

November 18, 2008

Research Update:

Syncora Guarantee Inc. Rating Cut To 'B' From 'BBB-'; On Watch Developing

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Rationale

On Nov. 18, 2008, Standard & Poor's Ratings Services lowered its financial strength rating on Syncora Guarantee Inc. to 'B' from 'BBB-'. The rating remains on CreditWatch, with the implications revised to developing from negative.

At the same time, Standard & Poor's suspended its ratings on public finance and corporate transactions insured by Syncora that do not have an underlying public rating (SPUR).

The downgrade is the result of the company's delay in implementing its restructuring plan and slow progress in its negotiations with counterparties of its collateralized debt obligation of asset-backed securities exposure.

If management is not successful in its negotiations to develop strategic alternatives for problematic credits in its insured portfolio, we believe the financial position of the company would be impaired to a point that could lead to regulatory intervention, in which case the rating could go lower. If management is successful in its negotiations and presents a reasonably viable strategy for the company, the rating could go higher.

A SPUR is our opinion of the creditworthiness of an underlying issuer or transaction, that is, the capacity to pay debt service on a debt issue in accordance with its terms, without considering an otherwise applicable bond insurance policy. The SPUR, once assigned, is subject to surveillance by Standard & Poor's and as it is a stand-alone rating, it is not affected by a change in the credit enhancer's rating.

Lists of the ratings that have changed as a result of these actions will be posted at www.spviews.com. Go to the left-hand navigation bar and click on "Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing; we may publish additional ratings changes.

Ratings List

Downgraded; CreditWatch Action

	To	From
Syncora Guarantee Inc.		
Syncora Guarantee U.K. Ltd.		
Issuer Credit Rating		
Local Currency	B/Watch Dev	BBB-/Watch Neg
Financial Enhancement Rating		
Local Currency	B/Watch Dev	BBB-/Watch Neg

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Financial Strength Rating		
Local Currency	B/Watch Dev	BBB-/Watch Neg
Twin Reefs Pass-Through Trust		
Senior Unsecured (1 issue)	CCC-/Watch Dev	B+/Watch Neg
Not Rated Action		
	To	From
Syncora Guarantee Re Ltd.		
Issuer Credit Rating		
Local Currency	NR	BBB-/Watch Neg
Financial Enhancement Rating		
Local Currency	NR	BBB-/Watch Neg
Financial Strength Rating		
Local Currency	NR	BBB-/Watch Neg

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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