MODERATOR:

Good morning and welcome to the Syncora Holdings Ltd. August 12, 2016 Strategic Update call. Please note that all participants are in a listen-only mode for the duration of the call, a replay of which, together with the Company's prepared remarks, will be posted to the investor relations section of the Company's website.

It is now my pleasure to introduce James Lundy from Syncora Holdings.

JAMES LUNDY:

Good morning, and thanks for joining the call today. I'm James Lundy, Syncora's General Counsel and Secretary.

With me today are, Susan Comparato, Syncora's Chief Executive Officer … and Claude LeBlanc, Syncora's Chief Financial Officer and Chief Restructuring Officer.

During our call, reference is going to be made to a presentation that has been posted to the Investor Relations section of our website, specifically on the Investor Events page.

On Monday the Company issued press releases announcing the successful completion of the exchange offer transaction and the results of the Company's preference shareholder meeting. These releases were posted to our website. We hope you've had an opportunity to review them.

As the moderator indicated, please note that this is a listen-only call, we will not be holding a Q&A session after our remarks, however, throughout this presentation, we intend to address shareholder questions we received over the last few weeks. Finally, as the moderator indicated, we will be posting a replay of this call, together with our prepared remarks, to the Investor Relations section of our website.

SLIDE 1

Turning to slide one of the presentation, I am obliged to provide you with some disclosure language, so please note that the following discussion contains statements about future results, plans and events that may constitute "forward-looking" statements. You are cautioned that these statements are not guarantees of future results, plans or events, and such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control.

These risks and uncertainties include, but are not limited to, the factors described in the Company's historical filings with the New York Department of Financial Services, which we will refer to as the NYDFS, and in the Company's, Syncora Guarantee Inc.'s and Syncora Capital Assurance Inc.'s GAAP and statutory financial statements posted on its website at www.syncora.com.

Readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made.

With that, let me now introduce Syncora Holding's CEO – Susan Comparato.

SUSAN COMPARATO:

SLIDE 2

Thank you, Jim. I want to thank everyone for joining the call – both those of you who have been Syncora stakeholders for many years as well as others who have recently come on board.

We are very pleased to have announced earlier this week the successful completion of the exchange offer for SGI's surplus notes and proxy solicitation for the variation of the terms of the SHL Series A Preferred Shares. We expect the transaction to settle later today and in connection with the closing, SGI will make a payment of $55 million to externally held or third party SGI surplus noteholders. We believe that the culmination of this transaction will fundamentally transform Syncora's capital structure and financial platform. While the insurance platform continues to be a very important part of our future, SHL now has more of an opportunity to create additional value through potential new business opportunities.

slide 2 details the areas Claude and I will address on today's call. Most importantly, we want to spend the majority of the presentation discussing the transaction itself and what it means for Syncora's future.

SLIDE 3

Turning the page to slide 3 listing the transaction highlights, you can see that Syncora entered into a transaction support agreement on June 30th and launched the exchange offer and proxy solicitation just a week later on July 8th.

Last Friday, August 5th, we obtained approval for the entire transaction from our regulator, the NYDFS, and on the same day, the exchange offer expired having exceeded the minimum threshold of required participation by the SGI surplus noteholders.

Then this past Monday, August 8th, we held a Special General Meeting of SHL preferred shareholders. The Company received proxies far above the levels required for an amendment to the terms of the SHL Series A Preferred Shares.

And finally, as I mentioned a few moments ago, today the transaction will settle and, in connection with the closing, SGI will make the payment approved by the NYDFS for 2016 on its externally held surplus notes, to holders of record as of noon today.

This transaction is the culmination of ***many*** years of hard work by Syncora's board and its management team and employees, and we would like to thank all those stakeholders who participated in the exchange and/or conversion and those who have supported us during challenging times.

We are pleased about what this transaction means for the Company, especially against the backdrop of where Syncora started, what we have been trying to achieve, and how the transaction has put us in a position to look positively to the future.

SLIDE 4

Moving to slide 4, I would like to remind everyone of the Company's strategic goals and the challenges we have been facing.

In particular the graphic provides a refresher on the strategic goals we have been pursuing for the last few years. The overarching goal has always been, and continues to be, one of maximizing value for all stakeholders. The more specific goals are as follows: First, an overriding goal of achieving financial stability for the insurance platform. Second, an emphasis on enhancing financial and operating flexibility for the Syncora entities. And finally, the goal of finding ways to initiate new businesses that can be sustainable sources of economic and strategic value.

SLIDE 5

It is also important to note that while we established these goals, and we have been pursuing them over the years, we recognized that we had several major challenges to address.

Turning now to Slide 5, these challenges include the following: First, post the financial crisis, Syncora had a very complex, over-levered capital structure with several layers of securities standing between the insurance entities and SHL's common equity holders. More specifically, the SHL Common Shares were structurally subordinate to the SHL Preferred Shares as well as to SGI, which has obligations first to its policyholders, and then to its security holders – the SGI surplus noteholders and SGI preferred shareholders. We believe that this complex capital structure was a significant factor in SHL common shares being very illiquid.

Second, for many years, our insurance portfolio continued to see adverse development, putting downward pressure on surplus and resulting in limited liquidity at the insurance entities in light of anticipated future obligations. While we have been very successful in remediating and reducing certain high risk credit exposures, problems with respect to certain credits have been ongoing. Further, with the insurance entities being restricted from paying any distributions, SHL had limited resources and limited liquidity.

Another challenge is the fact that no payments have been made on SGI's outstanding surplus notes since their issuance in 2009. In short, the accretion of the interest on SGI's surplus notes was steadily eroding the value available to the securities that are lower in the Company's capital structure.

Next, while Syncora Holdings U.S. Inc. and its consolidated subsidiaries have significant net operating losses, or NOLs, generated primarily as a result of the financial crisis, these NOLs were primarily for SGI's benefit.

That is, the NOL value was trapped, largely unused, in the pre-transaction structure of the Company, and absent steps taken by the Board and management, it was estimated that a significant portion of the NOLs would have expired unutilized.

Finally, I mentioned earlier that SHL had limited liquidity. Due to its complicated capital structure and certain other weak fundamentals, SHL had been unable to raise any meaningful third party capital to maintain its operations and explore future opportunities.

The combination of these challenges has been substantial, and while we have certainly made significant progress on a number of them over the last few years, we were fully aware that we needed to execute on a more comprehensive transaction in order to effectively position the Company for the future.

SLIDE 6

I would ask you to turn to slide 6 which provides a brief summary of the key goals we have achieved.

First, and very important for our go forward strategy and value creation for our stakeholders, completion of the exchange offer has resulted in a simplification of Syncora's capital structure, with the elimination of the SHL preferred shares and a reduction in the amount of surplus notes outstanding by $30 million.

Second, and tied to the point just discussed, the transaction has significantly de-levered the overall platform.

Third, and again of particular importance given one of the challenges that I mentioned a few minutes ago, Syncora has improved its overall financial condition, through various settlements, commutations and other liquidity and surplus enhancing measures, leading to a more stabilized platform.

Fourth, the transaction allows the Company to protect, preserve and enhance its significant NOLs which are a material asset of the business.

And finally, we believe Syncora is now better positioned to be able to raise new capital and pursue new business opportunities.

With that context, I want to turn the call over to Claude to discuss the specifics of the transaction and what it means to our various stakeholders, as well as the Company's go forward strategy.

CLAUDE LEBLANC:

Thank you Susan and good morning everyone.

SLIDE 7

If you can turn to slide 7, this is a depiction of Syncora's capital structure pre-transaction, together with an overlay of the transaction's principal effects.

I'd now like to walk you through each step of the transaction as outlined on the slide.

Step 1 - SGI's third party participating surplus noteholders are exchanging $70 million of the total amounts owed on their surplus notes (including accrued and unapproved interest), for 20% of SHL's common shares on a pro forma fully-diluted basis after giving effect to the transaction. The participation level for third party surplus noteholders in the exchange offer was 99.8%, showing strong support well in excess of the minimum required threshold. According to the terms of the exchange offer, participating noteholders will increase their pro rata discount to cover the 0.2% non-participating holders in order for the Company to obtain the full $70 million discount required under the exchange offer.

Steps 2a and 2b address the $165 million liquidation preference of SHL's preferred shares held by third parties. These shares will convert into, (a) 15% of SHL's common shares, again on a pro forma fully-diluted basis, after giving effect to the transaction – this is referred to as step 2a. and (b) $40 million of the total amounts owed under the SGI surplus notes received in the exchange offer with SGI's surplus noteholders – this is referred to as step 2b.

Moving on to steps 3a and 3b, there are two security reductions. Step 3a is the ultimate elimination in the transaction of approximately $85 million liquidation preference of preferred shares held by SGI's wholly owned subsidiary SSH. And step 3b is the ultimate cancellation by SGI of $30 million of SGI's surplus notes received in the exchange with SGI's surplus noteholders.

Moving to the left of the slide and step 4, the Company amended its existing tax sharing agreement to reallocate $1.75 billion of SGI's excess NOLs, to SHI for its future use and benefit. The amendment also provides for contractual protection measures to SGI and its subsidiary, SCAI.

Finally, in terms of this illustration, as approved by the NYDFS, SGI today will make a full year 2016 cash payment of $55 million on amounts due to third party surplus noteholders – this is referred to as step 5. The amount will be allocated, pro rata, among SGI's short- and long-term surplus noteholders based on the amount of principal, including paid-in-kind interest, and accrued and unapproved interest on such amounts after giving effect to the discount and the exchange with the SHL preferred shareholders. It is significant to note that this cash payment of $55M is the first payment on SGI's surplus notes since they were issued. Looking ahead, the Company will continue to request approval from the NYDFS for payment on SGI's surplus notes, the next such request being June 2017.

I should also point out that not included on this slide are various other NYDFS approvals we obtained, including statutory accounting relief that may make it possible for SGI to pay dividends in the future. While there are still several meaningful hurdles to the payment of distributions—such as the requirement that all surplus notes are paid in full and that certain principal and interest policies issued by SGI in respect of SCAI's obligations are no longer outstanding—this change is important in that it may allow SGI at some point in the future to request the payment of dividends.

The transaction also involves some governance related changes, which Susan will address later in the presentation.

SLIDE 8

Slide 8 illustrates the Company's capital structure post transaction. In summary the principal changes are as follows:

1) a 35% increase in new common shares issued to existing SGI surplus noteholders and SHL preferred holders, each on a fully diluted basis;
2) the reallocation of $1.75 billion of NOLs to SHI;
3) the elimination of all SHL preferred shares; and
d) an overall net reduction in the amount owed on SGI surplus notes by $85 million following the $55 million payment on the notes later today.

SLIDE 9

Moving ahead, slide 9 provides a more detailed analysis of the Company's post transaction capitalization and debt service payment.

While I won't try to cover all the detail on this page, I wanted to point out certain key movements in the capital structure resulting from the transaction. Focusing on the circles in this table –the first 3 rows we show the breakdown of the two surplus notes and the third party total surplus note balance declining from a pre transaction amount of $880 million to $795 million post transaction. This reflects the $55 million debt service payment which we will review on the following slide, in addition to the net $30 million discount captured in the transaction.

On the 5th row from the top, we show the decline of the SHL preferred shares from $250 million in total, or $165 million excluding the Syncora owned shares pre transaction to ‘zero’ post transaction.

On the bottom row of this table, we show the effects of the 35% new SHL equity issued in connection with this transaction, resulting in the Company’s outstanding common shares increasing from approximately 56.3 million pre-transaction to approximately 86.6 million post transaction. As a result of the increase in the number of shares outstanding, the relevant number of shares for purposes of applying the Section 382 transfer prohibitions under the Company’s bye-laws will increase from approximately 2.75 million shares to approximately 4.3 million shares. An updated notice with this information has been posted on our website this morning.

SLIDE 10

Continuing on slide 10, the top table provides you with a step through analysis of the surplus note discount calculation as well as the debt service payment allocation for each of the short term and long term notes.

The bottom table on slide 10 provides you with a breakdown of payment allocations for each of the notes. As you can see from this schedule, once payments have been allocated between notes based on total outstanding amounts, the payment for each note is in turn allocated first to unapproved amounts, which excludes any amounts accrued since the last scheduled payment date on June 27, 2016, prorated by note component. In the case of the short dated note, this includes principal, PIK and unapproved interest. In the case of the long dated note which only begins to amortize in 2018, the full amount is allocated to unapproved interest.

SLIDE 11

Before I discuss the key benefits of the transaction, I would like to move to slide 11 and highlight one of two additional key elements that is derived from the transaction, and one that I believe may be of great interest to many of you on the call – Susan will cover the second in a moment.

While we are not an SEC registrant, over the years we have been continually increasing our communications with investors, and subsequent to this transaction we will continue to expand these actions. Specifically, we will commence regular quarterly GAAP earnings calls following the release of our second quarter GAAP financial statements.

Commencing with the release of our second quarter GAAP financial results, we will also provide expanded disclosure of our GAAP loss reserves as well as enhanced portfolio disclosures for all credits with net par exposure greater than $40M.

I should point out however, that certain credits may be anonymized for confidentiality reasons or to facilitate our continued risk reduction and remediation efforts. We look forward to engaging with our investors on a more frequent basis going forward.

I would now like to turn the call back to Susan who will address the latest developments in the area of governance.

SUSAN COMPARATO:

Thanks Claude.

SLIDE 12

Turning to slide 12, I would like to briefly review the governance changes that have arisen as part of this transaction.

As Claude has highlighted, in the various exchanges and conversions, the SGI surplus noteholders and SHL preferred shareholders each received a significant amount of new common equity – a total of 35%. As part of their increased ownership, stakeholders who signed the Transaction Support Agreement, the TSA Parties, received the one-time right to nominate a total of three directors to SHL's board. Each such director will have the right to serve a three-year term and is required to be "independent" as defined by the NYSE listing rules. Further, the new directors may only receive compensation and indemnification from Syncora.

In addition, these three independent directors will each have an opportunity to serve on one of the following three committees – Compensation, Nominating & Governance, and Finance & Risk Oversight.

Any director nominated by the TSA Parties will need to be vetted pursuant to Syncora's customary SHL board approval process. The NYDFS will also be required to review and approve any candidates. While we are hopeful that the appointment process will be quick, the three independent board members will have customary board observer rights until their appointment is official. At this time we have not received any nominations from the TSA Parties, but expect them to be provided to us shortly.

You may be wondering what these governance changes mean for SHL's board.

Prior to the transaction, SHL had a total of 12 directors, including me as the sole management member and two directors who were nominated and elected by the SHL preferred shareholders. As a result of the transaction, the SHL preferred shares will be eliminated, so these latter two board seats will also be eliminated. But three new board seats are being provided to the TSA Parties so, as a result, post transaction SHL's board will increase by one. That is, a total of 13 directors, 2 of which are nominated by the SGI surplus noteholders who are TSA Parties and 1 of which is nominated by the SHL preferred shareholders who are TSA Parties as well.

I should point out that our two insurance subsidiaries have their own boards of directors, and we do not expect to add new board members to either of the SGI or SCAI boards.

We look forward to working with our new stakeholders and the new directors who will join the SHL board in the coming weeks or months.

I would now like to turn it back to Claude to discuss the key benefits of the transaction, what it means to our stakeholders and to provide you with some further details on our strategic plan.

<u>CLAUDE LEBLANC:</u>

Thank you again Susan.

SLIDE 13

Moving to slide 13, as I have previously discussed, the transaction has significantly de-levered the Company's capital structure and we expect all securities across the capital structure to materially benefit from this de-levering.

Second, SHL is in a ***much*** better position to raise capital. It has a far simpler capital structure, with no preferred securities outstanding. Accordingly, we believe that SHL is now better positioned to raise capital from both existing and new investors.

Third, the transaction has been an essential step in Syncora enhancing, preserving and protecting an important asset, its NOLs. These losses can now be used more broadly in the Syncora enterprise. It is important to note, however, that the NOLs reallocated for use by SHI are well in excess of what we believe SGI will need for its future ordinary course operations, and that SGI and SCAI materially benefit from protective contractual covenants set forth in the Amended and Restated Tax Sharing Agreement.

Fourth, over the years and as we have announced in press releases more recently, we have completed a number of liquidity and surplus enhancing measures which have materially improved SGI's ability to meet its future payment obligations. We believe the completion of these enhancing measures was a necessary precursor to the NYDFS' approval of the payment on the SGI surplus notes.

Fifth, we believe that various components of the transaction, including the cross holding of securities, may foster a stronger alignment of interest among the Company's various stakeholders. We believe that the simplified capital structure and improved alignment of interests of stakeholders should allow for a more consistent and unified vision of the Company's future. We are hopeful this will in turn enhance Syncora's ability to pursue its go forward strategy of maximizing value for all stakeholders.

Next, we are very pleased that SGI has been granted permission to make a payment on its surplus notes. The significance of this is that while the NYDFS must approve any future payments, if SGI is able to make payments on a regular basis, the ongoing accretion on the surplus notes will be mitigated, creating greater value for stakeholders junior to the surplus notes.

Lastly, SGI has received regulatory permission to offset its negative earned surplus against its gross paid in and contributed surplus. SCAI also received a similar permission. This means that SGI may have the ability to pay dividends at some point in the future. While there are many other hurdles that need to be overcome for SGI to be able to do so, including the payment in full of all of its surplus notes, the receipt of these regulatory approvals is nonetheless key to potential future value creation for SHL.

SLIDE 14

Now, I am sure that various stakeholders on this call are wondering how this transaction benefits them. Turning to slide 14, we believe that our policyholders will benefit from a stronger, more stable insurance platform that is better able to meet all of its obligations in a timely manner.

SGI's surplus noteholders will have the benefit of a stronger de-levered insurance entity with an approval of the first payment on its surplus notes which marks a significant milestone for the Company and further benefit from being a subsidiary of a stronger platform with SHL better positioned to potentially access third-party capital.

SGI Twin Reef Preferred Holders also benefit from the de-levered platform, the commencement of payments on surplus notes as well as the removal of unassigned surplus at SGI.

And lastly, we believe that the SHL common shareholders, while diluted as a result of the issuance of 35% of new SHL common shares, have received material benefits from this transaction. As we have discussed, with the significant delevering of the overall platform, which includes the first payment on SGI's surplus notes, if such payments continue, SHL common shareholders will no longer face ongoing accretion of a security that is senior to it. In addition, we believe that as a result of the elimination of the SHL Preferred Shares, SHL is now better positioned to potentially raise funds for future business opportunities and through its wholly owned subsidiary SHI, may have the ability to benefit from the group's net operating losses.

We hope that these improved fundamentals will also result in enhanced trading liquidity for all of Syncora's securities, which has already been observed through materially increased trading volumes since the exchange offer commenced.

SLIDE 15

Having explained the transaction and summarized what it means to the Company and its various stakeholders, I would now like to update you on our strategic plan.

Turning to slide 15, I can confirm that the Company's primary goal remains one of maximizing value for all stakeholders. We expect our future focus will be twofold. First, we plan to continue the active run-off of our insurance platform through a variety of key strategic initiatives. Second, through our improved capital structure and holding company platform, we will seek new growth and value creation activities at SHL.

In connection with our insurance platform, we will seek to continue to increase the value of SHL's investment in both SGI and SCAI by actively managing their assets and liabilities. We expect to achieve this goal in the following manner:

- 1. continue our efforts to remediate our insured exposures.

- 2. remain focused on increasing the Company's capital, financial position, liquidity, and claims paying resources and on reducing its liabilities.

- 3. continue to look for ways to realize maximum value and monetize and/or finance the Company's assets, including litigation recoveries and realizing value from non-core subsidiaries.

- 4. invest prudently and enhance returns from our investments to match our long-term liabilities.

Lastly, we intend to consider other strategic actions and opportunities to enhance SGI and SCAI's current and future value. However, it is important to remember that Syncora is still subject to the Master Transaction Agreement entered into in 2009. While the August 2015 amendment to the MTA provided us with more flexibility, the MTA still prohibits many activities. Most notably, the insurance entities cannot write new business that's insurance business, dispose of all or any material portion of their assets or amend or enter into certain existing or new agreements without requisite consents.

Now moving to the second component of our strategic plan, while we will continue to enhance and focus on the insurance platform, we will also be pursuing potential growth and value creating opportunities at SHL. Our efforts will be focused on our historical business activities of insurance and credit, however, we also intend to explore other businesses opportunities meeting our investment requirements. To pursue such new opportunities, SHL will need to raise new capital without triggering a change of control that would limit our ability to use our NOLs.

Management and the Board plan to begin immediate focus on this expanded component of our strategy by actively exploring and evaluating opportunities to raise capital, develop investment criteria, and ultimately look to source investments and execute on profitable transactions. However, we caution investors that this process can be challenging and will take some time and our focus will be on the quality of investments over immediate results. We look forward to updating you on our progress.

This is the end of our prepared remarks for today but I would like to take this time to thank the New York Department of Financial Services, our co-dealer managers, Moelis and Odeon, and all of our advisers and service providers for their hard work in getting us to the finish line. I look forward to our next call in a few weeks' time. Thank you.

JIM:

Thank you Claude. Ladies and gentlemen, that concludes the Syncora Strategic Update Call. However, as a means of continuing our dialogue, please feel free to reach out to us through our dedicated Investor Relations e-mail, InvestorRelations@scafg.com.

A replay of this call together with our prepared remarks will be available on our website later today.

SHL shareholders will soon be receiving notice of our Annual General Meeting and, as Claude mentioned, we look forward to talking with you again next month. Thank you all for listening.