

IMPORTANT NOTICE FOR SHAREHOLDERS OF SYNCORA HOLDINGS LTD REGARDING SHARE OWNERSHIP OF 5% OR MORE

At a Special Meeting of the shareholders of Syncora Holdings Ltd (the “**Company**”) held on February 9, 2009, an amendment to the Company’s bye-law 60(2) was proposed and approved, the purpose of which is to restrict transfer of the Company’s securities where such transfer would result in an “ownership change” as described in Section 382 of the Internal Revenue Code (please see this [link](#) for the relevant Proxy Statement and details on the amendment).

Under the Company’s bye-laws, any attempted sale, transfer or other disposition of Company common shares that would either (i) increase the ownership of Company common shares by an existing “Five Percent Shareholder” (which can include not only large holders but also groups of unrelated holders each of whom owns less than 5% of the Company’s common shares), or (ii) result in any person (or group) becoming a Five Percent Shareholder, is prohibited and void at inception in the absence of Board approval. As set out more fully in the bye-laws, the identity and ownership of a “Five Percent Shareholder” is determined under and within the meaning of Section 382 of the Internal Revenue Code and the Treasury Regulations issued thereunder.

As of the close of business on June 22, 2017, there are approximately 86.7 million Company common shares outstanding *for Section 382 purposes*. Accordingly, ownership of approximately 4.3 million Company common shares (the “**Threshold Amount**”), whether directly, by attribution or otherwise under the applicable tax law provisions, would constitute or approach 5% ownership for Section 382 purposes based on the currently outstanding share amount. Please note that the number of Company common shares outstanding *for Section 382 purposes* is not necessarily the same as the number of Company common shares outstanding for other purposes, such as financial statement purposes or Bermuda law purposes, and the difference between the number of shares outstanding for these purposes may fluctuate over time.

Based on these provisions, you should be aware that any shareholder who currently owns (as determined for Section 382 purposes) a number of Company common shares equal to or greater than the Threshold Amount may not acquire, sell, transfer or otherwise dispose of any shares without prior Board approval, and any shareholder who currently owns (as determined for Section 382 purposes) fewer Company common shares than the Threshold Amount may not, without prior Board approval, acquire additional shares such that it accumulates ownership (as determined for Section 382 purposes) of an aggregate number of shares equal to or exceeding the Threshold Amount. Any purported transfer of shares in violation of the foregoing is void ab initio under the Company’s bye-laws.