

Director Independence Standards (as of December 11, 2014)

The Board of Directors of Syncora Holdings Ltd. (the "Company") has adopted the following standards to assist it in making determinations of independence. The Company is no longer NYSE listed but generally follows NYSE Corporate Governance rules which were amended effective January 11, 2013 to tighten the definition of "independent director" by requiring the Affirmative Determination of Independence.

Affirmative Determination of Independence

For purposes of these director independence standards:

No director qualifies as "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the Company's Board of Directors, the Board of Directors must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(B) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

It is not possible to anticipate, or explicitly to provide for, all circumstances that might signal potential conflicts of interest, or that might bear on the materiality of a director's relationship to a Company (references to "Company" would include any parent or subsidiary in a consolidated group with the Company). Accordingly, it is best that boards making "independence" determinations broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with the Company, the Board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. However, as the concern is independence from management, ownership of even a significant amount of stock, is not by itself, a bar to an independence finding.

When considering the sources of a director's compensation in determining his independence for purposes of compensation committee service, the board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the company, a subsidiary of the company, or an affiliate of a subsidiary of the company, in determining his independence for purposes of compensation committee service, the board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the Company's executive compensation.

Employment Relationships

A director will not be deemed to be independent if within the preceding three years:

- Such director
 - is or was an employee of the Company or any of the Company's subsidiaries, other than an interim Chairman or Chief Executive Officer or other executive officer;
 - is a current partner of the Company's internal or external auditor;
 - is a current employee of the Company's internal or external auditor; or
 - was (but is no longer) a partner or employee of the Company's internal or external auditor who personally worked on the Company's audit within that time.
- Any immediate family member of such director
 - is or was an executive officer of the Company or any of the Company's subsidiaries;
 - is a current partner of the Company's internal or external auditor;
 - is a current employee of the Company's internal or external auditor who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or
 - was (but is no longer) a partner or employee of the Company's internal or external auditor who personally worked on the Company's audit within that time.

Compensation Relationships

A director will not be deemed to be independent if within the preceding three years:

- Such director has received during any twelve-month period more than \$120,000 in direct compensation from the Company or any of its subsidiaries other than: (i) director and committee fees; (ii) pension or other forms of deferred compensation for prior service; provided, however, that such compensation is not contingent in any way on continued service; and (iii) compensation received for former service as an interim Chairman or Chief Executive Officer or other executive officer; or
- An immediate family member of such director has received during any twelve-month period more than \$120,000 in direct compensation from the Company or any of its subsidiaries as a director or executive officer other than: (i) director and committee fees and (ii) pension or other forms of deferred compensation for prior service; provided, however, that such compensation is not contingent in any way on continued service.

Commercial Relationships

A director will not be deemed to be independent if:

- Such director is a current employee of another company that has made payments to, or received payments from, the Company or any of its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; or
- An immediate family member of such director is a current executive officer of another company that has made payments to, or received payments from, the Company or any of its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Charitable Relationships

A director will not be deemed to be independent if, within the preceding three years, such director was an executive officer of a tax-exempt organization that received contributions from the Company or any of its subsidiaries in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such tax-exempt organization's consolidated gross revenues; unless the Board determines such relationships not to be material or otherwise inconsistent with a Director's independence.

Interlocking Directorates

A director will not be deemed to be independent if within the preceding three years:

- Such director is or was employed as an executive officer of another company where any of the Company's or its subsidiaries' present executive officers at the same time serves or served on that company's compensation committee; or
- An immediate family member of such director is or was employed as an executive officer of another company where any of the Company's or its subsidiaries' present executives at the same time serves or served on that company's compensation committee.

Other Relationships

For relationships not specifically mentioned above and except as expressly provided for herein, the determination of whether a director has a material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), and therefore would not be independent, will be made by the Board of Directors after taking into account all relevant facts and circumstances.

For purposes of these standards and except as expressly provided for herein, a director who is solely a director and/or a non-controlling shareholder of another company that has a relationship with the Company and/or is, directly or indirectly, a securityholder of the Company will not be considered to have a material relationship based solely on the director's status as a director and/or non-controlling shareholder.

For purposes of the standards set forth above, "immediate family member" means any of such director's spouse, parents, children, siblings, mothers and fathers-in laws, sons and daughters-in-law and brothers and sisters-in-law (other than those who are no longer family members as a result of legal separation or divorce, or those who have died or become incapacitated) and anyone (other than a domestic employee) who shares such director's home.

For purposes of the standards set forth above, references to the “Company” include any parent or subsidiary in a consolidated group with the Company or other such company as is relevant to any determination under the independence standards.

For purposes of the standards set forth above, “executive officer” means the Company’s president, principal financial officer, principal restructuring officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Officers of the Company’s subsidiaries shall be deemed officers of the Company if they perform such policy-making functions for the Company.

These standards shall be interpreted in a manner consistent with the New York Stock Exchange Corporate Governance Rules.

Master Transaction Agreement, dated April 26, 2009

Syncora Holdings Ltd. has three main boards of directors: Syncora Holdings Ltd (“SHL”), Syncora Guarantee Inc. (“SGI”) and Syncora Capital Assurance Inc. (“SCAI”). In connection with the Master Transaction Agreement dated April 26, 2009 among certain Syncora entities and certain CDS Counterparties (as listed in such agreement), the parties agreed to a director selection process and independence standards:

- Certain directors will serve on three boards (the SHL Board, the SGI Board and the SCAI board) and must (i) be “independent” (as generally defined in the corporate governance rules of the listing standards of the New York Stock Exchange) of (A) SHL and its subsidiaries and affiliates and (B) each CDS Counterparty and its subsidiaries and affiliates, (ii) not be a director, officer or employee of SHL or its subsidiaries or affiliates or of any CDS Counterparty or its subsidiaries or affiliates, and (iii) not receive or be entitled to receive compensation or indemnification from any CDS Counterparty or any of its subsidiaries or affiliates; and
- Certain directors will serve on the SCAI board only and must (i) be “independent” (as generally defined in the corporate governance rules of the listing standards of the New York Stock Exchange) of (A) SHL and its subsidiaries and affiliates and (B) each CDS Counterparty and its subsidiaries and affiliates, (ii) not be a director, officer or employee of SHL or its subsidiaries or affiliates or of any CDS Counterparty or its subsidiaries or affiliates, and (iii) not receive or be entitled to receive compensation or indemnification from any CDS Counterparty or any of its subsidiaries or affiliates. The SCAI Board shall have a special committee that shall review and have veto power over transactions between SCAI and any other corporate entity within SHL. Members of the special committee shall not be board members of SHL or SGI.