

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

**3rd QUARTER 2016
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.

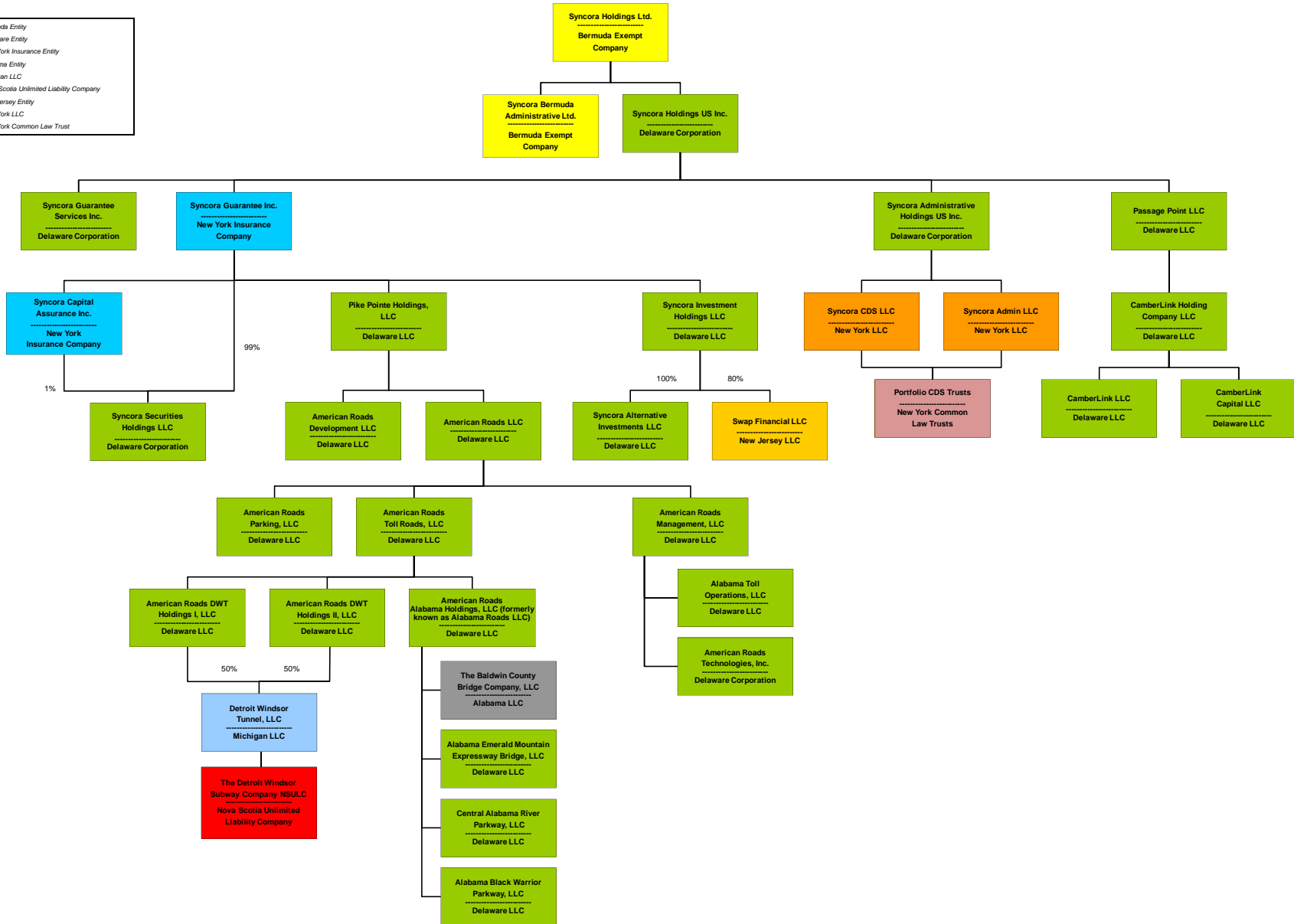
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

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 contracts (NPVFIP)¹	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



Notes:
There are no voting rights preferences between the two members who share ownership of Detroit Windsor Tunnel LLC.

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

Syncora Guarantee Inc.

	As of		
	9/30/2016	6/30/2016	3/31/2016
Assets			
Cash, cash equivalents and short-term investments	\$ 85,825	\$ 89,191	\$ 78,640
Bonds	795,681	862,879	880,566
Uninsured cash flow certificates	68,244	67,527	59,004
Interest rate derivatives	20	22	96
Investment in subsidiary	26,353	3,634	-
Other invested assets	246,067	240,517	225,048
Receivables for securities	-	8,145	-
Subtotal, cash and invested assets	1,222,191	1,271,916	1,243,355
Investment income due and accrued	5,290	5,627	3,151
Uncollected premiums and reinsurance assets	882	816	844
Other assets	17,968	3,793	4,290
Total Assets	\$ 1,246,331	\$ 1,282,152	\$ 1,251,641
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ (126,030)	\$ (86,342)	\$ (48,441)
Unearned premiums	99,138	109,051	110,342
Payable to parent, subsidiaries and affiliates	7,509	4,711	4,561
Mandatory contingency reserve	88,004	86,898	86,776
Other liabilities	4,028	17,115	9,859
Total Liabilities	72,649	131,433	163,097
Surplus notes	556,158	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
Unassigned funds (surplus)	402,524	(1,695,586)	(1,757,763)
Surplus as regards policyholders	1,173,682	1,150,720	1,088,544
Total Liabilities, Surplus and Other Funds	\$ 1,246,331	\$ 1,282,152	\$ 1,251,641

Syncora Capital Assurance Inc.

	As of		
	9/30/2016	6/30/2016	3/31/2016
Assets			
Cash, cash equivalents and short-term investments	\$ 61,062	\$ 56,835	\$ 71,986
Preferred stocks	2,632	2,607	2,629
Common stocks	26,785	25,623	21,388
Bonds	288,697	284,276	299,359
Uninsured cash flow certificates	48,760	59,190	55,266
Other invested assets	4,043	4,121	6,386
Receivables for securities	8,099	3,500	2,301
Subtotal, cash and invested assets	440,077	436,152	459,314
Investment income due and accrued	2,960	2,216	2,523
Uncollected premiums	796	1,134	995
Net deferred tax asset	2,572	2,699	2,692
Receivable from parent, subsidiaries and affiliates	5,184	1,870	-
Other assets	66	64	64
Total Assets	\$ 451,656	\$ 444,135	\$ 465,588
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 43,325	\$ 38,945	\$ 52,785
Unearned premiums	144,680	149,789	155,983
Payable to parent, subsidiaries and affiliates	7,185	4,507	9,443
Mandatory contingency reserve	28,561	42,097	57,612
Payable for securities	7,912	5,042	4,825
Other liabilities	497	120	428
Total Liabilities	232,161	240,501	281,075
Surplus notes	200,000	200,000	200,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	-	219,000	219,000
Unassigned funds (surplus)	16,994	(217,866)	(236,986)
Surplus as regards policyholders	219,494	203,634	184,514
Total Liabilities, Surplus and Other Funds	\$ 451,656	\$ 444,135	\$ 465,588

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	9/30/2016	6/30/2016	3/31/2016
Net premiums written	\$ 1,457	\$ 2,458	\$ 2,526
Underwriting Income			
Net premiums earned	\$ 11,370	\$ 3,748	\$ 3,246
Net losses/(releases) incurred	(39,473)	(31,528)	(2,796)
Loss adjustment expenses (benefit) incurred	2,875	862	2,044
Other underwriting expenses incurred	12,857	9,605	6,233
Net underwriting gain/(loss)	35,110	24,809	(2,236)
Investment Income			
Net investment income (expense) earned	(38,706)	14,096	7,032
Net realized gains/(losses)	1,893	3,944	732
Total net investment gain/(loss)	(36,813)	18,041	7,764
Other Income			
Other income	14,374	29	11
Net income/(loss) before taxes	12,672	42,878	5,539
Federal and foreign income taxes incurred/(benefit)	5,677	1,590	(2,887)
Net income/(loss)	\$ 6,995	\$ 41,288	\$ 8,426

Syncora Capital Assurance Inc.

	Three Months Ended		
	9/30/2016	6/30/2016	3/31/2016
Net premiums written	\$ 3,449	\$ 1,329	\$ 3,712
Underwriting Income			
Net premiums earned	\$ 8,558	\$ 7,522	\$ 11,212
Net losses/(releases) incurred	8,868	5,224	13,585
Loss adjustment expenses (benefit) incurred	(249)	(4,418)	78
Other underwriting expenses incurred	7,596	4,482	6,528
Net underwriting gain/(loss)	(7,658)	2,234	(8,979)
Investment Income			
Net investment income (expense) earned	4,624	258	4,182
Net realized capital gains/(losses)	(955)	(1,829)	(4,098)
Total net investment gain/(loss)	3,670	(1,571)	83
Other Income			
Other income	6	-	7
Net income/(loss) before taxes	(3,982)	663	(8,889)
Federal and foreign income taxes incurred/(benefit)	(5,184)	(1,580)	2,950
Net income/(loss)	\$ 1,202	\$ 2,242	\$ (11,839)

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

Syncora Guarantee Inc.

	As of		
	9/30/2016	6/30/2016	3/31/2016
Claims paying resources			
Policyholders' surplus	\$ 1,173	\$ 1,151	\$ 1,089
Contingency reserve	88	87	87
Qualified statutory capital	1,261	1,238	1,175
Unearned premium revenue	99	109	110
Loss & loss adjustment expense reserves ^{1,2,3}	121	109	160
Total policyholders' surplus & reserves	1,481	1,456	1,445
NPVFIP	38	39	41
Total claims paying resources	\$ 1,519	\$ 1,495	\$ 1,487
Net par outstanding	\$ 5,735	\$ 6,023	\$ 6,577
Leverage ratio (Net par outstanding/Total claims paying resources)	3.8	4.0	4.4

Notes:

¹ For the three months ended 9/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$246.8 million).

² For the three months ended 6/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$195.4 million).

³ For the three months ended 3/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$208.2 million).

Syncora Capital Assurance Inc.

	As of		
	9/30/2016	6/30/2016	3/31/2016
Claims paying resources			
Policyholders' surplus	\$ 219	\$ 204	\$ 185
Contingency reserve	29	42	58
Qualified statutory capital	247	246	242
Unearned premium revenue	145	150	156
Loss & loss adjustment expense reserves ^{1,2,3}	79	78	101
Total policyholders' surplus & reserves	471	474	499
NPVFIP	82	86	89
Total claims paying resources	\$ 553	\$ 559	\$ 588
Net par outstanding	\$ 17,030	\$ 18,626	\$ 20,599
Leverage ratio (Net par outstanding/Total claims paying resources)	30.8	33.3	35.0

Notes:

¹ For the three months ended 9/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$36.2 million).

² For the three months ended 6/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$39.4 million).

³ For the three months ended 3/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$48.1 million).

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 152		\$ 151		\$ 157	
Utility	53		53		61	
Special Revenue	39		46		76	
Appropriation	11		11		11	
Other	4		4		4	
Total Public Finance	\$ 259	4.5%	\$ 265	4.4%	\$ 311	4.7%
Asset-Backed Securities						
RMBS	\$ 462		\$ 484		\$ 526	
Total Asset-Backed Securities	\$ 462	8.0%	\$ 484	8.0%	\$ 526	8.0%
Collateralized Debt Obligations						
Cashflow CDO	\$ 27		\$ 40		\$ 41	
Total Collateralized Debt Obligations	\$ 27	0.5%	\$ 40	0.7%	\$ 41	0.6%
Structured Single Risk						
Global Infrastructure	\$ 2,327		\$ 2,464		\$ 2,783	
Power & Utilities	2,264		2,362		2,503	
Specialized Risk	397		408		412	
Total Structured Single Risk	\$ 4,988	87.0%	\$ 5,234	86.9%	\$ 5,699	86.7%
Total Net Par Outstanding	<u>\$ 5,735</u>	<u>100.0%</u>	<u>\$ 6,023</u>	<u>100.0%</u>	<u>\$ 6,577</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Special Revenue	\$ 5,043		\$ 5,480		\$ 5,652	
General Obligation	3,010		3,423		3,859	
Utility	2,036		2,223		2,497	
Non Ad Valorem	1,486		1,562		1,604	
Appropriation	738		778		805	
Total Public Finance	\$ 12,312	72.3%	\$ 13,466	72.3%	\$ 14,418	70.0%
Asset-Backed Securities						
Commercial ABS	\$ -		\$ -		\$ 54	
Total Asset-Backed Securities	\$ -	-%	\$ -	-%	\$ 54	0.3%
Collateralized Debt Obligations						
Synthetic CDO	\$ 253		\$ 503		\$ 724	
Cashflow CDO	82		190		617	
Total Collateralized Debt Obligations	\$ 335	2.0%	\$ 693	3.7%	\$ 1,341	6.5%
Structured Single Risk						
Power & Utilities	\$ 2,945		\$ 2,981		\$ 3,199	
Global Infrastructure	1,388		1,435		1,537	
Specialized Risk	50		50		50	
Total Structured Single Risk	\$ 4,382	25.7%	\$ 4,466	24.0%	\$ 4,785	23.2%
Total Net Par Outstanding	<u>\$ 17,030</u>	<u>100.0%</u>	<u>\$ 18,626</u>	<u>100.0%</u>	<u>\$ 20,599</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q3 2016			Q2 2016			Q1 2016		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2016 Q1			2016 Q1	\$ -	\$ 10,353
			2016 Q2	\$ -	\$ 9,619	2016 Q2	334	10,019
2016 Q3	\$ -	\$ 9,124	2016 Q3	86	9,533	2016 Q3	87	9,933
2016 Q4	141	8,983	2016 Q4	136	9,398	2016 Q4	140	9,793
Total 2016	\$ 141		Total 2016	\$ 222		Total 2016	\$ 560	
2017	\$ 364	\$ 8,619	2017	\$ 385	\$ 9,013	2017	\$ 405	\$ 9,388
2018	583	8,036	2018	586	8,426	2018	608	8,780
2019	359	7,677	2019	367	8,059	2019	384	8,396
2020	376	7,301	2020	388	7,672	2020	406	7,990
Total 2017-2020	\$ 1,683		Total 2017-2020	\$ 1,726		Total 2017-2020	\$ 1,802	
2021-2025	\$ 1,710	\$ 5,591	2021-2025	\$ 1,772	\$ 5,900	2021-2025	\$ 1,867	\$ 6,123
2026-2030	522	5,069	2026-2030	590	5,310	2026-2030	644	5,479
2031-2035	894	4,175	2031-2035	1,053	4,257	2031-2035	1,152	4,327
2036 and thereafter	4,175	-	2036 and thereafter	4,257	-	2036 and thereafter	4,327	-
Total 2021-thereafter	\$ 7,301		Total 2021-thereafter	\$ 7,672		Total 2021-thereafter	\$ 7,990	
Total	\$ 9,124		Total	\$ 9,619		Total	\$ 10,353	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q3 2016			Q2 2016			Q1 2016		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2016 Q1			2016 Q1	\$ -	\$ 32,648
			2016 Q2	\$ -	\$ 29,761	2016 Q2	779	31,869
2016 Q3	\$ -	\$ 27,415	2016 Q3	788	28,973	2016 Q3	840	31,029
2016 Q4	489	26,926	2016 Q4	509	28,464	2016 Q4	608	30,422
Total 2016	\$ 489		Total 2016	\$ 1,297		Total 2016	\$ 2,226	
2017	\$ 1,824	\$ 25,102	2017	\$ 1,925	\$ 26,540	2017	\$ 2,190	\$ 28,231
2018	1,256	23,845	2018	1,349	25,191	2018	1,463	26,768
2019	1,240	22,605	2019	1,329	23,862	2019	1,433	25,335
2020	1,389	21,216	2020	1,474	22,388	2020	1,569	23,766
Total 2017-2020	\$ 5,710		Total 2017-2020	\$ 6,076		Total 2017-2020	\$ 6,656	
2021-2025	\$ 6,187	\$ 15,029	2021-2025	\$ 6,582	\$ 15,806	2021-2025	\$ 6,950	\$ 16,816
2026-2030	4,968	10,060	2026-2030	5,386	10,420	2026-2030	5,772	11,044
2031-2035	3,493	6,567	2031-2035	3,779	6,641	2031-2035	3,999	7,045
2036 and thereafter	6,567	-	2036 and thereafter	6,641	-	2036 and thereafter	7,045	-
Total 2021-thereafter	\$ 21,216		Total 2021-thereafter	\$ 22,388		Total 2021-thereafter	\$ 23,766	
Total	\$ 27,415		Total	\$ 29,761		Total	\$ 32,648	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 259	14	\$ 265	14	\$ 311	16
Asset-Backed Securities	462	27	484	27	526	28
Collateralized Debt Obligations	27	2	40	3	41	3
Structured Single Risk	4,988	29	5,234	30	5,699	30
Total Net Par Outstanding	<u>\$ 5,735</u>	<u>72</u>	<u>\$ 6,023</u>	<u>74</u>	<u>\$ 6,577</u>	<u>77</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 17		\$ 35		\$ 35	
Asset-Backed Securities	88		58		106	
Collateralized Debt Obligations	1		1		1	
Structured Single Risk	(247)		(195)		(208)	
Total Net Reserve	<u>\$ (141)</u>		<u>\$ (101)</u>		<u>\$ (66)</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 12,312	\$ 814	\$ 13,466	\$ 903	\$ 14,418	1,001
Asset-Backed Securities	-	0	-	0	54	2
Collateralized Debt Obligations	335	5	693	9	1,341	12
Structured Single Risk	4,382	27	4,466	27	4,785	31
Total Net Par Outstanding	<u>\$ 17,030</u>	<u>846</u>	<u>\$ 18,626</u>	<u>939</u>	<u>\$ 20,599</u>	<u>1,046</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 36		\$ 30		\$ 40	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 36</u>		<u>\$ 30</u>		<u>\$ 40</u>	

Note:

Categories include domestic and international credits.

**Insured Portfolio - Watch List
As of September 30, 2016
(U.S. dollars in millions)**

Syncora Guarantee Inc.

	Q3 2016				
	Loss List	Red Flag List	Yellow Flag List	Special Monitoring List	Total
Number of credits	24	4	4	3	35
Remaining weighted-average contract period (in years)	10.4	4.6	9.9	13.4	8.2
Insured contractual payments outstanding:					
Principal	\$ 480.9	\$ 865.9	\$ 377.5	\$ 252.8	\$ 1,977.1
Interest	153.0	169.5	30.8	129.3	482.6
Total	<u>\$ 634.0</u>	<u>\$ 1,035.4</u>	<u>\$ 408.2</u>	<u>\$ 382.1</u>	<u>\$ 2,459.7</u>
Gross loss reserves	\$ (104.6)	\$ -	\$ -	\$ -	\$ (104.6)
Net loss reserves	\$ (140.6)	\$ -	\$ -	\$ -	\$ (140.6)

Syncora Capital Assurance Inc.

	Q3 2016				
	Loss List	Red Flag List	Yellow Flag List	Special Monitoring List	Total
Number of credits	4	1	11	12	28
Remaining weighted-average contract period (in years)	4.6	4.7	17.1	11.3	14.0
Insured contractual payments outstanding:					
Principal	\$ 237.6	\$ 2.9	\$ 984.7	\$ 281.0	\$ 1,506.1
Interest	61.0	0.6	809.8	163.3	1,034.6
Total	<u>\$ 298.6</u>	<u>\$ 3.5</u>	<u>\$ 1,794.4</u>	<u>\$ 444.2</u>	<u>\$ 2,540.8</u>
Gross loss reserves	\$ 36.0	\$ -	\$ -	\$ -	\$ 36.0
Net loss reserves	\$ 36.0	\$ -	\$ -	\$ -	\$ 36.0

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

Syncora Guarantee Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 86	1.5%	\$ 91	1.5%	\$ 93	1.4%
AA	294	5.1	312	5.2	357	5.4
A	1,142	19.9	1,185	19.7	1,250	19.0
BBB	2,711	47.3	2,811	46.7	3,175	48.3
Below Investment Grade	1,501	26.2	1,624	27.0	1,701	25.9
Total Net Par Outstanding	\$ 5,735	100.0%	\$ 6,023	100.0%	\$ 6,577	100.0%

Notes:

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

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

Syncora Capital Assurance Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 853	5.0%	\$ 983	5.3%	\$ 1,485	7.2%
AA	5,484	32.2	5,931	31.8	6,460	31.4
A	5,916	34.7	6,443	34.6	7,076	34.3
BBB	3,448	20.2	3,919	21.0	4,190	20.3
Below Investment Grade	1,330	7.8	1,351	7.3	1,389	6.7
Total Net Par Outstanding	\$ 17,030	100.0%	\$ 18,626	100.0%	\$ 20,599	100.0%

Notes:

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

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

Insured Portfolio - Distribution By Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ -	-%	\$ 3	-%	\$ 3	0.1%
aa	121	2.1	140	2.3	185	2.8
a	1,257	21.9	1,305	21.7	1,382	21.0
bbb	2,633	45.9	2,751	45.7	2,846	43.3
Below Investment Grade	1,724	30.1	1,824	30.3	2,161	32.9
Total Net Par Outstanding	\$ 5,735	100.0%	\$ 6,023	100.0%	\$ 6,577	100.0%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

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

Syncora Capital Assurance Inc.

	Q3 2016		Q2 2016		Q1 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 315	1.9%	\$ 317	1.7%	\$ 744	3.6%
aa	2,235	13.1	2,637	14.2	2,872	13.9
a	8,637	50.7	9,505	51.0	10,517	51.1
bbb	4,618	27.1	4,869	26.1	5,128	24.9
Below Investment Grade	1,225	7.2	1,298	7.0	1,338	6.5
Total Net Par Outstanding	\$ 17,030	100.0%	\$ 18,626	100.0%	\$ 20,599	100.0%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

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

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

Syncora Guarantee Inc.

	Q3 2016	Q2 2016	Q1 2016
	NPO	NPO	NPO
Public Finance	\$ 4	\$ 4	\$ 4
Asset-Backed Securities	351	365	414
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,144	1,253	1,280
Total Below Investment Grade	<u>\$ 1,501</u>	<u>\$ 1,624</u>	<u>\$ 1,701</u>
Total Net Par Outstanding	\$ 5,735	\$ 6,023	\$ 6,577
BIG as % of Net Par Outstanding	26.2%	27.0%	25.9%

Notes:

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

Syncora Capital Assurance Inc.

	Q3 2016	Q2 2016	Q1 2016
	NPO	NPO	NPO
Public Finance	\$ 1,043	\$ 1,051	\$ 1,067
Structured Single Risk	286	300	322
Total Below Investment Grade	<u>\$ 1,330</u>	<u>\$ 1,351</u>	<u>\$ 1,389</u>
Total Net Par Outstanding	\$ 17,030	\$ 18,626	\$ 20,599
BIG as % of Net Par Outstanding	7.8%	7.3%	6.7%

Notes:

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

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures by Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

	Q3 2016	Q2 2016	Q1 2016
	NPO	NPO	NPO
Public Finance	\$ 128	\$ 127	\$ 128
Asset-Backed Securities	398	415	451
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,196	1,280	1,579
Total Below Investment Grade	<u>\$ 1,724</u>	<u>\$ 1,824</u>	<u>\$ 2,161</u>
Total Net Par Outstanding	\$ 5,735	\$ 6,023	\$ 6,577
BIG as % of Net Par Outstanding	30.1%	30.3%	32.9%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Syncora Capital Assurance Inc.

	Q3 2016	Q2 2016	Q1 2016
	NPO	NPO	NPO
Public Finance	\$ 939	\$ 998	\$ 1,016
Structured Single Risk	286	300	322
Total Below Investment Grade	<u>\$ 1,225</u>	<u>\$ 1,298</u>	<u>\$ 1,338</u>
Total Net Par Outstanding	\$ 17,030	\$ 18,626	\$ 20,599
BIG as % of Net Par Outstanding	7.2%	7.0%	6.5%

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - 20 Largest Public Finance Credits (U.S. dollars in millions)

Syncora Guarantee Inc.

		Q3 2016		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 81	AA	d
2	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA	aa-
3	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	29	AA	c
4	Detroit (City of), MI - GO (State Aid)	22	A-	bbb-
5	Massachusetts (Commonwealth of) - GO	20	AA+	aa-
6	Port of Portland, OR - Airport Revenue Bonds	20	AA-	aa-
7	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	17	AA	a
8	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	14	AA	c
9	New Jersey (State of) - Annual Appropriation	11	AA	bbb+
10	Detroit (City of), MI (Full Loss)	4	D	d
11	Port Authority of New York and New Jersey, NY	2	AA	aa-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 259		
Total Portfolio Net Par Outstanding		\$ 5,735		
% of Total SGI Portfolio		4.5%		
Total Public Finance Portfolio Net Par Outstanding		\$ 259		
% of Total Public Finance Portfolio		100.0%		

Notes:

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

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

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

The City of Detroit (the "City") credits above cover two separate policy obligations: 4) new general obligation debt of the City issued by the Michigan Finance Authority and guaranteed by Syncora Guarantee as provided by the City's bankruptcy plan, and 10) the "loss" portion of the City's original Unlimited Tax General Obligation bonds for which Syncora Guarantee is obligated to make payments under its original policy with no ability to recover those payments.

Syncora Capital Assurance Inc.

		Q3 2016		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	AA-	a-
2	San Diego Family Housing LLC - Class I	410	AA	aa
3	City of Denver Convention Center Hotel Project, CO	329	BBB-	bbb-
4	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+	a
5	City of Syracuse Industrial Development Agency (Carousel Center), NY	324	BBB-	bbb-
6	Dodger Tickets LLC	283	BBB	bbb+
7	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	234	BB	bb
8	University System of Georgia, Board of Regents, GA	231	A	a+
9	City of San Jose, CA Redevelopment Agency - Tax Allocation	194	BBB+	bbb
10	City of Houston, TX Airport System - Revenue Bonds	194	A+	a
11	State of California - GO	176	AA-	a-
12	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	150	A	a
13	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	149	AA-	bb+
14	San Diego County, CA - Pension Obligation Bonds	148	AA+	aa-
15	New Jersey Economic Development Authority, NJ	147	A-	bbb
16	Metropolitan Transportation Authority, NY - Lease Revenue Bonds	144	BBB+	bbb-
17	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay	144	AA-	a
18	Austin Convention Enterprises, TX	144	BBB-	bbb
19	San Diego Family Housing LLC - Class II	142	AA	aa-
20	San Diego Family Housing LLC - Class III	142	AA	a+
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 4,592		
Total Portfolio Net Par Outstanding		\$ 17,030		
% of Total SCAI Portfolio		27.0%		
Total Public Finance Portfolio Net Par Outstanding		\$ 12,312		
% of Total Public Finance Portfolio		37.3%		

Notes:

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

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

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - Puerto Rico Net Principal and Interest^{1,2} Amortization

As of September 30, 2016

(U.S. dollars in millions)

Q3 2016										
Calendar Year	Commonwealth of Puerto Rico - Government Obligations		Commonwealth of Puerto Rico, Highway & Transportation Authority		Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds		Puerto Rico (Commonwealth) - Mixed State and Local Revenue		Total P&I	
	SGI	SCAI	SGI	SCAI	SGI	SCAI	SGI	SCAI	SGI	SCAI
2016	18.8	-	-	-	1.1	-	6.5	-	26.4	-
2017	10.2	82.9	-	0.3	0.6	36.3	5.4	-	16.2	119.5
2018	8.6	6.6	-	0.3	0.6	33.1	4.2	-	13.4	40.0
2019	4.3	8.7	-	0.3	1.4	3.5	4.9	-	10.6	12.5
2020	4.3	3.9	-	0.3	1.8	3.5	2.1	-	8.2	7.7
2021	7.7	1.8	-	0.3	1.0	3.5	2.1	-	10.8	5.6
2022	2.3	1.2	-	0.3	1.0	3.5	2.1	-	5.4	5.0
2023	21.1	6.4	-	0.3	1.6	3.5	0.3	-	23.0	10.2
2024	3.2	0.3	-	0.3	1.6	3.5	0.3	-	5.1	4.1
2025	2.1	6.4	-	0.3	1.6	24.4	0.3	-	4.0	31.1
2026	2.2	0.1	-	0.3	1.7	27.0	1.7	-	5.6	27.4
2027	3.7	0.1	-	0.3	1.6	24.7	1.9	-	7.2	25.1
2028	6.3	0.1	-	0.3	0.9	-	1.5	-	8.7	0.4
2029	4.1	0.1	-	0.8	0.9	-	0.9	-	5.9	0.9
2030	3.4	0.1	-	0.8	1.2	-	0.6	-	5.2	0.9
2031	3.1	0.1	-	0.8	1.4	-	-	-	4.5	0.9
2032	-	0.1	-	0.8	-	-	-	-	-	0.9
2033	-	0.1	-	0.8	-	-	-	-	-	0.9
2034	-	0.5	-	0.8	-	-	-	-	-	1.3
2035	-	0.5	-	0.8	-	-	-	-	-	1.3
2036	-	0.6	-	0.7	-	-	-	-	-	1.3
2037	-	-	-	0.8	-	-	-	-	-	0.8
2038	-	-	-	0.8	-	-	-	-	-	0.8
Total	\$ 105.4	\$ 120.6	\$ -	\$ 11.5	\$ 20.0	\$ 166.5	\$ 34.8	\$ -	\$ 160.2	\$ 298.6
Total Net Principal	\$ 81.5	\$ 104.3	\$ -	\$ 6.2	\$ 14.1	\$ 127.1	\$ 28.7	\$ -	\$ 124.3	\$ 237.6
Total Net Interest	23.9	16.3	-	5.3	5.9	39.4	6.1	-	35.9	61.0
Total Net Principal and Interest	\$ 105.4	\$ 120.6	\$ -	\$ 11.5	\$ 20.0	\$ 166.5	\$ 34.8	\$ -	\$ 160.2	\$ 298.6

Notes:

¹Net of reinsurance.

²Excludes \$79.4 million of carrying value of Puerto Rico Government Obligations, Highway & Transportation Authority, and Electric Power Authority bonds purchased by SCAI.

Insured Portfolio - RMBS Loss & LAE Reserve Roll forward (U.S. dollars in millions)

Syncora Guarantee Inc.

Q3 2016						
Period End Date	RMBS Net Unpaid Loss and LAE Beginning ¹	Incurred Losses/(Recoveries)	Net Paid Claims	RMBS Net Unpaid Loss and LAE Ending ¹		
12/31/11	\$ 80.7	\$ 16.0	\$ (57.6)	\$ 39.1		
12/31/12	39.1	(289.8)	320.5	69.7		
12/31/13	69.7	(355.0)	51.4	(233.9)		
12/31/14	(233.9)	(29.2)	405.6	142.4		
12/31/15	142.4	(23.9)	3.4	121.9		
3/31/16	121.9	(7.9)	0.3	114.3		
6/30/16	114.3	(45.1)	(4.7)	64.6		
9/30/16	64.6	(8.2)	38.5	94.8		

Notes:

¹ Information provided in Note 25 of Syncora Guarantee Inc.'s Annual and Quarterly statutory financial statements.

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

Syncora Guarantee Inc.

		Q3 2016	
Servicer/Manager Name ^{1,2}		NPO	
1	American Home Servicing	\$	224
2	Countrywide Home Loans		132
3	JP Morgan		27
4	CLO Manager ³		24
5	La Hipotecaria		24
6	Residential Capital, LLC		19
7	Homeward Residential		15
8	Litton Loan Servicing LP		9
9	US Bank, NA		4
10	Chevy Chase Bank FSB		3
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	483
Total Portfolio Net Par Outstanding		\$	5,735
% of Total Portfolio			8.4%
Total Structured Finance Portfolio Net Par Outstanding		\$	5,476
% of Total Structured Finance Portfolio			8.8%

Notes:

¹Information has been updated to reflect servicer/manager transfers.

²Servicer/manager may be an operating subsidiary or affiliate of the named entity.

³Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

		Q3 2016	
Servicer/Manager Name ¹		NPO	
1	CLO Manager ²	\$	49
2	CLO Manager ¹		20
3	CLO Manager ³		13
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	82
Total Portfolio Net Par Outstanding		\$	17,030
% of Total Portfolio			0.5%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	4,717
% of Total U.S. Structured Finance Portfolio			1.7%

Notes:

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

²Servicer/manager not revealed due to confidentiality.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q3 2016				Q2 2016				Q1 2016			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Puerto Rico	\$ 362	\$ 124	2.2%	Puerto Rico	\$ 387	\$ 123	2.0%	Puerto Rico	\$ 389	\$ 123	1.9%
Other ¹	12,397	134	2.3	Alabama	490	115	1.9	Alabama	551	116	1.8
Non-PF Multi ^{2,3}	472	464	8.1	Other ¹	13,035	142	2.4	Other ¹	13,970	187	2.8
Total United States	\$ 13,230	\$ 723	12.6%	Non-PF Multi ²	506	499	8.3	Non-PF Multi ²	548	541	8.2
				Total United States	\$ 14,418	\$ 878	14.6%	Total United States	\$ 15,457	\$ 967	14.7%
International				International				International			
United Kingdom	\$ 3,698	\$ 2,888	50.4%	United Kingdom	\$ 3,873	\$ 3,024	50.2%	United Kingdom	\$ 4,108	\$ 3,193	48.5%
Australia	1,103	1,103	19.2	Australia	1,072	1,072	17.8	Australia	1,371	1,371	20.8
Chile	514	384	6.7	Chile	529	397	6.6	Chile	526	395	6.0
France	148	148	2.6	France	150	150	2.5	France	147	147	2.2
Italy	133	133	2.3	Italy	138	138	2.3	Italy	132	132	2.0
Canada	223	125	2.2	Canada	226	129	2.1	Canada	227	129	2.0
Portugal	98	98	1.7	Portugal	97	97	1.6	Portugal	100	100	1.5
Other ³	395	40	0.7	Other ³	395	45	0.7	Other ³	392	50	0.8
Non-PF Multi ^{2,4}	93	93	1.6	Non-PF Multi ²	93	93	1.5	Non-PF Multi ²	93	93	1.4
Total International	\$ 6,405	\$ 5,012	87.4%	Total International	\$ 6,574	\$ 5,145	85.4%	Total International	\$ 7,095	\$ 5,610	85.3%
Total Outstanding	\$ 19,635	\$ 5,735	100.0%	Total Outstanding	\$ 20,991	\$ 6,023	100.0%	Total Outstanding	\$ 22,552	\$ 6,577	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 \$438 million in ABS and \$27 million in CDO net par.
⁴ Consists of \$93 million in SSR net par.

Syncora Capital Assurance Inc.

Q3 2016				Q2 2016				Q1 2016			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 3,093	\$ 3,051	17.9%	California	\$ 3,181	\$ 3,138	16.8%	California	\$ 3,309	\$ 3,267	15.9%
New York	1,652	1,652	9.7	New York	1,721	1,721	9.2	New York	1,900	1,900	9.2
Texas	685	685	4.0	Texas	851	851	4.6	Texas	950	950	4.6
Florida	783	683	4.0	Florida	795	695	3.7	Florida	797	697	3.4
Virginia	640	640	3.8	Virginia	642	642	3.4	Virginia	642	642	3.1
Colorado	545	545	3.2	Colorado	553	553	3.0	Colorado	554	554	2.7
Georgia	458	458	2.7	Washington	503	503	2.7	Washington	509	509	2.5
District Of Columbia	449	449	2.6	Georgia	474	474	2.5	Georgia	475	475	2.3
Tennessee	365	365	2.1	District Of Columbia	453	453	2.4	District Of Columbia	462	462	2.2
Alabama	362	362	2.1	Ohio	407	407	2.2	Illinois	444	444	2.2
Ohio	348	348	2.0	Tennessee	376	376	2.0	Alabama	435	435	2.1
Illinois	311	311	1.8	Alabama	375	375	2.0	Pennsylvania	434	434	2.1
Washington	310	310	1.8	Illinois	368	368	2.0	Ohio	431	431	2.1
Pennsylvania	294	294	1.7	Pennsylvania	334	334	1.8	Tennessee	406	406	2.0
New Jersey	289	289	1.7	New Jersey	313	313	1.7	New Jersey	320	320	1.6
South Carolina	267	267	1.6	South Carolina	269	269	1.4	South Carolina	289	289	1.4
Massachusetts	250	250	1.5	Puerto Rico	263	263	1.4	Massachusetts	269	269	1.3
Maryland	240	240	1.4	Massachusetts	260	260	1.4	Maryland	267	267	1.3
Puerto Rico	238	238	1.4	Maryland	243	243	1.3	Puerto Rico	265	265	1.3
Missouri	204	204	1.2	Missouri	208	208	1.1	Missouri	229	229	1.1
Arizona	173	173	1.0	Arizona	204	204	1.1	Arizona	214	214	1.0
Other ¹	1,777	1,777	10.4	Indiana	187	187	1.0	Other ¹	2,421	2,421	11.8
Non-PF Multi ^{2,3}	335	335	2.0	Other ¹	1,932	1,932	10.4	Non-PF Multi ²	1,090	1,090	5.3
Total United States	\$ 14,068	\$ 13,925	81.8%	Non-PF Multi ²	693	693	3.7	Total United States	\$ 17,113	\$ 16,971	82.4%
				Total United States	\$ 15,605	\$ 15,463	83.0%				
International				International				International			
United Kingdom	\$ 2,210	\$ 2,210	13.0%	United Kingdom	\$ 2,276	\$ 2,276	12.2%	United Kingdom	\$ 2,454	\$ 2,454	11.9%
New Zealand	517	517	3.0	New Zealand	507	507	2.7	New Zealand	491	491	2.4
Other ¹	377	377	2.2	Other ¹	380	380	2.0	Netherlands	306	306	1.5
Total International	\$ 3,104	\$ 3,104	18.2%	Total International	\$ 3,163	\$ 3,163	17.0%	Total International	\$ 3,629	\$ 3,629	17.6%
Total Outstanding	\$ 17,172	\$ 17,030	100.0%	Total Outstanding	\$ 18,768	\$ 18,626	100.0%	Total Outstanding	\$ 20,742	\$ 20,599	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 \$335 million in CDO net par.

Investment Portfolio

As of September 30, 2016

(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	\$ 128.4 14.8%
Cash and Cash Equivalents	\$ 49.0	5.6%	1 to 5 Years	510.4 58.8%
Short-Term Investments	32.5	3.7%	5 to 10 Years	92.4 10.7%
Total Cash and Short-Term Investments	81.5	9.4%	Due after 10 Years	2.7 0.3%
Debt Securities			Mortgage and asset-backed securities	133.9 15.4%
MBS/ABS	133.9	15.4%	Total	\$ 867.8 100.0%
U.S. Government	155.6	17.9%	Yield to Maturity @ Book Value	2.2%
Corporate	484.1	55.8%	Yield to Maturity @ Market Value	1.8%
States & Political Subs	12.7	1.5%	Duration (years)	2.9
Total Long-Term Fixed Maturity	786.3	90.6%		
Total	\$ 867.8	100.0%		

Notes:

- Excludes \$68.2 million of uninsured cash flow ("UCF") securities
- Excludes \$9.3 million of other remediation-related securities
- Excludes \$6.9 million of common stocks
- Excludes \$4.3 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 133.5	15.4%
AA	262.2	30.2%
A	189.3	21.8%
BBB	218.4	25.2%
BB & below and Not Rated	64.5	7.4%
Total	\$ 867.8	100.0%
Average credit quality	A	

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	\$ 58.6 18.7%
Cash and Cash Equivalents	\$ 52.9	16.9%	1 to 5 Years	29.8 9.5%
Short-Term Investments	5.2	1.7%	5 to 10 Years	66.3 21.2%
Total Cash and Short-Term Investments	58.1	18.6%	Due after 10 Years	27.0 8.6%
Debt Securities			Mortgage and asset-backed securities	130.9 41.9%
MBS/ABS	130.9	41.9%	Total	\$ 312.6 100.0%
U.S. Government	11.5	3.7%	Yield to Maturity @ Book Value	2.7%
Corporate	96.0	30.7%	Yield to Maturity @ Market Value	2.3%
States & Political Subs	16.1	5.1%	Duration (years)	4.0
Total Long-Term Fixed Maturity	254.5	81.4%		
Total	\$ 312.6	100.0%		

Notes:

- Excludes \$48.8 million of uninsured cash flow ("UCF") securities
- Excludes \$34.2 million of other remediation-related securities
- Excludes \$2.6 million of preferred stocks
- Excludes \$30.8 million of common stocks and alternative investments
- Excludes \$3.0 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 96.6	30.9%
AA	100.9	32.3%
A	37.3	11.9%
BBB	62.3	19.9%
BB & below and Not Rated	15.5	5.0%
Total	\$ 312.6	100.0%
Average credit quality	A+	