,006</u>
Net par outstanding	\$ 58,563	\$ 61,955	\$ 65,736
Leverage ratio (Net par outstanding/Total claims paying resources)	64.6	62.4	65.3

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Utility	\$ 616		\$ 616		\$ 614	
General Obligation	451		472		476	
Special Revenue	308		308		309	
Appropriation	127		127		135	
Non Ad Valorem	73		73		73	
Total Public Finance	\$ 1,574	9.7%	\$ 1,596	9.3%	\$ 1,608	8.9%
Asset-Backed Securities						
RMBS	\$ 1,767		\$ 1,814		\$ 1,909	
Commercial ABS	350		383		403	
Consumer ABS - Auto	107		135		167	
Total Asset-Backed Securities	\$ 2,223	13.8%	\$ 2,332	13.5%	\$ 2,479	13.7%
Collateralized Debt Obligations						
Cashflow CDO	\$ 1,058		\$ 1,131		\$ 1,242	
Market Value CDO	-		-		-	
Synthetic CDO	-		-		-	
Total Collateralized Debt Obligations	\$ 1,058	6.5%	\$ 1,131	6.6%	\$ 1,242	6.9%
Structured Single Risk						
Global Infrastructure	\$ 5,833		\$ 6,642		\$ 6,985	
Power & Utilities	4,101		4,072		4,119	
Specialized Risk	1,371		1,472		1,668	
Total Structured Single Risk	\$ 11,304	70.0%	\$ 12,186	70.7%	\$ 12,773	70.6%
Total Net Par Outstanding	<u>\$ 16,160</u>	<u>100.0%</u>	<u>\$ 17,244</u>	<u>100.0%</u>	<u>\$ 18,101</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 15,131		\$ 15,546		\$ 15,721	
Special Revenue	10,007		10,076		10,124	
Utility	5,260		5,401		5,549	
Non Ad Valorem	4,169		4,198		4,369	
Appropriation	2,244		2,305		2,344	
Total Public Finance	\$ 36,811	62.9%	\$ 37,526	60.6%	\$ 38,107	58.0%
Asset-Backed Securities						
Commercial ABS	\$ 493		\$ 509		\$ 521	
Total Asset-Backed Securities	\$ 493	0.8%	\$ 509	0.8%	\$ 521	0.8%
Collateralized Debt Obligations						
Synthetic CDO	\$ 6,418		\$ 6,443		\$ 7,621	
Cashflow CDO	6,278		8,071		9,557	
Market Value CDO	568		568		568	
Total Collateralized Debt Obligations	\$ 13,263	22.6%	\$ 15,083	24.3%	\$ 17,746	27.0%
Structured Single Risk						
Power & Utilities	\$ 5,198		\$ 5,458		\$ 5,767	
Global Infrastructure	2,378		2,622		2,768	
Specialized Risk	420		758		826	
Total Structured Single Risk	\$ 7,996	13.7%	\$ 8,838	14.3%	\$ 9,361	14.2%
Total Net Par Outstanding	<u>\$ 58,563</u>	<u>100.0%</u>	<u>\$ 61,955</u>	<u>100.0%</u>	<u>\$ 65,736</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 2011			Q3 2011			Q2 2011	
	Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO
		\$ 26,009						
1st Quarter 2012	506	25,503						
2nd Quarter 2012	335	25,168						
3rd Quarter 2012	296	24,872						
4th Quarter 2012	473	24,399	4th Quarter 2011	696	\$ 27,957	3rd Quarter 2011	977	\$ 29,060
Total	1,610		Total	696	27,261	4th Quarter 2011	360	27,723
						Total	1,337	
2013	1,120	23,279	2012	1,495	25,766	2012	1,388	26,335
2014	1,048	22,231	2013	1,133	24,633	2013	1,171	25,163
2015	1,079	21,152	2014	1,222	23,411	2014	1,233	23,931
2016	1,459	19,693	2015	1,190	22,220	2015	1,192	22,738
Total 2013-2016	4,706		Total 2012-2015	5,041		Total 2012-2015	4,985	
2017-2021	4,492	15,201	2016-2020	5,650	16,570	2016-2020	5,567	17,171
2022-2026	3,019	12,182	2021-2025	3,864	12,707	2021-2025	3,717	13,454
2027-2031	1,245	10,937	2026-2030	1,872	10,835	2026-2030	1,747	11,707
2032 and thereafter	10,937	-	2031 and thereafter	10,835	-	2031 and thereafter	11,707	-
Total 2017-thereafter	19,693		Total 2016-thereafter	22,220		Total 2016-thereafter	22,738	
Total	\$ 26,009		Total	\$ 27,957		Total	\$ 29,060	

Note:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

	Q4 2011			Q3 2011			Q2 2011	
	Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO		Scheduled Net Debt Service	NPIO
		\$ 88,435						
1st Quarter 2012	1,073	87,362						
2nd Quarter 2012	889	86,473						
3rd Quarter 2012	1,193	85,280						
4th Quarter 2012	2,103	83,177	4th Quarter 2011	1,386	\$ 93,217	3rd Quarter 2011	1,139	\$ 98,427
Total	5,258		Total	1,386	91,831	4th Quarter 2011	1,441	95,846
						Total	2,581	
2013	5,942	77,235	2012	5,627	86,204	2012	5,566	90,280
2014	7,894	69,341	2013	7,284	78,920	2013	8,066	82,214
2015	5,166	64,175	2014	8,202	70,718	2014	9,569	72,645
2016	4,418	59,757	2015	5,240	65,478	2015	5,337	67,308
Total 2013-2016	23,420		Total 2012-2015	26,353		Total 2012-2015	28,538	
2017-2021	17,008	42,749	2016-2020	18,307	47,171	2016-2020	19,015	48,293
2022-2026	13,948	28,801	2021-2025	14,750	32,421	2021-2025	15,234	33,058
2027-2031	10,853	17,948	2026-2030	12,063	20,358	2026-2030	12,239	20,819
2032 and thereafter	17,948	-	2031 and thereafter	20,358	-	2031 and thereafter	20,819	-
Total 2017-thereafter	59,757		Total 2016-thereafter	65,478		Total 2016-thereafter	67,308	
Total	\$ 88,435		Total	\$ 93,217		Total	\$ 98,427	

Note:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 1,574	16	\$ 1,596	16	\$ 1,608	16
Asset-Backed Securities	2,223	46	2,332	47	2,479	48
Collateralized Debt Obligations	1,058	14	1,131	15	1,242	16
Structured Single Risk	11,304	51	12,186	52	12,773	53
Total Net Par Outstanding	\$ 16,160	127	\$ 17,244	130	\$ 18,101	133
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 120		\$ 106		\$ 105	
Asset-Backed Securities	2		18		39	
Collateralized Debt Obligations	3		3		4	
Structured Single Risk	93		67		58	
Total Net Reserve	\$ 217		\$ 194		\$ 205	
Less Salvage & Subrogation	(39)		(31)		(30)	
Adjusted Total	\$ 179		\$ 163		\$ 175	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 36,811	2,229	\$ 37,526	2,249	\$ 38,107	2,267
Asset-Backed Securities	493	3	509	3	521	3
Collateralized Debt Obligations	13,263	51	15,083	57	17,746	67
Structured Single Risk	7,996	47	8,838	50	9,361	51
Total Net Par Outstanding	\$ 58,563	2,330	\$ 61,955	2,359	\$ 65,736	2,388
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ -		\$ -		\$ -	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	\$ -		\$ -		\$ -	
Less Salvage & Subrogation	-		-		-	
Adjusted Total	\$ -		\$ -		\$ -	

Note:

Categories include domestic and international credits.

Insured Portfolio - Watch List As of December 31, 2011 (U.S. dollars in millions)

Syncora Guarantee Inc.

	Q4 2011				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	8	10	3	31	52
Remaining weighted-average contract period (in years)	12.8	11.1	7.6	12.2	11.2
Insured contractual payments outstanding:					
Principal	\$ 1,369.7	\$ 787.7	\$ 1,192.6	\$ 2,347.2	\$ 5,697.2
Interest	615.9	368.8	311.2	1,362.8	2,658.7
Total	<u>\$ 1,985.6</u>	<u>\$ 1,156.5</u>	<u>\$ 1,503.8</u>	<u>\$ 3,710.0</u>	<u>\$ 8,355.9</u>
Gross loss reserves before salvage	\$ -	\$ -	\$ -	\$ 222.7	\$ 222.7
Net loss reserves before salvage, but after reinsurance	\$ -	\$ -	\$ -	\$ 217.5	\$ 217.5
Net loss reserves after salvage and subrogation, after reinsurance	\$ -	\$ -	\$ -	\$ 178.6	\$ 178.6

Note:

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

Syncora Capital Assurance Inc.

	Q4 2011				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits ¹	17	12	-	-	29
Remaining weighted-average contract period (in years)	7.4	11.5	-	-	8.5
Insured contractual payments outstanding:					
Principal	\$ 3,167.7	\$ 1,248.0	\$ -	\$ -	\$ 4,415.7
Interest	830.3	666.4	-	-	1,496.8
Total	<u>\$ 3,998.0</u>	<u>\$ 1,914.5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,912.4</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss reserves	\$ -	\$ -	\$ -	\$ (0.3)	\$ (0.3)

Note:

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

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

Syncora Guarantee Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 716	4.4%	\$ 774	4.5%	\$ 852	4.7%
AA	1,721	10.6%	1,801	10.4%	1,859	10.3%
A	2,102	13.0%	2,011	11.7%	2,028	11.2%
BBB	6,608	40.9%	7,570	43.9%	7,869	43.5%
Below Investment Grade	5,013	31.0%	5,087	29.5%	5,493	30.3%
Total Net Par Outstanding	<u>\$ 16,160</u>	<u>100.0%</u>	<u>\$ 17,244</u>	<u>100.0%</u>	<u>\$ 18,101</u>	<u>100.0%</u>

Notes:

Rating based on S&P rating as reflected in Syncora's records, if available, and internal Syncora rating if no S&P rating is available. Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Syncora Capital Assurance Inc.

	Q4 2011		Q3 2011		Q2 2011	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 5,592	9.5%	\$ 5,302	8.6%	\$ 5,330	8.1%
AA	19,258	32.9%	21,535	34.8%	23,236	35.3%
A	21,907	37.4%	23,101	37.3%	24,556	37.4%
BBB	9,580	16.4%	9,760	15.8%	10,361	15.8%
Below Investment Grade	2,227	3.8%	2,257	3.6%	2,252	3.4%
Total Net Par Outstanding	<u>\$ 58,563</u>	<u>100.0%</u>	<u>\$ 61,955</u>	<u>100.0%</u>	<u>\$ 65,736</u>	<u>100.0%</u>

Notes:

Rating based on S&P rating as reflected in Syncora's records, if available, and internal Syncora rating if no S&P rating is available. 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 2011	Q3 2011	Q2 2011
	NPO	NPO	NPO
Public Finance	\$ 593	\$ 593	\$ 591
Asset-Backed Securities	1,406	1,445	1,717
Collateralized Debt Obligations	128	137	159
Structured Single Risk	2,886	2,912	3,026
Total Below Investment Grade	<u>\$ 5,013</u>	<u>\$ 5,087</u>	<u>\$ 5,493</u>
Total Net Par Outstanding	\$ 16,160	\$ 17,244	\$ 18,101
BIG as % of Net Par Outstanding	31.0%	29.5%	30.3%

Notes:

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

Syncora Capital Assurance Inc.

	Q4 2011	Q3 2011	Q2 2011
	NPO	NPO	NPO
Public Finance	\$ 1,467	\$ 1,496	\$ 1,481
Asset-Backed Securities	-	-	-
Collateralized Debt Obligations	564	566	577
Structured Single Risk	195	195	195
Total Below Investment Grade	<u>\$ 2,227</u>	<u>\$ 2,257</u>	<u>\$ 2,252</u>
Total Net Par Outstanding	\$ 58,563	\$ 61,955	\$ 65,736
BIG as % of Net Par Outstanding	3.8%	3.6%	3.4%

Notes:

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

Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

Syncora Guarantee Inc.

		Q4 2011	
		NPO	Rating
1	Jefferson County, AL - Water/Sewer Revenue	\$ 553	D
2	Commonwealth of Puerto Rico - GO	284	BBB-
3	Bay Area Toll Authority, CA - Toll Revenue Bonds	161	AA+
4	New Jersey (State of) - Annual Appropriation	127	AA-
5	Port Authority of New York and New Jersey, NY	79	AA-
6	Massachusetts (Commonwealth of) - GO	74	AA+
7	Metropolitan Transportation Authority, NY - Dedicated Tax Fund Bonds	55	AA
8	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	53	AA-
9	City of Detroit, MI - GO/AA	39	BB
10	State of New Jersey Turnpike Authority, - Toll Road Revenue Bonds	39	AA-
11	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA
12	Port of Portland, OR - Airport Revenue Bonds	29	AA-
13	Los Angeles County Metropolitan Transportation Authority, CA - Sales Tax	18	AAA
14	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	15	AA-
15	JEA, FL Water & Sewer (Senior Lien)	8	AA-
16	Jackson Energy Authority, TN - Water Revenue Bonds	1	A
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 1,574	
Total Portfolio Net Par Outstanding		\$ 16,160	
% of Total SGI Portfolio		9.7%	
Total Public Finance Portfolio Net Par Outstanding		\$ 1,574	
% 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's records, if available, and internal Syncora rating if no S&P rating is available.

Syncora Capital Assurance Inc.

		Q4 2011	
		NPO	Rating
1	State of California - GO	\$ 775	BBB+
2	San Diego Family Housing LLC	723	AA
3	LCOR Alexandria, LLC - Lease Revenue	580	BBB
4	City of Denver, CO Airport System - Revenue Bonds	484	A+
5	City of Chicago, O'Hare International Airport, IL - Revenue Bonds	450	A-
6	City of Miami, FL Miami International Airport - Aviation Revenue Bonds	417	A-
7	City of Denver Convention Center Hotel Project, CO	348	BBB-
8	Port Authority of New York and New Jersey, NY	347	AA-
9	City of Detroit, MI - Pension Obligations Bonds	346	BB
10	Dodger Tickets LLC	337	BBB
11	DOT Headquarters II Lease-Backed Mortgage Finance Trust Subordinate Notes	326	BB+
12	City of Syracuse Industrial Development Agency (Carousel Center), NY	326	BBB-
13	Miami-Dade County (Water/Sewer), FL	322	A+
14	City of New York, NY - GO	310	A+
15	Metropolitan Pier & Exposition Center, IL	308	AAA
16	New Jersey Transportation Trust Fund, NJ	303	A+
17	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	273	BBB+
18	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	272	A-
19	Navy Northeast Family Housing LLC Trust 220	257	AA-
20	Natural Gas Acquisition Corporation of City of Clarksville (Ngac), TN - Utility Obligation Bonds	251	AA-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 7,755	
Total Portfolio Net Par Outstanding		\$ 58,563	
% of Total SCAI Portfolio		13.2%	
Total Public Finance Portfolio Net Par Outstanding		\$ 36,811	
% of Total Public Finance Portfolio		21.1%	

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's records, if available, and internal Syncora rating if no S&P rating is available.

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

Syncora Guarantee Inc.

		Q4 2011	
Servicer/Manager Name ¹		NPO	
1	Countrywide Home Loans	\$	348
2	American Home Servicing		334
3	Wells Fargo Bank, NA		332
4	CLO Manager 1 ²		303
5	OneWest Bank, FSB		296
6	CLO Manager 2 ²		268
7	JP Morgan		207
8	TMF Administration Services Limited		159
9	Private Commercial ABS Transaction ²		155
10	CLO Manager 3 ²		150
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	2,552
Total Portfolio Net Par Outstanding		\$	16,160
% of Total Portfolio			15.8%
Total Structured Finance Portfolio Net Par Outstanding		\$	14,586
% of Total Structured Finance Portfolio			17.5%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q4 2011	
Servicer/Manager Name ¹		NPO	
1	CLO Manager 4 ²	\$	1,214
2	CLO Manager 5 ²		691
3	CLO Manager 6 ²		648
4	CLO Manager 2 ²		646
5	CLO Manager 7 ²		551
6	CLO Manager 8 ²		508
7	CLO Manager 9 ²		368
8	CLO Manager 10 ²		364
9	CLO Manager 11 ²		358
10	CLO Manager 12 ²		321
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	5,668
Total Portfolio Net Par Outstanding		\$	58,563
% of Total Portfolio			9.7%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	21,752
% of Total U.S. Structured Finance Portfolio			26.1%

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.

Q4 2011				Q3 2011				Q2 2011			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Alabama	\$ 2,486	\$ 943	5.8%	Alabama	\$ 2,605	\$ 944	5.5%	Alabama	\$ 2,605	\$ 943	5.2%
Illinois	2,492	496	3.1%	Illinois	2,541	496	2.9%	Illinois	2,537	487	2.7%
Puerto Rico	851	352	2.2%	Puerto Rico	870	372	2.2%	Puerto Rico	945	376	2.1%
New Jersey	1,138	245	1.5%	New Jersey	1,178	245	1.4%	New Jersey	1,223	253	1.4%
California	5,693	179	1.1%	California	5,778	179	1.0%	New Jersey	33,046	491	2.7%
Other ¹	25,822	302	1.9%	California	26,582	317	1.8%	Other ¹	3,428	3,410	18.8%
Non-PF Multi ^{2,3}	3,036	3,024	18.7%	Non-PF Multi ²	3,179	3,165	18.4%	Non-PF Multi ²	3,428	3,410	18.8%
Total United States	\$ 41,518	\$ 5,541	34.3%	Total United States	\$ 42,733	\$ 5,717	33.2%	Total United States	\$ 43,784	\$ 5,959	32.9%
International				International				International			
United Kingdom	\$ 5,921	\$ 5,511	34.1%	United Kingdom	\$ 6,206	\$ 5,795	33.6%	United Kingdom	\$ 6,486	\$ 6,051	33.4%
Australia	2,244	2,042	12.6%	Australia	2,131	1,940	11.2%	Australia	2,359	2,146	11.9%
France	825	825	5.1%	France	863	863	5.0%	Spain	748	748	4.1%
Chile	814	632	3.9%	Spain	691	691	4.0%	Chile	905	703	3.9%
Spain	307	307	1.9%	Chile	806	626	3.6%	France	659	659	3.6%
Turkey	274	274	1.7%	Turkey	314	314	1.8%	Turkey	483	483	2.7%
Canada	288	188	1.2%	Portugal	310	310	1.8%	Portugal	336	336	1.9%
Italy	180	180	1.1%	Italy	195	195	1.1%	Canada	302	203	1.1%
Other ¹	953	316	2.0%	Norway	429	185	1.1%	Norway	466	198	1.1%
Non-PF Multi ^{2,4}	344	344	2.1%	Canada	284	185	1.1%	Italy	182	182	1.0%
Total International	\$ 12,149	\$ 10,619	65.7%	Other ¹	678	52	0.3%	Other ¹	729	53	0.3%
				Non-PF Multi ²	372	372	2.2%	Non-PF Multi ²	381	381	2.1%
				Total International	\$ 13,279	\$ 11,527	66.8%	Total International	\$ 14,035	\$ 12,142	67.1%
Total Outstanding	\$ 53,666	\$ 16,160	100.0%	Total Outstanding	\$ 56,012	\$ 17,244	100.0%	Total Outstanding	\$ 57,819	\$ 18,101	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 \$1,990 million in ABS, \$834 million in CDO, \$200 million in SSR net par.

⁴ Consists of \$266 million in SSR, \$77 million in CDO net par.

Syncora Capital Assurance Inc.

Q4 2011				Q3 2011				Q2 2011			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 7,115	\$ 7,067	12.1%	California	\$ 7,197	\$ 7,149	11.5%	California	\$ 7,367	\$ 7,320	11.1%
New York	3,738	3,738	6.4%	New York	3,762	3,762	6.1%	New York	3,784	3,784	5.8%
Illinois	2,524	2,524	4.3%	Illinois	2,562	2,562	4.1%	Illinois	2,562	2,562	3.9%
Texas	2,222	2,222	3.8%	Texas	2,230	2,230	3.6%	Texas	2,262	2,262	3.4%
Florida	2,139	1,989	3.4%	Florida	2,157	2,007	3.2%	Florida	2,164	2,014	3.1%
Pennsylvania	1,739	1,739	3.0%	Pennsylvania	1,901	1,901	3.1%	Pennsylvania	1,953	1,953	3.0%
Alabama	1,532	1,532	2.6%	Alabama	1,649	1,649	2.7%	Alabama	1,651	1,651	2.5%
Colorado	1,359	1,359	2.3%	Colorado	1,373	1,373	2.2%	Georgia	1,386	1,386	2.1%
New Jersey	1,208	1,208	2.1%	New Jersey	1,240	1,240	2.0%	Colorado	1,375	1,375	2.1%
Michigan	1,049	1,049	1.8%	Georgia	1,198	1,198	1.9%	New Jersey	1,277	1,277	1.9%
Georgia	997	997	1.7%	Michigan	1,115	1,115	1.8%	Michigan	1,118	1,118	1.7%
Massachusetts	879	879	1.5%	Massachusetts	903	903	1.5%	Washington	927	927	1.4%
Washington	852	852	1.5%	Washington	867	867	1.4%	Massachusetts	917	917	1.4%
Tennessee	798	798	1.4%	Tennessee	810	810	1.3%	Tennessee	815	815	1.2%
Minnesota	778	778	1.3%	Minnesota	788	788	1.3%	Minnesota	791	791	1.2%
Ohio	695	695	1.2%	Indiana	713	713	1.2%	Indiana	726	726	1.1%
South Carolina	688	688	1.2%	Ohio	707	707	1.1%	Ohio	707	707	1.1%
Indiana	677	677	1.2%	South Carolina	695	695	1.1%	South Carolina	699	699	1.1%
Virginia	672	672	1.1%	Wisconsin	675	675	1.1%	Puerto Rico	686	686	1.0%
Wisconsin	655	655	1.1%	Virginia	673	673	1.1%	Wisconsin	680	680	1.0%
District Of Columbia	649	649	1.1%	Missouri	661	661	1.1%	Virginia	674	674	1.0%
Puerto Rico	618	618	1.1%	District Of Columbia	654	654	1.1%	Missouri	670	670	1.0%
Missouri	616	616	1.1%	Other ¹	6,269	6,269	10.1%	Other ¹	6,387	6,387	9.7%
Other ¹	5,578	5,578	9.5%	Non-PF Multi ²	13,138	13,138	21.2%	Non-PF Multi ²	15,310	15,310	23.3%
Non-PF Multi ^{2,3}	11,360	11,360	19.4%	Total United States	\$ 53,937	\$ 53,740	86.7%	Total United States	\$ 56,889	\$ 56,691	86.2%
Total United States	\$ 51,136	\$ 50,938	87.0%								
International				International				International			
United Kingdom	\$ 3,833	\$ 3,833	6.5%	United Kingdom	\$ 3,809	\$ 3,809	6.1%	United Kingdom	\$ 3,976	\$ 3,976	6.0%
Ireland	1,059	1,059	1.8%	Ireland	1,093	1,093	1.8%	Ireland	1,426	1,426	2.2%
New Zealand	769	769	1.3%	New Zealand	754	754	1.2%	New Zealand	821	821	1.2%
Netherlands	646	646	1.1%	Netherlands	667	667	1.1%	Netherlands	722	722	1.1%
Other ¹	908	908	1.6%	Other ¹	1,482	1,482	2.4%	Other ¹	1,642	1,642	2.5%
Non-PF Multi ^{2,4}	409	409	0.7%	Non-PF Multi ²	411	411	0.7%	Non-PF Multi ²	458	458	0.7%
Total International	\$ 7,625	\$ 7,625	13.0%	Total International	\$ 8,216	\$ 8,216	13.3%	Total International	\$ 9,045	\$ 9,045	13.8%
Total Outstanding	\$ 58,761	\$ 58,563	100.0%	Total Outstanding	\$ 62,153	\$ 61,955	100.0%	Total Outstanding	\$ 65,933	\$ 65,736	100.0%

Notes:

¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.

² Non-Public Finance deals with underlying securities in multiple states/countries.

³ Consists of \$10,497 million in CDO, \$493 million in ABS, \$370 million in SSR net par.

⁴ Consists of \$409 million in CDO net par.

Investment Portfolio

As of December 31, 2011

(U.S. dollars in millions)

Syncora Guarantee Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage		Book Adjusted Carrying Value	Percentage
Short-term investments			Within 1 Year	\$ 171.5	53.8%
Cash and cash equivalents	\$ 94.0	29.5%	1 to 5 Years	91.4	28.7%
Short-term investments	6.4	2.0%	5 to 10 Years	7.6	2.4%
Total Cash and Short-Term Investments	100.4	31.5%	Due after 10 Years	2.6	0.8%
Debt Securities			Mortgage and asset-backed securities	45.6	14.3%
MBS/ABS	45.6	14.3%	Total	\$ 318.7	100.0%
U.S. Government	128.2	40.2%	Yield to Maturity @ Book Value		1.3%
Corporate	42.5	13.3%	Yield to Maturity @ Market Value		1.0%
Non-U.S. Sovereign	1.2	0.4%	Duration (years)		1.3
States & Political Subs	0.7	0.2%			
Total Long-Term Fixed Maturity	218.2	68.5%			
Total	\$ 318.7	100.0%			

Notes:

- Excludes \$90.9 million of uninsured cash flow ("UCF") securities.
- Excludes \$17.8 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 123.0	38.6%
AA	160.3	50.3%
A	28.7	9.0%
BBB	4.6	1.5%
BB & below and Not Rated	1.9	0.6%
Total	\$ 318.7	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	\$ 48.1	7.3%
Cash and cash equivalents	\$ 23.3	3.6%	1 to 5 Years	103.4	15.8%
Short-term investments	19.9	3.0%	5 to 10 Years	187.2	28.6%
Total Cash and Short-Term Investments	43.2	6.6%	Due after 10 Years	37.9	5.8%
Debt Securities			Mortgage and asset-backed securities	278.9	42.5%
MBS/ABS	278.9	42.5%	Total	\$ 655.6	100.0%
U.S. Government	39.1	6.0%	Yield to Maturity @ Book Value		3.8%
Corporate	261.0	39.8%	Yield to Maturity @ Market Value		2.7%
Non-U.S. Sovereign	-	0.0%	Duration (years)		3.8
States & Political Subs	33.4	5.1%			
Total Long-Term Fixed Maturity	612.4	93.4%			
Total	\$ 655.6	100.0%			

Notes:

- Excludes \$34.5 million of uninsured cash flow ("UCF") securities.
- Excludes \$5.6 million of preferred stocks.
- Excludes \$5.6 million of common stocks and alternative investments.
- Excludes \$3.8 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 97.1	14.8%
AA	265.0	40.4%
A	119.0	18.1%
BBB	143.3	21.9%
BB & below and Not Rated	31.2	4.8%
Total	\$ 655.6	100.0%
Average credit quality		A+