

**SYNCORA HOLDINGS LTD.
Canon's Court, 22 Victoria Street
Hamilton, HM 12, Bermuda**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
OF SYNCORA HOLDINGS LTD.**

Hamilton, Bermuda

June 30, 2017

TO THE HOLDERS OF COMMON SHARES OF SYNCORA HOLDINGS LTD.:

Notice is hereby given that the annual general meeting of the holders of common shares (the "Shareholders") of Syncora Holdings Ltd. (the "Company") will be held at the offices of Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, on August 1, 2017 at 8:30 a.m. New York City time, for the following purposes:

1. To elect (a) Frederick Arnold and Alan Carr as Class I Directors to hold office until 2019, (b) Robert Mills as a Class II Director to hold office until 2019 and (c) Frederick Hnat and Coleman D. Ross as Class II Directors to hold office until 2020;
2. To appoint PricewaterhouseCoopers LLP, New York, an independent registered public accounting firm as the Company's independent auditor for the year 2017;
3. To refer the determination of the remuneration of PricewaterhouseCoopers LLP, New York to the Audit Committee of the Board of Directors; and
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors of the Company recommends a vote FOR each of Items 1 through 3. The Company will also present the Company's audited consolidated GAAP financial statements for the year ended December 31, 2016 at the annual general meeting pursuant to the Bermuda Companies Act 1981, as amended and the Company's amended and restated bye-laws.

Only Shareholders of record, as shown by the Register of Shareholders and the records of the Depository Trust & Clearing Corporation at the close of business on June 15, 2017, the record date for the Annual General Meeting, are entitled to receive notice of and to vote at the annual general meeting. The proxy statement and accompanying materials are first being mailed to Shareholders on June 30, 2017.

YOU MAY VOTE YOUR PROXY BY TELEPHONE, INTERNET OR MAIL AS DIRECTED ON THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOU MAY ALSO ATTEND THE MEETING AND VOTE IN PERSON. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. YOUR SHARES WILL BE VOTED PURSUANT TO THE INSTRUCTIONS CONTAINED IN THE PROXY STATEMENT. IF NO INSTRUCTION IS GIVEN, YOUR SHARES WILL BE VOTED "FOR" ITEMS 1 THROUGH 3 IN THE PROXY.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on August 1, 2017:

- **Along with the attached Proxy Statement for the Annual General Meeting of Shareholders, we are enclosing our audited consolidated GAAP financial statements for the year ended December 31, 2016.**
- **The proxy statement for Shareholders is also available by clicking the "Proxies" tab under the "Investor Relations" tab at the following link: meetings.syncora.com.**

By Order of The Board of Directors,
/s/ James W. Lundy, Jr.
James W. Lundy, Jr.
Secretary

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SYNCORA HOLDINGS LTD.

**PROXY STATEMENT
(THE "PROXY STATEMENT")
FOR THE ANNUAL GENERAL MEETING OF HOLDERS OF COMMON SHARES
TO BE HELD ON AUGUST 1, 2017**

**IMPORTANT INFORMATION ABOUT THE ANNUAL GENERAL MEETING
AND PROXY PROCEDURES**

The accompanying proxy is solicited by the Board of Directors of Syncora Holdings Ltd. (the "Company") to be voted at the annual general meeting ("Annual General Meeting") of holders (the "Shareholders") of the Company's common shares (the "Shares") to be held on August 1, 2017 beginning at 8:30 a.m. New York City time, at the offices of Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, and any adjournments thereof. This proxy statement and the accompanying materials are first being mailed to Shareholders on June 30, 2017.

The Purpose of the Annual General Meeting

At the Annual General Meeting, the Shareholders will vote in person or by proxy on the following matters as set forth in the notice of the meeting: (1) to elect (a) Frederick Arnold and Alan Carr as Class I Directors to hold office until 2019, (b) Robert Mills as a Class II Director to hold office until 2019 and (c) Frederick Hnat and Coleman D. Ross as Class II Directors, in each case to hold office until 2020; (2) to appoint PricewaterhouseCoopers LLP, New York, as the Company's independent auditor for the year 2017 (the "Independent Auditor"); and (3) to refer the remuneration of the Independent Auditor to the Audit Committee of the Board of Directors.

Presentation of Financial Statements

In accordance with the Bermuda Companies Act 1981, as amended ("Bermuda Companies Act") and Bye-Law 71 of the Company's amended and restated bye-laws (the "Bye-Laws"), the Company's audited financial statements for the year ended December 31, 2016 will be laid before the Shareholders at the Annual General Meeting and are being mailed simultaneously herewith. The Board of Directors of the Company has approved these financial statements. There is no requirement under Bermuda law that these audited financial statements be approved by Shareholders, and no such approval will be sought at the Annual General Meeting.

Shareholders Entitled to Vote at the Annual General Meeting

Shareholders of record as of the close of business on June 15, 2017, the record date for the Annual General Meeting, will be entitled to vote at the Annual General Meeting. As of June 15, 2017, there were 89,811,623 outstanding Shares entitled to vote at the Annual General Meeting, with each Share entitling the holder of record thereof to one vote at the Annual General Meeting (subject to certain limitations and voting cut backs set forth in the Company's Bye-Laws).

Voting Procedures; Quorum

A Shareholder of record can vote their Shares at the Annual General Meeting by attending the meeting and completing a ballot or by proxy in one of three ways: (1) by dating, signing and completing the proxy card and returning it without delay in the enclosed envelope, which requires no postage stamp if mailed in the United States; (2) over the telephone by calling a toll-free number provided on the enclosed proxy card; or (3) electronically via the internet as described in the enclosed proxy card.

The election of each nominee for Director referred to in Item 1 above requires a plurality of the votes cast, the appointment of the Independent Auditor referred to in Item 2 above and the referral of the remuneration of the Independent Auditor referred to in Item 3 above each require the affirmative vote of a majority of the votes cast on such proposal at the Annual General Meeting, in each case provided there is a quorum (consisting of two or more Shareholders present in person or by proxy

representing more than 50% of the issued and outstanding Shares entitled to vote at the Annual General Meeting). Shares owned by Shareholders electing to abstain from voting with respect to any proposal and “broker non-votes” will be counted towards the presence of a quorum but will not be considered votes cast with respect to the election of nominees for Director and other matters to be voted upon at the Annual General Meeting. Therefore, abstentions and “broker non-votes” will have no effect on the outcome of the matters to be voted upon at the Annual General Meeting. A “broker non-vote” occurs when a nominee, such as a broker, holding Shares in “street name” for a beneficial owner, does not vote on a particular proposal because that nominee does not have discretionary voting power with respect to a proposal and has not received instructions from the beneficial owner. A Shareholder of Shares held in “street name” that would like to instruct their broker how to vote their Shares should follow the directions provided by their broker.

Shares Owned by Syncora Guarantee Inc.

In July 2012, Syncora Guarantee Inc. (“SGI”), the Company’s wholly-owned, New York financial guarantee insurance subsidiary acquired all right, title and interest, including, any voting rights and any rights to payments, with respect to 3,044,588 Shares, which currently represents approximately 3.40% of the total outstanding Shares. Such Shares were transferred to, and are currently held by, Syncora Securities Holdings LLC (“SSH”), a Delaware limited liability company jointly held by SGI and Syncora Capital Assurance Inc. As the majority member of SSH, SGI intends to direct SSH to vote such Shares, in favor of the proposals set forth in this Proxy Statement.

Revocation of Proxies

Any Shareholder giving a proxy has the power to revoke it prior to its exercise by: (1) giving notice of such revocation in writing to the Secretary of the Company at Syncora Holdings Ltd., Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda; (2) by attending and voting in person at the Annual General Meeting; or (3) by executing a subsequent proxy, provided that any such action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the votes are taken. Attendance at the Annual General Meeting by a Shareholder who has executed and delivered a proxy to the Company shall not in and of itself constitute a revocation of such proxy.

For shares held in “street name” by a broker, if the Shareholder wishes to change their vote from what they have previously directed their broker to vote, such Shareholder should instruct their broker to change the Shareholder’s vote. Alternatively, if a Shareholder has directed their broker to vote on behalf of the Shareholder but such Shareholder wishes to attend the Annual General Meeting in person, then such Shareholder should obtain a proxy from their broker to attend in person.

Proxy Solicitation

The Company will bear the cost of the solicitation of proxies. Proxies may be solicited by Directors, officers and employees of the Company and its subsidiaries, who will not receive additional compensation for such services. In addition, the Company has retained Georgeson & Company Inc. to assist in the solicitation of proxies for a fee of approximately \$12,000 plus certain other reasonable out-of-pocket expenses and administrative fees. Upon request, the Company will also reimburse brokers and others holding Shares in their names, or in the names of nominees, for forwarding proxy materials to their customers.

Shareholder Proposals for the 2018 Annual General Meeting

Shareholder proposals intended for inclusion in the proxy statement for the 2018 Annual General Meeting should be submitted in accordance with the procedures prescribed by the Bye-Laws and sent to the Company’s Secretary at Syncora Holdings Ltd., Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. Such proposals must be received by March 2, 2018.

Pursuant to the Company’s Bye-Laws, any Shareholder entitled to attend and vote at any Annual General Meeting may nominate persons for election as Directors if written notice of such Shareholder’s intent to nominate such persons is received by the Company’s Secretary at Syncora

Holdings Ltd., Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda not later than 120 days prior to the anniversary date of the immediately preceding Annual General Meeting. Such notice must include the following information about the proposed nominee: (a) name and address of such person to be nominated; (b) a description of all arrangements or understandings between the Shareholder and each nominee and any person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such Shareholder; (c) such other information regarding such nominee proposed by such Shareholder as would be required to be included in a proxy statement filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 (whether or not the Company is then subject to such Regulation); and (d) the consent of each nominee to serve as a Director of the Company, if elected. Such notice must also include information on the Shareholder making the nomination, including such Shareholder's name and address as it appears on the Company's books, a representation that such Shareholder is a holder of record of Shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such nomination and the class and number of Shares of the Company beneficially owned by such Shareholder. The nomination of any person not made in compliance with the foregoing procedures shall be disregarded by the chairperson, if the facts warrant.

Director Compensation and Stock Ownership

As part of its continuing commitment to enhance disclosure, the Company is including information related to Director compensation and share ownership in this Proxy Statement. Prior to 2017, all compensation was cash based. Beginning in 2017, the Nominating & Governance Committee of the Board, which is required, pursuant to its charter, to review Director compensation on an annual basis, recommended a change in the compensation plan for Directors, as described below. These changes were also approved by the Company's Board of Directors. Employees who serve on our Board of Directors receive no additional compensation for service as Directors and do not participate in this revised Director compensation program. Non-employee Directors are also reimbursed for their out-of-pocket board related expenses. All of our non-employee Directors are also independent directors. The table below provides information on our Director scheduled compensation for non-employee Directors for 2016 and 2017. From time to time, Directors may be entitled to additional compensation for service on special strategy and transaction committees.

Nonemployee Director Scheduled Compensation	2016 Amount	2017 Amount
Annual Board Retainer	\$87,000	\$87,000
Annual Retainer to Chairman of the Board	\$60,000	\$60,000
Annual Retainer to Committee Chairman for:		
Audit Committee	\$15,000	\$15,000
Compensation Committee	\$10,000	\$10,000
Nominating and Governance Committee	\$10,000	\$10,000
SCAI Board Special Transaction Committee	\$10,000	\$10,000
Quarterly Board Meeting Fee	\$ 2,000	\$ 2,000
Quarterly Committee Meeting Fee	\$ 1,500	\$ 1,500
Other Fees for:		
Attending Ad-hoc (primarily telephonic) Special Strategy and Transaction Committee meetings	\$ 1,500	\$ 1,500
Attending Ad-hoc (primarily telephonic) Board meetings	\$ 1,250	\$ 1,250
Attending Ad-hoc (primarily telephonic) Committee meetings	\$ 1,000	\$ 1,000

In 2016, the actual aggregate board related fees for our Directors amounted to \$1,608,850. For the six-months ended June 30, 2017, the actual aggregate board related fees for our Directors amounted to \$1,084,500, which includes the payment of the annual retainer. This amount includes a non-recurring payment of \$145,000, paid to the Directors who left the Board of Directors in 2016 and the one Director who left the Board of Directors in 2017.

Several of our Directors also own equity in the Company, as provided in the table below with holdings as of June 28, 2017. These Shares include amounts that were granted prior to 2007 to certain Directors under a prior long-term incentive program, shares received as compensation under the revised compensation plan described below and Shares that were purchased by Directors in open market purchases. All Directors, other than Messrs. Arnold, Carr and Mills, will be required to own at least 50,000 shares of the Company by no later than December 31, 2018. Messrs. Arnold, Carr and Mills will be required to own at least 50,000 shares of the Company no later than December 31, 2019.

<u>Name</u>	<u>Total as of 6/28/2017</u>
Arnold, Frederick	19,835
Carr, Alan	0
Esposito, Mike	264,628
Gibbons, Grant	53,752
Lichten, Robert	70,968
Mills, Robert	60,000
Ross, Coleman	85,588
White, Robert	50,671

Revised Board of Directors Compensation Plan

As described above, the Nominating & Governance Committee and the Board have approved a change in the Company's Director compensation program beginning in 2017. While the amount of the annual retainer, along with the per meeting and committee fees will remain the same, beginning in 2017, the annual retainer will be paid once a year at the start of the year rather than the prior quarterly payment structure. Committee fees and per meeting fees will continue to be paid in cash, as in past years, on a quarterly basis. In addition, for the annual retainer, Directors will now have the following options with respect to the payment of the retainer: (i) 100% of the retainer payable in stock, (ii) 100% payable in cash or (iii) 50% payable in cash and 50% payable in stock. Any Director who elects to receive all or a portion of the retainer in stock would be required to hold any such shares for one year from the date of acquisition.

Board of Directors Incentive Plan

In addition to the changes described above, the Nominating & Governance Committee and the Board also approved an incentive plan for eligible Directors. To qualify for the full awards described below a Director must be in service for 2 years commencing in 2017 through, and including, 2018. The eight (8) Directors noted above, plus two (2) independent directors on the board of directors of a subsidiary of the Company, are eligible for this incentive plan. This plan would provide for the payment to all eligible Directors of certain amounts, on a pro rata basis, based on the following metrics occurring at any time through December 31, 2019: (i) the Company's common share price maintaining an average of \$4.50 over a ten (10) day trading window period and (ii) the Company receiving regulatory approval to make payments on the surplus notes in the amounts described in the table below. This is a one-time award that may be paid as early as the first quarter of 2019 (provided the above metrics are met at the end of 2018). The plan will expire on December 31, 2019.

<u>Surplus Note Payment</u>	<u>Aggregate Payout in cash for all eligible Directors (to be shared pro rata among eligible Directors)</u>
Less than \$400 million	\$ 0
\$400 million	\$1,000,000
\$500 million	\$2,000,000
\$600 million or more	\$4,000,000

Good Leaver/Completion

Eligible Directors can also receive a pro rata payment under this incentive plan if (i) a Director fails to be re-elected to the Board of Directors at the Company's annual general meeting, (ii) the size of the Board of Directors is reduced for reasons unrelated to the Director's performance or (iii) the voluntary resignation by a Director (not for Cause) that is agreed to by the Board of Directors. For Messrs. Arnold, Carr and Mills, failure to be re-elected at any annual general meeting, prior to the expiration of their respective contractual 3 year term, will not interrupt the term of their Board service pending their re-appointment to the Company's Board of Directors to fulfill such contractual requirement.

Director Remuneration

We have also included the amounts paid to our Directors in 2016 and for the six months ended June 30, 2017 in the table below.

DIRECTOR REMUNERATION SCHEDULE

Name	2016 Compensation Received	2017 Compensation Received**
Arnold, Fred	\$ 40,550	\$ 100,750
Carr, Alan	112,500	101,750
Esposito, Michael	218,250	147,750
Fitzgerald, William*	126,250	NA
Gibbons, Grant	127,500	106,250
Hennes, Duncan*	122,500	NA
Lichten, Robert	159,000	120,250
Mills, Robert	40,550	100,000
Norsworthy, Thomas*	142,500	39,750
Ross, Coleman	152,000	121,000
Shippee, Robert*	136,750	NA
Wells, Spencer*	110,000	NA
White, Robert	120,500	102,000
Subtotal	\$1,608,850	\$ 939,500
Payment to Departing Board Members	0	\$ 145,000
Grand Total	\$1,608,850	\$1,084,500

* No longer serving on the Board of Directors as of the date hereof.

** For six-month period from January 1, 2017 to June 30, 2017, which includes payment of the annual retainer, which, for some directors, may include stock granted on March 31, 2017 in lieu of cash.

**MATTERS SCHEDULED TO BE VOTED ON AT THE
ANNUAL GENERAL MEETING TO BE HELD ON AUGUST 1, 2017**

I. ELECTION OF DIRECTORS

At the Annual General Meeting, five Directors are to be elected to hold office until the dates described in this Proxy Statement. The five nominees are currently serving as Directors and were appointed or elected in accordance with the Company's bye-laws. Unless authority is withheld by the Shareholders, it is the intention of the persons named in the enclosed proxy to vote for the nominees listed below. All of the nominees have consented to serve if elected, but if any becomes unavailable to serve, the persons named as proxies may exercise their discretion to vote for a substitute nominee. The name, age, Board committee, principal occupation and other information concerning each Director are set forth below.

Nominees

Nominees for Class I Directors for terms to expire in 2019

Fred Arnold



Director

Age: 63

Director Since: 2016

Director Class: I

Board Committees:
Compensation

Frederick Arnold has served as a Director since 2016. Under the terms of the Transaction Support Agreement, dated June 30, 2016 (the "TSA"), the Company is contractually obligated to ensure that Mr. Arnold serves a full three year term on the Board of Directors. As a result, if Mr. Arnold fails to obtain the necessary votes in support of his nomination, the Company intends to re-appoint Mr. Arnold to the Board of Directors to satisfy the Company's contractual obligations under the TSA.

Mr. Arnold also currently serves as a member of the post-emergence board of directors of Lehman Brothers Holdings Inc., as a member of the board of directors of Lehman Commercial Paper Inc. and as an independent director and chair of the Nominating and Governance Committee of Corporate Capital Trust. Mr. Arnold has held a series of senior financial positions at private equity-owned portfolio companies. He served as executive vice president, chief financial officer and a member of the executive committee of Capmark Financial Group Inc., from September 2009 to January 2011. From February 2006 to September 2007, he served as executive vice president of finance for Masonite Corporation. While at Willis Group from 2000 to 2003, Mr. Arnold held the positions of chief financial and administrative officer of Willis North America, group chief administrative officer of Willis Group Holdings Ltd. and executive vice president of strategic development for Willis Group Holdings Ltd. He also served as a member of the Willis Group executive committee. Prior to these roles, Mr. Arnold spent 20 years as an investment banker, primarily at Lehman Brothers and Smith Barney, where he served as managing director and head of European corporate finance. Mr. Arnold received a Juris Doctor from Yale University, Master of Arts from Oxford University and an undergraduate degree, summa cum laude, from Amherst College.

Alan J. Carr



Director

Age: 47

Director Since: 2014

Director Class: I

Board Committees:
Nominating and Governance

Alan Carr has served as a Director since 2015. Under the terms of the TSA, the Company is contractually obligated to ensure that Mr. Carr serves a full three year term on the Board of Directors. As a result, if Mr. Carr fails to obtain the necessary votes in support of his nomination, the Company intends to re-appoint Mr. Carr to the Board of Directors to satisfy the Company's contractual obligations under the TSA.

Mr. Carr is an investment professional with 20 years of experience working from the principal and advisor side on complex, process-intensive financial situations. He is a founder of Drivetrain Advisors, a fiduciary services firm that supports the investment community in legally- and process-intensive investments as a representative, director, or trustee. He brings a global business perspective to the Board from his work leading financial restructurings for companies in the U.S. and Europe as managing director at Strategic Value Partners, LLC ("SVP") from 2003 to 2013. Prior to joining SVP, Mr. Carr was a corporate attorney at Skadden, Arps, Slate, Meagher & Flom. He holds a B.S. from Brandeis University and a J.D., cum laude, from Tulane Law School.

Nominees for Class II Directors for terms to expire in 2020, except for Mr. Robert Mills for a term to expire in 2019.

Frederick B. Hnat



Director

Age: 55

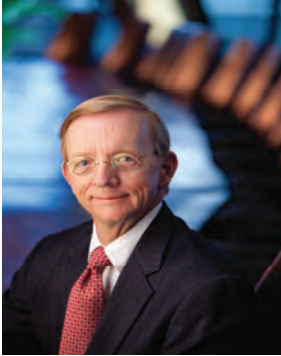
Director Class: II

Board Committees:
None

Mr. Hnat became Chief Executive Officer and President of Syncora Holdings Ltd. after being promoted from the position of Chief Operating Officer on June 1, 2017. Mr. Hnat has held a series of leadership positions at Syncora. He served as General Counsel and Secretary of Syncora Guarantee Inc. (SGI) from 2000 until July 2004 with responsibility for interaction with all regulatory institutions and for legal counsel and guidance for all key business initiatives. After serving as General Counsel for SGI, Mr. Hnat served as Chief Operating Officer of Syncora Guarantee (UK) Limited, where he was also a director. Mr. Hnat is also a member of the board of directors of Swap Financial Group LLC. Mr. Hnat has had primary operational responsibility for the Company with oversight of surveillance and remediation activities.

Prior to joining SGI, Mr. Hnat served for six years as Assistant General Counsel at MBIA Insurance Corporation. Previously, he practiced law with the firms Rogers & Wells (now Clifford Chance) and Mudge Rose Guthrie Alexander & Ferdon. Mr. Hnat received an AB from Princeton University and a JD from Boston University.

Robert Mills



Director

Age: 67

Director Since: 2016

Director Class: II

Board Committees:
Audit

Robert Mills has served as a Director since 2016. Under the terms of the TSA, the Company is contractually obligated to ensure that Mr. Mills serves a full three year term on the Board of Directors. As a result, if Mr. Mills fails to obtain the necessary votes in support of his nomination, the Company intends to re-appoint Mr. Mills to the Board of Directors to satisfy the Company's contractual obligations under the TSA. In addition, although Mr. Mills is designated as a Class II Director, his term will automatically expire on November 30, 2019, under the terms of the TSA, notwithstanding that the term of Class II Directors extends to 2020.

Mr. Mills also currently serves as the chairman of the audit committee of the board of directors of Global Power. From 2010 to April 2015, Mr. Mills held the position of Chief Operating Officer of Assured Guaranty, Ltd., served as a member of the board of directors of each of Assured Guaranty, Ltd.'s five separately regulated insurance companies, and chaired the company's Management Committee. Prior to taking on these responsibilities, Mr. Mills was Assured Guaranty, Ltd.'s Chief Financial Officer, a position he held from 2004. From 1994 to 2004 he served as Chief Operating Officer and Chief Financial Officer of the Americas Region of UBS AG and before that he had a twenty three year career at KPMG, where he was elected to partnership in 1981. Mr. Mills is a Certified Public Accountant and a Certified Global Management Accountant.

Coleman D. Ross



Director

Age: 74

Director Since: 2006

Director Class: II

Board Committees:

Audit (Chair); Compensation;
Nominating and Governance

Coleman D. Ross has been a Director since August 2006. Mr. Ross serves as an independent director of Pan-American Life Mutual Holding Company and its principal subsidiaries (life and health insurance) and previously served as an independent director of NCCI Holdings, Inc. (workers compensation insurance data services) and Omega Insurance Holding Limited (property-casualty insurance and reinsurance). He practiced public accounting for 34 years with PricewaterhouseCoopers, until his retirement in 1999, where he served as an audit partner for major insurance, banking, and other financial services clients and as Chairman and Managing Partner of the Price Waterhouse US insurance practice. He then served as Executive Vice President and Chief Financial Officer of two publicly-traded insurers: Trenwick Group Limited (property-casualty insurance and reinsurance) from 2000 to 2002 and The Phoenix Companies, Inc. (life insurance and asset management) from 2002 to 2003. Mr. Ross earned a degree in business administration from The University of North Carolina at Chapel Hill and masters degrees in economics from Trinity College and financial services from The American College. He is licensed as a Certified Public Accountant in New York and North Carolina and holds the National Association of Corporate Directors designations of Governance Fellow and Board Leadership Fellow.

Your Board of Directors recommends that Shareholders vote FOR all of the nominees.

Continuing Directors

Class III Directors whose terms expire in 2018

Michael P. Esposito, Jr.



Chairman of the Board

Age: 77

Director Since: 2006

Director Class: III

Board Committees:

Audit and Compensation

Michael P. Esposito, Jr. has been a Director and Chairman of the Board since March 2006. With extensive experience in Board leadership roles at a number of insurance and financial companies, Mr. Esposito provides the Board with broad corporate insight and knowledge. Mr. Esposito served as Chairman from 1995 to 2007, and director from 1986 to 2007, of XL Capital Ltd., a global insurance and reinsurance company. He served as Chairman and a director of Primus Guaranty Ltd from March 2002 to November 2014. He has served as a director of Forest City Enterprises since 1995, and was a director of Annuity & Life Re. Mr. Esposito was Co-Chairman of Inter-Atlantic Capital Partners, Inc. from April 1995 to December 2000. From 1991 to 1995, Mr. Esposito served as Chief Corporate Compliance, Control and Administrative Officer of the Chase Manhattan Corporation, and Executive Vice President and Chief Financial Officer from 1987 to 1991. Mr. Esposito holds a B.B.A. from the University of Notre Dame, and an M.B.A. from New York University.

Dr. E. Grant Gibbons



Director

Age: 65

Director Since: 2006

Director Class: III

Board Committees:

Compensation; Nominating and Governance (Chair)

E. Grant Gibbons, Ph.D., has been a Director since August 2006. Dr. Gibbons has been a member of the Bermuda parliament since 1994. He currently serves as the Minister for Economic Development in the Bermuda Government. He served as the Bermuda opposition shadow Minister of Finance from 1999 to 2006, and the Bermuda Minister of Finance from 1995 to 1998, where he had responsibility for fiscal policy, annual budgets and the regulation of financial services and insurance sectors. He was the Parliamentary Leader of the opposition United Bermuda Party from 2001 to 2006. He is a director of Edmund Gibbons Limited, Chairman of Colonial Group International, Ltd., a privately-held insurance company, and serves as a director of several other private companies. Dr. Gibbons holds a B.S. from Brown University and a Ph.D. from Harvard University. He attended Oxford University as a Rhodes Scholar.

Robert J. White



Director

Age: 70

Director Since: 2008

Director Class: III

Board Committees:

Audit

Robert J. White has been a Director since November 2008. Mr. White was a founder of the Reorganization and Restructuring practice at O'Melveny & Meyers LLP, where he was a leading attorney for 35 years. He previously served as Executive Vice President of Maguire Properties (later MPG Office Trust), a publicly held commercial property REIT. He completed his appointment as Receiver of the Cosmopolitan Resort and Casino in Las Vegas in September 2008. Mr. White has been involved with numerous out-of-court restructurings and bankruptcies, representing debtors, creditors, equity holders and purchasers of assets. Currently, he serves on the board of directors of AloStar Bank of Commerce and SM&A, Inc. Previously he served on a number of other Boards. He holds a B.S. from the University of Illinois Business School and a J.D., summa cum laude, from Michigan Law School. He is a Fellow of the American College of Bankruptcy and a Conferee of the National Bankruptcy Conference, which, among other things, advises members of Congress on potential legislation that would impact the operation of the bankruptcy process.

Robert M. Lichten



Director

Age: 76

Director Since: 2006

Director Class: I

Board Committees:

Compensation (Chair);

Nominating and Governance

Robert M. Lichten has been a Director since August 2006. Mr. Lichten has been Co-Chairman of Inter-Atlantic Group since 1994, and is a member of the firm's investment committee. He has been a director of BOLT Solutions, Inc. (formerly SeaPass Solutions Inc.) since 2006. He also served as Co-Chairman of Guggenheim Securities LLC, formerly Inter-Atlantic Securities Corp., LLC, the former NASD broker-dealer operation of Inter-Atlantic Group, until 2003. Previously, Mr. Lichten was managing director at both Smith Barney Inc. and Lehman Brothers Inc., where he concentrated on capital raising and providing M&A advisory services to financial institutions. He was formerly Executive Vice President of The Chase Manhattan Bank, where for 22 years, he was a senior corporate banker with responsibility for worldwide capital planning. Mr. Lichten also served as Chief of Staff of the Asset-Liability Management Committee and President of The Chase Investment Bank. He is a former trustee of Manhattan College, a former director of Annuity & Life Re (Holdings), Ltd., and a former director and President of the Puerto Rico USA Foundation. Mr. Lichten holds a B.S. from Manhattan College and an M.B.A. from New York University.

II. APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee has appointed, subject to Shareholder approval, PricewaterhouseCoopers LLP as the Company's independent auditor for the year ending December 31, 2017. In accordance with the Bermuda Companies Act, the Board is submitting the appointment of PricewaterhouseCoopers LLP to the Shareholders for approval.

The Board recommends a vote FOR the proposal to appoint PricewaterhouseCoopers LLP as the Company's independent auditor to audit the Company's consolidated financial statements for the year ending December 31, 2017. The persons designated as proxies will vote FOR the appointment of PricewaterhouseCoopers LLP as the Company's independent auditor, unless otherwise directed. A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual General Meeting, with the opportunity to make a statement should he or she choose or be required to do so and is expected to be available to respond to questions, as appropriate.

Your Board of Directors recommends that Shareholders vote FOR the proposal to appoint PricewaterhouseCoopers LLP, New York as the Company's independent auditor.

III. REMUNERATION OF INDEPENDENT AUDITOR

The Audit Committee will determine, subject to Shareholder approval, the remuneration of PricewaterhouseCoopers LLP as the Company's independent auditor for the year ending December 31, 2017. In accordance with the Bermuda Companies Act, the Board is submitting its referral to the Audit Committee of the determination of the remuneration of the independent auditor to the Shareholders for approval.

The Board recommends a vote FOR the proposal to refer to the Audit Committee the determination of the remuneration of PricewaterhouseCoopers LLP as the Company's independent auditor for the year ending December 31, 2017. The persons designated as proxies will vote FOR the referral to the Audit Committee of the determination of the remuneration of PricewaterhouseCoopers LLP as the Company's independent auditor, unless otherwise directed.

Your Board of Directors recommends that Shareholders vote FOR the proposal to refer the remuneration of PricewaterhouseCoopers LLP, New York to the Audit Committee of the Board of Directors.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

The Company's fees for services performed by PricewaterhouseCoopers LLP the Company's independent registered public accounting firm during the years ended December 31, 2015 and 2016 were as follows:

	2015	2016
	(dollars in thousands)	
Audit fees ⁽¹⁾	\$2,855	\$2,554
Audit-related fees ⁽²⁾	175	225
Tax fees ⁽³⁾	1,158	423
All other fees ⁽⁴⁾	173	210
Total	\$4,398	\$3,412

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- (1) Audit fees were for professional services rendered primarily in connection with the audit of the consolidated financial statements and quarterly review and other attestation services that comprised the audits for insurance statutory and regulatory purposes.
 - (2) Audit-related fees were primarily in connection with the Company's restructuring and consultations concerning financial accounting and reporting standards.
 - (3) Tax fees were for professional services rendered for tax compliance and tax assistance in connection with the Company's restructuring and remediation activities.
 - (4) All other fees related to products and services primarily related to access to on-line accounting and research resources and statutory loss reserve certifications.

The Audit Committee has adopted procedures for pre-approving all audit and permissible non-audit services provided by the independent auditor. The Audit Committee will annually review and pre-approve the audit, review, attestation and permitted non-audit services to be provided during the next audit cycle by the independent auditor. To the extent practicable, the Audit Committee or the Chairman of the Audit Committee will also review and approve a budget for such services. Services proposed to be provided by the independent auditor that have not been pre-approved during the annual review and the fees for such proposed services must be pre-approved by the Audit Committee or the Chairman of the Audit Committee. All requests or applications for the independent auditor to provide services to the Company shall be submitted to the Audit Committee or the Chairman of the Audit Committee.

The Audit Committee considered whether the provision of non-audit services performed by the independent auditor is compatible with maintaining the independent auditor's independence during 2015 and 2016. The Audit Committee concluded in 2015 and 2016 that the provision of these services was compatible with the maintenance of independent auditor's independence in the performance of its auditing functions during 2015 and 2016.

OTHER MATTERS

While management knows of no other matters to be brought before the Annual General Meeting, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying proxy form to vote the proxy in accordance with their judgment on such matters. If any matter not proper for action at the meeting should be presented, the persons named in the proxy card will vote against consideration of the matter or the proposed action.

As ordered,

/s/ Frederick B. Hnat

Frederick B. Hnat
President and Chief Executive Officer