TRANSACTION SUPPORT AGREEMENT

This TRANSACTION SUPPORT AGREEMENT (including all exhibits and schedules attached hereto, and as may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "***Agreement***"), dated as of June 30, 2016, is entered into by and among:

(i) Syncora Holdings Ltd. ("***SHL***"), Syncora Guarantee Inc. ("***SGI***") and Syncora Holdings US Inc. ("***SHI***" and, together with SHL and SGI, the "***Syncora Parties***");

(ii) the undersigned: (i) hold claims against SGI and SHL under (A) SGI's 5.0% surplus notes due 2011 (the "***Short-Term Surplus Notes***"), (B) SGI's 6.0% surplus notes due 2024 (the "***Long-Term Surplus Notes***" and, together with the Short-Term Surplus Notes, the "***Surplus Notes***") (such claims, the "***Consenting Surplus Notes***" and such holders, the "***Consenting Surplus Noteholders***") and/or (ii) are holders (whether as nominee or otherwise) of SHL's Fixed/Floating Series A Perpetual Non-Cumulative Preference Shares (the "***SHL Preferred Shares***") (such claims, the "***Consenting SHL Preferred Shares***" and such holders, the "***Consenting SHL Holders***"); and

The Consenting Surplus Notes together with the Consenting SHL Preferred Shares are referred to herein as the "***Consenting Securities***" and the Consenting Surplus Noteholders together with the Consenting SHL Holders are referred to herein as the "***Consenting Holders***". For the avoidance of doubt, the terms Consenting Surplus Noteholder and Consenting SHL Holder do not include the Syncora Parties. Each of the Syncora Parties and each of the Consenting Holders are referred to herein as a "Party" and, collectively, as the "***Parties***".

RECITALS

WHEREAS, the Parties have agreed to enter into certain restructuring, recapitalization and related transactions (such transactions, the "***Transactions***") as contemplated by the Term Sheet attached hereto as **Exhibit A** (the "***Term Sheet***");

WHEREAS, as of the date hereof, the Consenting Surplus Noteholders hold, in the aggregate, 83% of the outstanding Surplus Notes;

WHEREAS, as of the date hereof, the Consenting SHL Holders hold, in the aggregate, 85% of the outstanding SHL Preferred Shares;

WHEREAS, the Parties have engaged in arm's length, good faith discussions with the objective of reaching an agreement regarding the Transactions, and desire to express to each other their mutual support and commitment in respect of the matters discussed in the Term Sheet and hereunder.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements, warranties and covenants contained herein, the Parties agree as follows:

Section 1. Agreements of the Consenting Holders and the Syncora Parties.

(a) Each of the Parties shall act in good faith, cooperate with each other and take all reasonable actions necessary to consummate the Transactions contemplated by the Term Sheet in a timely manner.

(b) Each of the Parties hereby covenants and agrees (i) to negotiate in good faith definitive agreements and documents to implement and consummate the Transactions, which shall contain the terms set forth in the Term Sheet, and otherwise be in form and substance reasonably acceptable in all respects to each of the Parties, and (ii) subject to the satisfaction of the terms and conditions set forth therein, to execute such agreements and documents necessary or advisable to effectuate the transactions contemplated by the Term Sheet (to the extent that such Party is contemplated to be a party thereto), it being understood that such definitive agreements and documents shall include, without limitation, (A) without the payment of any consideration whatsoever, a waiver to the master transaction agreement, dated as of April 26, 2009, as amended, among the Syncora Parties and the Consenting Surplus Noteholders, permitting the Syncora Parties to take the actions contemplated by the Term Sheet, including, without limitation, an Amendment to the Tax Sharing Agreement among SHI, SGI, Syncora Capital Assurance Inc. ("***SCAI***") and certain of their domestic affiliates and the Transactions, (B) an exchange offer offering memorandum (the "***Offering Memorandum***") for the exchange offers described in the Term Sheet (collectively, the "***Exchange Offers***"), (C) a proxy with an instruction to vote all of such Consenting SHL Holder's SHL Preferred Shares in favor of the variation of rights of the SHL Preferred Shares (*i.e.*, following Closing, all of the SHL Preferred Shares shall be converted into the SHL Consideration and the SHL Preferred Shares shall cease to exist) and (D) such other agreements and documents as may be necessary or advisable to implement the transactions contemplated by the Term Sheet.

(c) Subject to the satisfaction of the terms and conditions set forth in the definitive agreements and documents contemplated in Section 1(b) of this Agreement, each of the Consenting Holders irrevocably agrees to (a) promptly tender and not withdraw (unless the Exchange Offer shall have been terminated) all (i) Surplus Notes and (ii) SHL Preferred Shares now or hereafter held or controlled in any way whatsoever by such Consenting Holder in the Exchange Offer to effectuate the Transactions contemplated by the Term Sheet in accordance with the terms and procedures set forth in the Offering Memorandum and (b) vote all of such Consenting

Holder's SHL Preferred Shares in favor of a variation of rights of the SHL Preferred Shares.

(d) Subject to Section 4 and receipt of required regulatory approvals, each of the Syncora Parties covenants and agrees to use its commercially reasonable efforts to launch the Exchange Offers and consummate the Transactions as soon as reasonably practicable. Each of the Syncora Parties covenants and agrees to use its commercially reasonable efforts to obtain all required regulatory approvals as soon as reasonably practicable.

(e) Each of the Parties shall use its commercially reasonable efforts to take any and all actions that may be reasonably necessary or advisable to carry out the purposes and intent of this Agreement, and such obligation shall survive consummation of the Transactions.

(f) The Syncora Parties hereby covenant and agree to keep the identity of each Consenting Holder and the amount or number of securities held by such Consenting Holder (including any acquisition of securities of which notice is provided pursuant to Section 3(b) hereof) set forth on the signature page of such Consenting Holder from being disclosed to any other Consenting Holder. For the avoidance of doubt, the Syncora Parties may disclose the amount or number of each type of securities held by Consenting Holders in the aggregate.

(g) In order to facilitate the Transactions, the Syncora Parties hereby covenant and agree to use commercially reasonable efforts to take such actions necessary to permit the transfer of SHL shares contemplated hereby in compliance with the SHL Bye-laws; provided that the Syncora parties intend to request share ownership information in connection with the contemplated exchange necessary to determine the impact of the exchange and share issuance for purposes of section 382 of the Internal Revenue Code of 1986, as amended ("***section 382***")), and if the exchange and share issuance would result, as determined by the board in good faith, in aggregate cumulative "owner shifts" in excess of 38.5 percentage points (as determined under and for the purposes of section 382), then the Syncora Parties will in good faith consult with the Consenting Holders about potential alternatives to the exchange and share issuance to effect the same economic and transaction terms set forth in the Term Sheet.

(h) Each of the Parties hereby covenants and agrees that this Agreement is not, and shall not be deemed to be, an offer to exchange or a solicitation or acceptance of an offer to exchange.

(i) The Syncora Parties shall provide to each of the Consenting Holders: (a) a draft of the Offering Memorandum at least five (5) calendar days prior to the date the Exchange Offers are launched (the "***Launch Date***"), and (b) the opportunity to review

and comment on the terms of the Transactions described in the Offering Memorandum. The Syncora Parties shall consider in good faith all comments on the terms of the Transactions received from the Consenting Holders and to the extent they are reasonably appropriate or necessary, revise the Offering Memorandum in good faith to reflect such comments.

Section 2. Representations of the Consenting Holders and the Syncora Parties. Each of the Consenting Holders, severally and not jointly, and each of the Syncora Parties, jointly and severally, hereby represents and warrants that, as of the date hereof, the following statements are true, correct and complete:

(a) It has all requisite corporate, partnership, limited liability company or similar authority to execute this Agreement and, assuming receipt of approval from the New York Department of Financial Services ("***NYDFS***"), carry out the transactions contemplated by, and perform its obligations contemplated under this Agreement and the execution and delivery of this Agreement and the performance of such Party's obligations under this Agreement have been duly authorized by all necessary corporate, partnership, limited liability company or other similar action on its part.

(b) Assuming receipt of approval from the NYDFS, the execution, delivery and performance by such Party of this Agreement does not violate (i) any provision of law, rule or regulation applicable to it or any of its subsidiaries or (ii) its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries.

(c) This Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms.

(d) If such Party is a Consenting Holder, such Consenting Holder (i) either (A) is the sole legal and beneficial owner of the aggregate principal amount of Consenting Surplus Notes and/or number of Consenting SHL Preferred Shares set forth on its signature page hereto, free and clear of any pledge, lien, security interest, charge, claim, proxy, voting restriction, right of first refusal or other limitation on disposition of any kind, or (B) has sole investment and voting discretion or control with respect to discretionary accounts for the holders or beneficial owners of the aggregate principal amount of Consenting Surplus Notes and/or number of Consenting SHL Preferred Shares set forth on its signature page hereto and has the power and authority to bind the beneficial owner(s) of such Consenting Surplus Notes or Consenting SHL Preferred Shares, respectively, in respect of matters relating to the Transactions contemplated by this Agreement, (ii) has full power and authority to act on behalf of, vote and consent to matters concerning such Consenting Securities in respect of matters relating to the Transactions contemplated by this Agreement and dispose of, exchange, assign and transfer such Consenting Securities, and (iii) has made no prior assignment, sale or

other transfer of, and has not entered into any other agreement to assign, sell or otherwise transfer, in whole or in part, any portion of its rights, title or interests in such Consenting Securities.

(e) If such Party is a Consenting Holder, such Consenting Holder's signature page to this Agreement accurately sets forth, as applicable, (i) the principal amount (including, for the avoidance of doubt, any paid-in-kind interest thereon) of Consenting Surplus Notes, the accrued and unapproved interest amount on Consenting Surplus Notes, (ii) the number of Consenting SHL Preferred Shares held by such Consenting Holder, (iii) the number of SHL Common Shares (as defined in the Term Sheet) held by such Consenting Holder, and/or (iv) the number of Twin Reefs Trust Preferred Securities ("***Twin Reefs Securities***") held by such Consenting Holder, and such amounts constitute the entire principal amount (including, for the avoidance of doubt, any paid-in-kind interest thereon) of Surplus Notes, all accrued and unapproved interest on Surplus Notes, and all SHL Preferred Shares, all SHL Common Shares and all Twin Reefs Securities held by such Consenting Holder.

(f) If such Party is a Consenting Holder, such Consenting Holder (i) has such knowledge and experience in financial and business matters of this type that it is capable of evaluating the merits and risks of entering into this Agreement and of making an informed investment decision, and has conducted an independent review and analysis of the business and affairs of the Syncora Parties that it considers sufficient and reasonable for purposes of entering into this Agreement, and (ii) is either (x) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "***Securities Act***") or (y) an "Institutional Accredited Investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act).

Section 3. Transfers of Consenting Securities.

(a) Each Consenting Holder covenants and agrees that, so long as this Agreement has not terminated in accordance with its terms, it shall not either (1) acquire (or make a binding offer to acquire or agree to acquire), of record or beneficially, by purchase or otherwise any Surplus Notes or SHL Preferred Shares, or any option thereon or any right or interest (voting or otherwise) therein, or (2) sell, transfer, assign or otherwise dispose of any of its Consenting Securities, or any option thereon or any right or interest (voting or otherwise) in any of its Consenting Securities (including, without limitation, any participation therein) (any of the foregoing, a "***Syncora Securities Trade***"), except (i) in accordance with all applicable provisions of SHL's Bye-Laws and applicable law and (ii) with the prior written consent of the Syncora Parties (such consent not to be unreasonably withheld or delayed), and, in the case of a sale, transfer, assignment or other disposition, to a party that (a) is a Consenting Holder, (b) agrees to be bound by this Agreement by executing and

delivering to the Syncora Parties a signature page to this Agreement (a "***Joining Party***") or (c) acquires such Consenting Securities as a Qualified Marketmaker in accordance with Section 3(b). The Syncora Parties shall grant such consent no later than the end of the fourth day following their receipt of written notice of any proposed Syncora Securities Trade that includes all information listed on Exhibit D (which notice, notwithstanding Section 7, need not be given to any other Consenting Holders and provided that the Syncora Parties may reasonably request such other information necessary to evaluate the section 382 impact of the proposed Syncora Securities Trade, but such request shall not extend or restart such four (4) day period) if the Syncora Parties determine in good faith that the proposed Syncora Securities Trade will not result, taking into account the Transactions, in (i) any person (or group) owning for purposes of section 382 (whether directly, indirectly, through attribution or otherwise) in excess of 4.75% of the total number of SHL Common Shares outstanding or (ii) an "owner shift" (as determined under and for purposes of section 382) in excess of the owner shift that would have resulted in the absence of the proposed Syncora Securities Trade. During such four (4) day period, the Syncora Parties shall make their good faith determination (and provide notice of such determination to the applicable Consenting Holder and the proposed trading counterparty) as to whether the proposed Syncora Securities Trade will cause either of the results set forth in the foregoing clauses (i) or (ii).

(b) Other than as set forth in Section 3(a) above, this Agreement shall in no way be construed to preclude any Consenting Holder from acquiring additional Surplus Notes or SHL Preferred Shares (subject in the case of the SHL Preferred Shares to the SHL Bye-Laws and applicable law). Any additional Surplus Notes or SHL Preferred Shares acquired by a Consenting Holder pursuant to Section 3(a) or otherwise shall automatically be deemed to be Consenting Securities of such Consenting Holder and shall be subject to all of the terms of this Agreement. Notwithstanding anything else herein to the contrary, no acquisition of Surplus Notes or SHL Preferred Shares pursuant to Section 3(a) or otherwise may be made by any party within five (5) business days of any expiration date of the Exchange Offer without the Syncora Parties' prior written consent (such consent not to be unreasonably withheld or delayed) and contemporaneous notice to counsel for the Syncora Parties. Notwithstanding anything to the contrary herein, a Qualified Marketmaker (as defined below) that acquires Consenting Securities, subject to Section 3(a), with the purpose and intent of acting as a Qualified Marketmaker for such Consenting Surplus Notes or Consenting SHL Preferred Shares will be required to either (A) agree to be bound by this Agreement (but solely with respect to such Consenting Securities so acquired) and to validly and timely tender such Consenting Securities in accordance with the terms and conditions hereof, by executing and delivering to the Syncora Parties a signature page to this Agreement in the form attached as Exhibit E hereto; notwithstanding anything to the contrary herein, the execution and delivery of such a signature page shall not result in

the Qualified Marketmaker being subject to this Agreement or any of the terms hereof with respect to any other Surplus Notes or SHL Preferred Shares then held or controlled (or subsequently held or controlled) in any way whatsoever by such Qualified Marketmaker, or (B) contemporaneously transfer such Consenting Surplus Notes or Consenting SHL Preferred Shares (by purchase, sale, assignment, participation, or otherwise) to a Consenting Holder or to a Joining Party in accordance with the consent requirements of Section 3(a) above; provided that such transfer shall permit such Consenting Holder or Joining Party, as applicable, sufficient time to validly and timely tender such Surplus Notes or SHL Preferred Shares prior to any expiration date of the Exchange Offer; provided further, that at no time may any Qualified Marketmaker and its affiliates, taken together, hold Surplus Notes, SHL Preferred Shares and SHL Common Shares that would represent more than 4.75% of SHL's fully diluted common shares on a *pro forma* basis, including after giving effect to the Transactions or otherwise, provided further that, to the extent any Consenting Holder is acting solely in its capacity as a Qualified Marketmaker and not with respect to any securities it owns for its own investment purposes that are unrelated to its activities as a Qualified Marketmaker, it may in its capacity as a Qualified Marketmaker transfer any ownership interests in Surplus Notes and/or SHL Preferred Shares that it acquires as a Qualified Marketmaker from a holder that is not a Consenting Holder or Joining Party to any transferee that is not a Consenting Holder or Joining Party without the requirement that such transferee be or become a Consenting Holder or Joining Party, so long as at no time would such Qualified Marketmaker and its affiliates, taken together, hold Surplus Notes, SHL Preferred Shares and SHL Common Shares that would represent more than 4.75% of SHL's fully diluted common shares on a *pro forma* basis, including after giving effect to the Transactions or otherwise. Any purported transfer that does not comply with Section 3 shall be null and void *ab initio.* As used herein, the term "***Qualified Marketmaker***" means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers claims of a Party (or enter with customers into long and short positions in claims against a Party), in its capacity as a dealer or market maker in claims against a Party and (b) is, in fact, regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

(c) Notwithstanding anything to the contrary herein, any acquisition or transfer of Consenting Securities or SHL Common Shares by a Consenting Holder that does not comply with the procedures set forth in this Agreement or SHL's Bye-laws shall be void *ab initio* without the need for further action and the Syncora Parties shall have the right to enforce the voiding of such transfer.

(d) Notwithstanding the foregoing, without the prior written consent of the Syncora Parties (such consent not to be unreasonably withheld or delayed), each of the

Consenting Holders covenants and agrees that it will not acquire (or propose or agree to acquire), of record or beneficially, by purchase or otherwise, or sell, transfer, assign or otherwise dispose of any SHL Common Shares or any option thereon or any right or interest therein (any of the foregoing, a "***SHL Common Share Trade***") from the date hereof until the earlier of Closing or termination of this Agreement pursuant to Section 4 hereof. The Syncora Parties shall grant such consent no later than the end of the fourth day following their receipt of written notice of any proposed SHL Common Share Trade that includes all information listed on Exhibit D (which notice, notwithstanding Section 7, need not be given to any other Consenting Holders and provided that the Syncora Parties may reasonably request such other information necessary to evaluate the section 382 impact of the proposed SHL Common Share Trade, but such request shall not extend or restart such four (4) day period) if the Syncora Parties determine in good faith that the proposed SHL Common Share Trade will not result, taking into account the Transactions, in (i) any person (or group) owning for purposes of section 382 (whether directly, indirectly, through attribution or otherwise) in excess of 4.75% of the total number of SHL Common Shares outstanding or (ii) an "owner shift" (as determined under and for purposes of section 382) in excess of the owner shift that would have resulted in the absence of the proposed SHL Common Share Trade. During such four (4) day period, the Syncora Parties shall make their good faith determination (and provide notice of such determination to the applicable Consenting Holder and the proposed trading counterparty) as to whether the proposed Syncora Securities Trade will cause either of the results set forth in the foregoing clauses (i) or (ii).

Section 4. Termination.

(a) This Agreement may be terminated by the mutual written consent of (i) each of the Syncora Parties and (ii) (A) Consenting Surplus Noteholders holding at least 66 2/3% of the principal amount of the Consenting Surplus Notes held by all Consenting Surplus Noteholders ("***Supermajority Consenting Surplus Noteholders***") or (B) Consenting SHL Holders holding at least 66 2/3% of the total number of shares of SHL Preferred Shares outstanding ("***Supermajority Consenting SHL Holders***") upon written notice to each other Party.

(b) This Agreement shall terminate automatically with respect to all Parties, if the Exchange Offers have not been launched by July 29, 2016, as such date may be extended up to and including August 31, 2016 with the prior written consent of each of the Syncora Parties, the Consenting Surplus Noteholders holding a majority of the principal amount of the Consenting Surplus Notes held by all Consenting Surplus Noteholders ("***Majority Consenting Surplus Noteholders***") and the Consenting SHL Holders holding a majority of the total number of shares of SHL Preferred Shares outstanding ("***Majority Consenting SHL Holders***").

(c) This Agreement shall terminate automatically with respect to all parties if the Transaction shall not have been consummated by 5:00 p.m., New York City time, on August 31, 2016, as such time may be extended up to and including September 30, 2016 with the prior written consent of each of the Syncora Parties, the Majority Consenting Surplus Noteholders and the Majority Consenting SHL Holders, upon written notice to each other Party.

(d) Notwithstanding anything to the contrary herein, following consultation with and receipt of written advice of nationally recognized outside legal counsel, this Agreement may be terminated by SGI in the reasonable good faith exercise by the board of directors of SGI of its fiduciary duties, by delivering to the other Parties a written notice at least five business days prior to the effective date of such termination.

(e) This Agreement may be terminated by the Syncora Parties upon written notice to each of the Consenting Holders, or by the Supermajority Consenting Surplus Noteholders and the Supermajority Consenting SHL Holders upon written notice to SHL, in the event of the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final and non-appealable order making illegal or otherwise materially restricting, preventing, or prohibiting the Transactions contemplated by the Term Sheet in a way that cannot reasonably be remedied by the Syncora Parties or the Consenting Holders within the time period set forth in this Section 4; provided, however, that any Consenting Holder may withdraw from this Agreement upon the issuance of such an order by delivering to the other Parties a written notice of its withdrawal.

Upon any termination of this Agreement in accordance with this Section 4, this Agreement shall cease to be of any further force and effect, except as expressly provided otherwise herein.

Section 5. Amendments and Waivers. This Agreement may be amended only upon written approval of (i) each of the Syncora Parties, (ii) Supermajority Consenting Surplus Noteholders and (iii) Supermajority Consenting SHL Holders; provided, however, that any amendment or waiver to Section 4, this Section 5 and the terms described under the headings "Consenting Surplus Noteholders" and "Consenting SHL Holders" in the Term Sheet (including the payment allocation methodology illustrated in Exhibit C) shall require the prior written consent of each Consenting Holder and the Syncora Parties.

Section 6. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflict of laws that would require or permit the application of the law of any other jurisdiction.

By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in either a state or federal court of competent jurisdiction in the State and County of New York. EACH PARTY HERETO UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO ABOVE.

Section 7. Notices. All demands, notices, requests, consents and other communications under this Agreement shall be in writing, sent contemporaneously to all of the Consenting Holders and the Syncora Parties, and deemed given when delivered, if delivered by hand, or upon confirmation of transmission, if delivered by email or facsimile, to the addresses, email addresses and facsimile numbers set forth on **Schedule 1** hereto.

Section 8. Specific Performance. Each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the event of any such breach the other Parties shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which such Parties may be entitled, at law or in equity.

Section 9. Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such Party.

Section 10. Successors and Assigns; Severability. This Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, estates, administrators and representatives. The invalidity or unenforceability at any time of any provision hereof in any jurisdiction shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof or the continuing validity and enforceability of such provision in any other jurisdiction.

Section 11. Third-Party Beneficiary. This Agreement is intended for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof or have any rights hereunder.

Section 12. Counterparts. This Agreement may be executed in several identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, electronic mail or otherwise, each of which shall be deemed to be an original for the purposes of this paragraph.

Section 13. Entire Agreement; Survival. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations. Except as expressly provided otherwise herein, none of the covenants or agreements of the Parties contained in this Agreement (including, without limitation, the provisions of Section 3 and Section 15) shall survive consummation of the Transactions.

Section 14. Settlement Discussions. This Agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than to prove the existence of this Agreement or in a proceeding to enforce the terms of this Agreement.

Section 15. Confidentiality. The Parties agree that neither (i) this Agreement, nor (ii) any of its terms may be disclosed, directly or indirectly, to any other person (other than to any other Consenting Holder and their Representatives (as defined below)) without the prior written consent of the other Parties; provided that any Party may disclose this Agreement and its terms and any other Confidential Material (as defined below) (i) to its officers, directors, members, managers, partners, employees, attorneys and advisors (collectively, "***Representatives***"), in each case, on a confidential and need-to-know basis or (ii) pursuant to the order of any court or administrative agency or in any pending legal, judicial or administrative proceeding or other compulsory process or otherwise as required by applicable law or regulation or to the extent required by governmental or regulatory authorities, in each case based on the reasonable advice of legal counsel. Notwithstanding any of the foregoing in this Section 15, the Syncora Parties shall make a public announcement, which shall constitute "Disclosed Information" that is subject to the procedures set forth in Exhibit B, regarding the execution of this Agreement and the key terms of the proposed Transactions contemplated by the Term Sheet and may include a description of this Agreement in the Offering Memorandum, and shall concurrently post a complete and correct copy (excluding signature pages) of the execution version of this Agreement on the Syncora Parties' website; provided, however, that such announcement shall not disclose the name of a Consenting Holder without such Consenting Holder's prior written consent.

Each Consenting Holder agrees to keep confidential all information regarding the Syncora Parties, their business operations or any of their securities received from the Syncora Parties or any of their respective affiliates, stockholders (other than you or your affiliates), directors, officers, employees, agents, attorneys, financing sources, accountants or advisors (collectively, "***Syncora Representatives***"), and any notes, analyses, compilations, forecasts, studies or other documents prepared by a Consenting Holder that contain or reflect such information (the "***Confidential Material***") whether received or created prior to, on, or subsequent to the date hereof. If this Agreement is terminated in accordance with Section 4 hereof or the Transactions are consummated, a Consenting Holder may disclose such Confidential Material in accordance with the procedures set forth in Exhibit B hereof. Any confidentiality or non-disclosure agreement entered into by a Consenting Holder prior to the date hereof is superseded by the terms of this Section 15.

For the avoidance of doubt, Confidential Material does not include information that (i) is or becomes generally available to the public other than as a result of an act or omission by a Consenting Holder or any of its Representatives in violation of this Agreement or any other confidentiality, non-disclosure or similar agreement with or for the benefit of the Syncora Parties or their Syncora Representatives, (ii) was received from a source other than the Syncora Parties or their Syncora Representatives, unless such source is known or should reasonably be known after due diligence to the Consenting Holder to be prohibited by a contractual, legal, fiduciary or other obligation of confidentiality to the Syncora Parties or their Syncora Representatives from providing such information to the Consenting Holders, (iii) is already in a Consenting Holder's or any of its Representatives' possession prior to disclosure by the Syncora Parties or their Representatives and is not otherwise designated as confidential information pursuant to any other confidentiality, non-disclosure or similar agreement with or for the benefit of the Syncora Parties or their Syncora Representatives, or (iv) is independently developed by a Consenting Holder or on its behalf without violating any of its obligations hereunder or under any other confidentiality, non-disclosure or similar agreement with or for the benefit of the Syncora Parties or their Syncora Representatives and without use of, reference to or reliance upon any Confidential Material provided hereunder. For the further avoidance of doubt, this Section 15 does not supersede any prior confidentiality, non-disclosure or similar agreement with or for the benefit of the Syncora Parties or their Syncora Representatives entered into by any advisor to a Consenting Holder, including Lazard and Milbank, Tweed, Hadley & McCloy LLP.

From and after the execution of this Agreement, the Syncora Parties covenant and agree not to provide any material non-public information to a Consenting Holder, without such Consenting Holder's prior written consent.

The Syncora Parties acknowledge that the Consenting Holders are in the investment business and that the Consenting Holders and their affiliates may now or in the future evaluate, invest in (directly or indirectly, including providing financing to) or do business with competitors or potential competitors of the Syncora Parties, or entities engaged in business similar to or the same as the Syncora Parties, and that neither the execution of this Agreement nor receipt of the Confidential Material is intended to or shall restrict or preclude such activities. Further, notwithstanding anything to the contrary provided herein, nothing herein shall be deemed to create an exclusive relationship between the Syncora Parties and any Consenting Holder with respect to a transaction or the assets involved in the proposed Transactions.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

SYNCORA HOLDINGS LTD.

By: ______________________________
Name:
Title:

SYNCORA GUARANTEE INC.

By: ______________________________
Name:
Title:

SYNCORA HOLDINGS US INC.

By: ______________________________
Name:
Title:

[Signature Page to Transaction Support Agreement]

[●], as a Consenting Holder[1]

By: ______________________________
Name:
Title:

Address: [●]
Fax: [●]
E-mail: [●]

Principal Amount (including paid-in-kind interest) of Long-Term Surplus Notes Owned:	$[●]
Accrued and Unapproved Interest on Long-Term Surplus Notes Owned:	$[●]
Total Long-Term Surplus Notes Owned:	$[●]
Principal Amount (including paid-in-kind interest) of Short-Term Surplus Notes Owned:	$[●]
Accrued and Unapproved Interest on Short-Term Surplus Notes Owned:	$[●]
Total Short-Term Surplus Notes Owned:	$[●]
Shares of Series A Preference Shares Owned:	[●]
Shares of Twin Reef Trust Preferred Securities Owned:	[●]
Shares of SHL Common Stock Owned:	[●]

[1] To be signed by the fund or investor beneficially owning the Consenting Securities.

SCHEDULE 1

NOTICE ADDRESSES

If to the Syncora Parties:

Syncora Holdings Ltd.
135 W. 50th Street, 20th Floor
New York, New York 10020
Attn: James W. Lundy, Jr., General Counsel
Fax: (212) 478-3579
E-mail: james.lundy@scafg.com

with copies to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attn: Steven J. Slutzky
Fax: (212) 521-6836
E-mail: sjslutzky@debevoise.com

If to the Consenting Holders:

At the address specified on such Consenting Holders' signature page.

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, New York 10005
Attn: Mark L. Mandel and Brian P. Kelly
Fax: (212) 530-5219
E-mail: mmandel@milbank.com; bkelly@milbank.com

EXHIBIT A

TERM SHEET WITH CONSENTING HOLDERS

Consenting Surplus Noteholders....................	Consenting Surplus Noteholders will tender all of their Long-Term Surplus Notes and Short-Term Surplus Notes in the Exchange Offer in exchange for: [2] • The return[3] of the principal amount of the Consenting Surplus Noteholder's Surplus Notes and any paid-in-kind interest thereon and the accrued and unapproved interest thereon, less such Consenting Surplus Noteholder's pro rata portion (taking into account all non-Consenting Surplus Noteholders that tender their Surplus Notes in the Exchange Offer, and all principal, paid-in-kind interest and accrued and unapproved interest thereon) of an aggregate \$70 million discount with such pro rata discount applied against principal, including paid-in-kind interest and accrued and unapproved interest on such principal and paid-in-kind interest, with such discount

[2] For the avoidance of doubt, (a) interest on the returned Surplus Notes described below will (as it has previously on the Surplus Notes) continue to accrue pursuant to the terms of the Surplus Notes, (b) the Surplus Notes returned to each Consenting Surplus Noteholder will be the same Surplus Notes as were tendered less the applicable portion of the discount by such Consenting Surplus Noteholder in the Exchange Offer, and (c) all of the SHL Common Shares to be issued pursuant to the Transaction will be of the same class as, and the terms thereof will be identical in all respects to (including with respect to voting powers, and all other rights, privileges, preferences, protections, duties, liabilities, and obligations), the common shares of SHL currently outstanding.

[3] Note to Draft: It is intended that each participating holder will retain its existing Surplus Notes but with the accrued interest, principal and PIK, as applicable, reduced to reflect its *pro rata* portion of the aggregate \$70 million discount.

allocated *pro rata* among the tendered Short-Term Surplus Notes and the tendered Long-Term Surplus Notes based on the amount of principal, including paid-in-kind interest and accrued and unapproved interest on such principal and paid-in-kind interest on all outstanding Surplus Notes (irrespective of any difference in the percentage of Short-Term Surplus Notes that are tendered as compared to the percentage of Long-Term Notes that are tendered).[4]

For the avoidance of doubt, the pro rata portion of the $70 million discount will be achieved by taking principal, together with the paid-in-kind interest and accrued and unapproved interest attributable to such principal such that the total amount taken equals $70 million.

- A pro rata portion (taking into account all non-Consenting Surplus Noteholders that tender their Surplus Notes in the exchange offer) of newly issued common shares of SHL (the "***SHL Common Shares***") representing an aggregate 20% of the SHL Common Shares to be outstanding on a pro forma basis, giving effect to the completion of the Transactions immediately following completion of the Transactions.

[4] Note to Draft: See Exhibit C for an illustrative example of how the $70 million discount is applied in the hypothetical scenarios of (i) 100% surplus noteholder participation and (ii) 98% surplus noteholder participation.

Separate and apart from the Exchange Offer, as a condition precedent to the Transactions, the Cash Payment shall have been paid in full as set forth under "Conditions Precedent."[5][6]

$30 million of the $70 million discount on the Surplus Notes received by the Syncora Parties in the Exchange Offer will be transferred to and cancelled by SGI.

Consenting SHL Holders .... Consenting SHL Holders will tender (if requested) all of their SHL Preferred Shares in the Exchange Offer either in exchange for or to be converted into as a result of a variation of rights of SHL Preferred Shares in accordance with the SHL Bye-Laws and Bermuda law (collectively, the "***SHL Consideration***"):

- A pro rata portion (taking into account all non-Consenting SHL Holders that tender their SHL Preferred Shares (excluding shares held by the Syncora Parties) in the Exchange Offer or are converted pursuant to the variation of rights) of $40 million of aggregate principal, paid-in-kind interest and accrued and unapproved interest of

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5 Note to Draft: For the avoidance of doubt, the Cash Payment will be made to all holders of Surplus Notes (other than the Syncora Parties) whether or not such holder participates in the Exchange Offer. The 20% of SHL Common Shares will be given to all holders that participate in the Exchange Offer.

6 Note to Draft: Surplus Notes held by SGI will receive a ratable payment that is not part of the Cash Payment. The Syncora Parties will request that the NYDFS approve a payment of approximately $58.9 million on all outstanding Surplus Notes such that a payment of $55 million is made at Closing to holders of Surplus Notes other than the Syncora Parties and the Syncora Parties receive the remainder on the Surplus Notes that they holds.

Surplus Notes[7] received in the exchange with holders of Surplus Notes described above.

- A pro rata portion (taking into account all non-Consenting SHL Holders that tender their SHL Preferred Shares (excluding shares held by the Syncora Parties) in the Exchange Offer or are converted pursuant to the variation of rights) of newly issued SHL Common Shares representing an aggregate of 15% of the SHL Common Shares to be outstanding on a pro forma basis, giving effect to the completion of the Transactions immediately following completion of the Transactions.

Consenting SHL Holders shall provide a proxy with an instruction to vote all of such Consenting SHL Holder's SHL Preferred Shares in favor of the variation of rights of the SHL Preferred Shares.[8]

Securities Held By Syncora Parties	Prior to the closing of the Transactions (the "***Closing***"), the Syncora Parties may sell 846 SHL Preferred Shares indirectly held by SCAI to a third party or take such other action with respect to such SHL Preferred Shares so that they are no longer

7 Note to Draft: See Exhibit C for an illustrative example of how the $40 million of Surplus Notes will be allocated among Short-Term Surplus Notes and Long-Term Surplus Notes.

8 As a result of the variation of rights, the holders of SHL Preferred Shares (excluding the Syncora Parties) that are not Consenting SHL Holders are also expected to receive their pro rata portion of the consideration for the SHL Preferred Shares and all SHL Preferred Shares (including those held by the Syncora Parties and such non-Consenting SHL holders) will cease to exist following the completion of the Transactions.

	outstanding following consummation of the Transactions. Concurrently with but subject to the Closing, SHL will purchase and cancel all remaining 83,738 SHL Preferred Shares held by the Syncora Parties at Closing.[9] Surplus Notes held by the Syncora Parties will not be tendered in the Exchange Offer and will not receive the Cash Payment or any portion of the issuance of SHL Common Shares.[10]
Consents	Consenting Surplus Noteholders shall execute and deliver, for no consideration, a waiver and consent under the master transaction agreement, dated as of April 26, 2009, as amended, permitting the Syncora Parties to take the actions contemplated by this term sheet, including, without limitation, an Amendment to the Tax Sharing Agreement among SHI, SGI, SCAI and certain of their domestic affiliates and the Transactions.
Board Representation Rights	Concurrently with Closing: • Consenting Surplus Noteholders will have the right to nominate and have seated two (2) directors for election to the SHL board of directors at the Closing, which directors shall be designated in writing by the Majority Consenting Surplus Noteholders that choose to participate in the nomination

[9] Note to Draft: The $200 million surplus note issued by SCAI to SGI will not be impacted by or part of the Transactions.

[10] Note to Draft: Surplus Notes held by the Syncora Parties will receive a ratable cash payment that is not part of the Cash Payment.

process, subject to applicable regulatory approvals and customary review process of the SHL board of directors. For the avoidance of doubt, the directors nominated shall initially be seated through the SHL board's power to fill vacancies and newly created directorships. The Majority Consenting Surplus Noteholders will have the right, at any time prior to satisfaction of the SHL New Directors Condition, to withdraw any such nomination and to nominate replacements therefor.

- Consenting SHL Holders will have the right to nominate and have seated one (1) director for election to the SHL board of directors at the Closing, which directors shall be designated in writing by the Majority Consenting SHL Holders that choose to participate in the nomination process, subject to applicable regulatory approvals and customary review process of the SHL board of directors. For the avoidance of doubt, the directors nominated shall initially be seated through the SHL board's power to fill vacancies and newly created directorships. The Majority Consenting SHL Holders will have the right, at any time prior to satisfaction of the SHL New Directors Condition, to withdraw any such nomination and to nominate replacements therefor.

- Until the two directors nominated by the Consenting Surplus Noteholders and the director nominated by the Consenting SHL

Holders (together, the "***Director Nominees***") join the SHL board (the "***SHL New Director Condition***"), Messrs. Carr and Wells will remain on the SHL board, except as provided below. At the time that the SHL New Director Condition is satisfied, Messrs. Carr and Wells will resign from the SHL board, effective immediately, except to the extent that one or both is a Director Nominee. In the event that two of the Director Nominees join the SHL board, but one Director Nominee has not yet joined the SHL board, one of Messrs. Carr or Wells (to the extent they are not Director Nominees) will resign from the SHL board, effective immediately, and the other shall remain on the SHL board until the SHL New Director Condition is satisfied at which time he will resign from the SHL board, effective immediately, unless he is a Director Nominee.

- For the avoidance of doubt, either the Consenting Surplus Noteholders or the Consenting SHL Holders may designate Messrs. Carr and/or Wells as their Director Nominee(s) provided for above.

- Each Director Nominee will have customary board observer rights until such time as they are seated on the SHL board or their nomination is withdrawn.

- The Syncora Parties will use commercially reasonable efforts to (a) obtain all applicable regulatory

approvals for each of the Director Nominees as promptly as practicable and (b) have each of the Director Nominees seated on the SHL board upon or as promptly as practicable following Closing.

- The Consenting Surplus Noteholders and the Consenting SHL Holders shall provide a list of at least four acceptable replacement nominee(s), which replacement nominees shall be designated in writing by the Majority Consenting Surplus Noteholders and the Majority Consenting SHL Holders, respectively, that choose to participate in the nomination process (each, a "***Replacement Nominee***") that could serve in the place of such Consenting Holders' Director Nominee if their Director Nominee(s) are unwilling or unable to complete their term. In the event that one or more of the Consenting Surplus Noteholders' or the Consenting SHL Holders' nominee(s) are unwilling or unable to complete their term, the Syncora Parties will use commercially reasonable efforts to have a Replacement Nominee seated on the SHL board as soon as reasonably practicable to replace such director, subject to applicable regulatory approvals and customary review process of the SHL board of directors.

- Each of the Director Nominees will be entitled to one three-year term hereunder; provided that if a Director Nominee is Messrs. Carr

and/or Wells, such director shall resign from their current term effective immediately upon Closing and will be entitled to begin one new three-year term effective immediately upon Closing.

- Each of the Director Nominees shall be "independent" as such term is used in the NYSE listing rules and unaffiliated with any of the Consenting Holders.

- The Director Nominees shall not be entitled to receive compensation or indemnification for their board service from any person or entity other than the Syncora Parties.

- One Director Nominee provided for above will be entitled to serve on the Compensation Committee, one Director Nominee provided for above will be entitled to serve on the Nominating and Governance Committee and one Director Nominee provided for above will be entitled to serve on the Finance and Risk Oversight Committee. If a Director Nominee is Messrs. Carr or Wells, one of them will be the Director Nominee designated to serve on the Nominating and Governance Committee. For the avoidance of doubt, each of the three Director Nominees will be entitled to serve on one committee, which shall be a different committee from each other Director Nominee. The committee to which a director nominee is assigned will be determined by the Nominating and Governance Committee, in its

sole discretion, taking into consideration, in good faith, the preferences of the Consenting Surplus Noteholders and the Consenting SHL Preferred Holders.

Disclosure	As soon as reasonably practicable following Closing, the Syncora Parties will disclose:

- SHL's GAAP reserves (including the portion attributable to SGI and SCAI) by risk category.
- For all credits with net par exposure greater than $40 million (*i.e.*, aggregate exposure by credit, not CUSIP), the name, net par outstanding, maturity, rating, business area, sector, and sub-sector; provided that names may be made anonymous and net par outstanding and maturity may be disclosed as ranges as necessary.
- The Syncora Parties and Lazard, representing an ad hoc group of holders of Surplus Notes, have agreed to the names, net par outstanding and maturities to be withheld from the initial disclosure upon Closing.

Beginning with the quarter immediately following completion of the Transactions, the Syncora Parties will hold quarterly earnings /business update calls to discuss the results of operations for the relevant reporting period and each such call shall include a reasonable question and answer session.

Conditions Precedent to Closing....................	Consummation of the Transactions will be subject to the following conditions

precedent:

- 98% participation by value of Surplus Notes excluding Surplus Notes held by SGI in the Exchange Offer, subject to waiver by mutual written consent (which may be given by email) of the Supermajority Consenting Surplus Noteholders, the Supermajority Consenting SHL Holders and the Syncora Parties.

- A majority of SHL Preferred Shares voted at the special meeting that will permit SHL to vary the rights of 100% of the SHL Preferred Shares, subject to waiver by mutual written consent (which may be given by email) of the Supermajority Consenting Surplus Noteholders, the Supermajority Consenting SHL Holders and the Syncora Parties.

- NYDFS approval of the Transactions, including: (i) a net debt service payment to holders of Surplus Notes (excluding the Syncora Parties) by SGI of no less than $55 million, to be paid in cash at the Closing and allocated, subject to NYDFS approval, *pro rata* among the Short-Term Surplus Notes and the Long-Term Surplus Notes based on the amount of principal, including paid-in-kind interest and accrued and unapproved interest on such principal and paid-in-kind interest (the "***Cash Payment***")[11] [121314], (ii)

[11] Note to Draft: For the avoidance of doubt, pro rata will be calculated as follows:

the Amendment to the Tax Sharing Agreement described below and (iii) removal or decrease of negative earned surplus for SGI and SCAI.

- The Cash Payment will be paid in full, in immediately available U.S. dollars concurrently with the Closing.[15]
- The Transactions will not result, as determined by the board in good faith, in an aggregate cumulative "owner shifts" in excess of 38.5 percentage points (as determined under and for the purposes of section 382).
- Amendment to the Tax Sharing

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1. Short Term: $55 million x (Total ST Principal, ST PIK and ST Interest Outstanding (Including Non-Approved Interest)) / (Total ST + LT Principal, ST + LT PIK and ST + LT Interest Outstanding (Including Non-Approved Interest))
2. Long Term: $55 million x (Total LT Principal, LT PIK and LT Interest Outstanding (Including Non-Approved Interest))/ (Total ST + LT Principal, ST + LT PIK and ST + LT Interest Outstanding (Including Non-Approved Interest))

[12] Note to Draft: For the avoidance of doubt, the Cash Payment will be made to all holders of Surplus Notes (other than the Syncora Parties) whether or not such holder participates in the Exchange Offer.

[13] Note to Draft: The Syncora Parties will receive a ratable cash payment concurrently with the Cash Payment.

[14] Note to Draft: See Exhibit C for an illustrative example of how the Cash Payment would be allocated under two hypothetical scenarios (i) $55 million Cash Payment per year and (ii) $100 million Cash Payment per year.

[15] Note to Draft: For the avoidance of doubt, the Cash Payment will be made on Surplus Notes outstanding after taking into account the cancellation of $30 million in Surplus Notes representing the net discount and the distribution of $40 million in Surplus Notes to holders of SHL Preferred Shares.

Agreement among SHI, SGI, SCAI and certain of their domestic affiliates to allocate use of excess NOLs (no less than $1.7 billion and no more than $1.8 billion, unless approved by the Majority Consenting Surplus Noteholders and the Majority Consenting SHL Holders[16]) to SHI and implementation of the following NOL protection measures:

  - Allocate to SHI and its subsidiaries other than SGI and SCAI, for the exclusive benefit of SHI and such subsidiaries, the portion of tax losses generated by SGI that SGI is not expected to be able to use prior to their expiration; and
  - Include covenants designed to protect and preserve the Syncora Parties' net operating losses from any action by SHI that could limit use of the net operating losses or otherwise impair the Syncora Parties' ability to use the net operating losses.

- Other customary closing conditions.

Future External Cash Payments .... The Syncora Parties covenant and agree to continue to request NYDFS approval to pay all amounts due at the time of any such request and to use commercially reasonable efforts to seek NYDFS approval to make, during each full calendar year after the

[16] Note to Draft: Amount subject to regulatory approval.

Closing, a net debt service cash payment to holders of Surplus Notes (excluding the Syncora Parties) of no less than $55 million per year (to be paid in 2 equal semi-annual installments during such year, beginning in June 2017 or earlier),[17] and the Syncora Parties will request, subject to NYDFS approval, that all such approved payments (whether less than or greater than the amounts due at the time of any such request) be allocated between the Short-Term Surplus Notes and the Long-Term Surplus Notes in the same manner as the Cash Payment.

[17] Note to Draft: It is understood that the Consenting Surplus Noteholders are entering into this Agreement with the expectation that all future payments shall be made in cash. For the avoidance of doubt, it is also understood that any and all future payments with respect to the Surplus Notes are subject to the contemporaneous prior approval of the NYDFS and there can be no assurance as to when and if such approval will be given with respect to the Surplus Notes.

EXHIBIT B

Upon each of (i) the execution of this Agreement, (ii) the Launch Date or mailing of the Offering Memorandum and (iii) the consummation of the Transactions or termination of this Agreement pursuant to Section 4 hereof (each a "***Disclosure Deadline***"), the Syncora Parties shall publicly disclose all Disclosed Information (as defined below) through (i) the issuance and posting thereof on the Syncora Parties' website of a press release reported by the Dow Jones News Services, the Associated Press, or another national news service in the United States, provided, that such press release shall not be required to include the actual Specified Confidential Information (as defined below), so long as such press release includes a statement that "certain related materials are available on the Syncora Parties' website" and that the Specified Confidential Information is concurrently posted to the Syncora Parties' website) or (ii) the inclusion thereof in publicly filed financial statements (the "***Release***"); provided, that if agreed to between the Syncora Parties and a majority of the Consenting Holders prior to the Disclosure Deadline, the Release may consist solely of a summary of the Disclosed Information.

The Syncora Parties acknowledge and agree that, to the extent provided by the Syncora Parties or Syncora Representatives to the Consenting Holders ("***you***") or any of your affiliates or subsidiaries, or any of your or their stockholders, directors, officers, employees, members, partners (other than limited partners, unless such limited partners have received information from you or your Representatives or at your direction), representatives, agents or advisers (including, without limitation, attorneys, administrators or accountants) (any such persons, to whom you or the Syncora Parties have provided any Confidential Material, collectively, "***Representatives***"), the following information will be subject to disclosure in accordance with this Agreement (the information set forth in clauses (i) through (vi), the "***Disclosed Information***"):

(i) any information previously specified in a confidentiality or non-disclosure agreement with respect to the Transactions entered into with the Syncora Parties prior to the date hereof and any information defined in any such confidentiality or non-disclosure agreement as "Exhibit A Confidential Information" (the "***Specified Confidential Information***"),

(ii) the fact that negotiations between the Syncora Parties and third parties concerning a Transaction have taken place,

(iii) whether such negotiations are or are not continuing,

(iv) that the Syncora Parties have provided such third parties with, or have provided such third parties access to, Confidential Material,

(v) all other oral information which (x) within 10 days of receiving such communication (or, if applicable, within 10 days of receiving any additional

oral communication or written information that you believe causes such oral information to constitute material non-public information) you have advised the Syncora Parties in writing that you believe constitutes material non-public information concerning the Syncora Parties and (y) the Syncora Parties agree to include as Disclosed Information hereunder (the "***Oral Information***"),

(vi) all other written information provided to you either (I) directly by the Syncora Parties or Syncora Representatives or (II) by your Representatives with the express prior written consent of the Syncora Parties, and that (x) you have advised the Syncora Parties in writing, at any time prior to the termination of this Agreement pursuant to Section 4, that you believe constitutes material non-public information concerning the Syncora Parties and (y) the Syncora Parties agree to include as Disclosed Information hereunder (the "***Additional Written Information***"),

(vii) if (x) an agreement on the terms of definitive documentation has been reached concerning the terms of a Transaction, a description of all material terms reasonably acceptable to all parties, or (y) an agreement has not been reached concerning the terms of a Transaction, the fact that such an agreement has not been reached.

The Syncora Parties shall provide a draft of the Release to you at least 72 hours prior to the filing or release thereof, as applicable, for your review and comment. You shall be entitled to deliver to the Syncora Parties, and the Syncora Parties shall review and consider any reasonable requests for additions or deletions to or other modifications of such draft Release. In the event the Syncora Parties fails to make public the Release or any oral information contemplated by (v)(x) or any written information contemplated by (vi)(x) at or before the Disclosure Deadline, you or your Representatives shall be permitted to make a public disclosure of (A) the Disclosed Information, (B) any oral information contemplated by (v)(x), and (C) any written information contemplated by (vi)(x) and as to which the Syncora Parties have not agreed to include as Disclosed Information, in each case, the disclosure of which, in your good faith belief after consultation with legal counsel, is necessary to enable you or your Representatives to buy or sell securities, pursuant to United States securities law (such disclosure by you, an "***Additional Disclosure***"). You or your Representatives shall deliver to the Syncora Parties a draft of your Additional Disclosure (each, a "***Draft Additional Disclosure***") no later than 48 hours prior to your or your Representatives' public disclosure of the Additional Disclosure, during which period, you or your Representatives shall review and consider any reasonable requests for additions or deletions to or other modifications to such Draft Additional Disclosure as the Syncora Parties may provide. The Syncora Parties acknowledge and agree that neither you nor any of your Representatives shall have any liability at law or equity for the disclosure of Disclosed Information or an Additional Disclosure by you or its Representatives made in compliance with the

requirements of this paragraph; provided, however, that, subject to Section 15 hereof, any public disclosure by you or any of your Representatives of any Confidential Material or Disclosed Information other than in accordance with this paragraph shall be a material breach of this Agreement.

EXHIBIT C

Debt Discount Methodology (100% External Note-holder Participation)

Apply the $30MM net discount pro rata based on total external amounts outstanding, including all principal, PIK and interest outstanding (whether or not past due) through an estimated transaction date of July 29, 2016 (assuming 100% participation among external note-holders)

Total Debt Discount Calculation

(Balances as of 7/29/16; $ in thousands)

Short Term Notes:	Pre-Discount	Gross Discount	Notes to SHL Preferred	Net Discount	% of Total	Post-Discount
Principal (Current & Past Due)	$130,760	($10,429)	$5,960	($4,470)	14.90%	$126,290
PIK (Current & Past Due)	13,437	(1,072)	612	(459)	1.53%	$12,978
Interest Outstanding (Current & Past Due)	41,823	(3,336)	1,906	(1,430)	4.77%	$40,394
Total Short Term Notes	**$186,021**	**($14,837)**	**$8,478**	**($6,359)**	**21.20%**	**$179,662**
Long Term Notes:						
Principal (Current & Past Due)	$453,574	($36,176)	$20,672	($15,504)	51.68%	$438,070
PIK (Current & Past Due)	121,370	(9,680)	5,532	(4,149)	13.83%	$117,222
Interest Outstanding (Current & Past Due)	116,684	(9,307)	5,318	(3,989)	13.30%	$112,695
Total Long Term Notes	**$691,628**	**($55,163)**	**$31,522**	**($23,641)**	**78.80%**	**$667,986**
Total Surplus Notes	**$877,648**	**($70,000)**	**$40,000**	**($30,000)**	**100.00%**	**$847,648**

Debt Service Allocation Methodology (100% External Note-holder Participation)

Once the discount has been applied to external short and long term note balances (assuming 100% participation among note-holders), we set out below an expected allocation to external long and short term note-holders at illustrative $55MM and $100MM total debt service amounts:

Step 1: Calculate total respective payments to long and short term notes

- To determine total debt service payment for short and long term notes, respectively, allocate the total payment pro rata based on total amounts outstanding, including all principal, PIK and interest outstanding (whether or not past due) through July 29, 2016.

Total Surplus Notes Outstanding (Post-Discount)

(Balances as of 7/29/16; $ in thousands)

	Short Term Note		Long Term Note		
	Balance	*% of Total*	Balance	*% of Total*	**Total**
Principal (Current & Past Due)	$126,290		$438,070		$ 564,360
PIK (Current & Past Due)	$12,978		$117,222		130,200
Interest Outstanding (Current & Past Due)	$40,394		$112,695		153,089
Total	**$ 179,662**	***21.20%***	**$ 667,986**	***78.80%***	**$ 847,648**
Allocation of Initial Payment @ $55.0MM	**$ 11,657**		**$ 43,343**		**$ 55,000**
Allocation of Initial Payment @ $100.0MM	**$ 21,195**		**$ 78,805**		**$ 100,000**

Step 2: Determine balances within each note that are past due and eligible to be paid

- Identify balances within each note that are currently past due to June 27 (final interest due date before transaction); and their percentage of total outstanding by Note.

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Total Surplus Notes Currently Past Due					
(Balances as of 7/29/16; $ in thousands)					
	Short Term Note		**Long Term Note**		
	Balance	*% of Total*	Balance	*% of Total*	**Total**
Principal (Past Due)	$126,290	*70.61%*	$ -	*0.00%*	$ 126,290
PIK (Past Due)	12,978	*7.26%*	-	*0.00%*	12,978
Interest Outstanding (Past Due)	$39,599	*22.14%*	$109,151	*100.00%*	148,750
Total	**$ 178,867**	***100.00%***	**$ 109,151**	***100.00%***	**$ 288,018**

Step 3: Apply respective payments from Step 1 within each note pro rata based on amounts currently past due

Allocation of Initial $55MM Payment					
($ in thousands)					
	Short Term Note		**Long Term Note**		
	Balance	*% of Total*	Balance	*% of Total*	**Total**
Principal (Past Due)	$ 8,231	*70.61%*	$ -	*0.00%*	$ 8,231
PIK (Past Due)	846	*7.26%*	-	*0.00%*	846
Interest Outstanding (Past Due)	2,581	*22.14%*	43,343	*100.00%*	45,923
Allocation of Initial Payment @ $55.0MM	**$ 11,657**	***100.00%***	**$ 43,343**	***100.00%***	**$ 55,000**

Allocation of Initial $100MM Payment					
($ in thousands)					
	Short Term Note		**Long Term Note**		
	Balance	*% of Total*	Balance	*% of Total*	**Total**
Principal (Past Due)	$ 14,965	*70.61%*	$ -	*0.00%*	$ 14,965
PIK (Past Due)	1,538	*7.26%*	$ -	*0.00%*	1,538
Interest Outstanding (Past Due)	4,692	*22.14%*	$ 78,805	*100.00%*	83,497
Allocation of Initial Payment @ $100.0MM	**$ 21,195**	***100.00%***	**$ 78,805**	***100.00%***	**$ 100,000**

Note: Long Term Principal and PIK begins to come due and amortize in FY 2018, and therefore are not allocated any of the payment.

Based on this analysis, Syncora would have to request of the NYDFS approval of $13.4MM (short-term) and $45.5MM (long-term) for an approximate total of $58.9MM, which would be paid out of SGI's free and divisible surplus. For the avoidance of doubt, $3.9MM of the aggregate payment would be received by SGI as payment on surplus notes that it holds, while the remaining $55MM would be received by third-party holders of the surplus notes

Debt Service Payment Allocation: 5-Year Projection	7/29/2016	12/31/2016	6/30/2017	12/31/2017	6/30/2018	12/31/2018	6/30/2019	12/31/2019	6/30/2020	12/31/2020
Short Term Notes										
Unapproved Principal	(8,231)	0	(4,083)	(4,066)	(4,050)	(4,034)	(4,018)	(4,002)	(3,986)	(3,970)
Unapproved PIK	(846)	0	(420)	(418)	(416)	(415)	(413)	(411)	(410)	(408)
Unapproved Interest Due	(2,581)	0	(1,308)	(1,302)	(1,297)	(1,292)	(1,287)	(1,282)	(1,277)	(1,272)
Total Short Term Notes	**(11,657)**	**0**	**(5,810)**	**(5,787)**	**(5,764)**	**(5,741)**	**(5,718)**	**(5,695)**	**(5,673)**	**(5,650)**
Long Term Notes										
Unapproved Principal	0	0	0	0	0	0	(6,574)	(8,815)	(9,896)	(10,519)
Unapproved PIK	0	0	0	0	0	0	(1,759)	(2,359)	(2,648)	(2,815)
Unapproved Interest	(43,343)	0	(21,690)	(21,713)	(21,736)	(21,759)	(13,448)	(10,631)	(9,284)	(8,516)
Total Long Term Notes	**(43,343)**	**0**	**(21,690)**	**(21,713)**	**(21,736)**	**(21,759)**	**(21,782)**	**(21,805)**	**(21,827)**	**(21,850)**
Total Payment	**(55,000)**	**0**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**

Debt Discount Methodology (98% External Note-holder Participation)

Apply the $30MM net discount pro rata based on total external amounts outstanding, including all principal, PIK and interest outstanding (whether or not past due) through an estimated transaction date of July 29, 2016 (assuming 98% participation among external note-holders)

Assumes that 2% of external note-holders do not participate in tender ($1.4MM tender shortfall), and that the 2% non-participation is shared equally (50/50) between external participating short and long term note-holders (i.e. $700,000 shortfall among long term note-holders and $700,000 shortfall among short term note-holders). The 2% shortfall is then made up pro-rata among all participating external note-holders (i.e. the $1.4MM of "make-up" discount is allocated pro rata among the 98% of participating note-holders based on respective external claims outstanding).

Total Debt Discount Calculation

(Balances as of 7/29/16; $ in thousands)

Short Term Notes:	**Pre-Discount**	**Gross Discount**	**Notes to SHL Preferred**	**Net Discount**	**% of Total**	**Post-Discount**
Principal (Current & Past Due)	$130,760	($10,140)	$5,794	($4,346)	14.49%	$126,414
PIK (Current & Past Due)	13,437	(1,042)	595	(447)	1.49%	$12,991
Interest Outstanding (Current & Past Due)	41,823	(3,243)	1,853	(1,390)	4.63%	$40,433
Total Short Term Notes	**$186,021**	**($14,425)**	**$8,243**	**($6,182)**	**20.61%**	**$179,838**
Long Term Notes:						
Principal (Current & Past Due)	$453,574	($36,447)	$20,827	($15,620)	52.07%	$437,954
PIK (Current & Past Due)	121,370	(9,753)	5,573	(4,180)	13.93%	$117,191
Interest Outstanding (Current & Past Due)	116,684	(9,376)	5,358	(4,018)	13.39%	$112,665
Total Long Term Notes	**$691,628**	**($55,575)**	**$31,757**	**($23,818)**	**79.39%**	**$667,810**
Total Surplus Notes	**$877,648**	**($70,000)**	**$40,000**	**($30,000)**	**100.00%**	**$847,648**

Debt Service Allocation Methodology (98% External Note-holder Participation)

Once the discount has been applied to external short and long term note balances (assuming 98% participation among note-holders), we set out below an expected allocation to external long and short term note-holders at illustrative $55MM and $100MM total debt service amounts:

Step 1: Calculate total respective payments to long and short term notes

- To determine total debt service payment for short and long term notes, respectively, allocate the total payment pro rata based on total amounts outstanding, including all principal, PIK and interest outstanding (whether or not past due) through July 29, 2016.

Total Surplus Notes Outstanding (Post-Discount)

(Balances as of 7/29/16; $ in thousands)

	Short Term Note		**Long Term Note**		
	Balance	*% of Total*	Balance	*% of Total*	**Total**
Principal (Current & Past Due)	$126,414		$437,954		$ 564,368
PIK (Current & Past Due)	$12,991		$117,191		130,182
Interest Outstanding (Current & Past Due)	$40,433		$112,665		153,099
Total	**$ 179,838**	***21.22%***	**$ 667,810**	***78.78%***	**$ 847,648**
Allocation of Initial Payment @ $55.0MM	**$ 11,669**		**$ 43,331**		**$ 55,000**
Allocation of Initial Payment @ $100.0MM	**$ 21,216**		**$ 78,784**		**$ 100,000**

Step 2: ***Determine balances within each note that are past due and eligible to be paid***

- Identify balances within each note that are currently past due to June 27 (final interest due date before transaction); and their percentage of total outstanding by Note.

Total Surplus Notes Currently Past Due

(Balances as of 7/29/16; $ in thousands)

	Short Term Note		Long Term Note		
	Balance	*% of Total*	Balance	*% of Total*	Total
Principal (Past Due)	$126,414	*70.61%*	$ -	*0.00%*	$ 126,414
PIK (Past Due)	12,991	*7.26%*	-	*0.00%*	12,991
Interest Outstanding (Past Due)	$39,637	*22.14%*	$109,120	*100.00%*	148,757
Total	**$179,042**	***100.00%***	**$ 109,120**	***100.00%***	**$ 288,162**

Step 3: ***Apply respective payments from Step 1 within each note pro rata based on amounts currently past due***

Allocation of Initial $55MM Payment

($ in thousands)

	Short Term Note		Long Term Note		
	Balance	*% of Total*	Balance	*% of Total*	Total
Principal (Past Due)	$ 8,239	*70.61%*	$ -	*0.00%*	$ 8,239
PIK (Past Due)	847	*7.26%*	-	*0.00%*	847
Interest Outstanding (Past Due)	2,583	*22.14%*	43,331	*100.00%*	45,914
Allocation of Initial Payment @ $55.0MM	**$ 11,669**	***100.00%***	**$ 43,331**	***100.00%***	**$ 55,000**

Allocation of Initial $100MM Payment

($ in thousands)

	Short Term Note		Long Term Note		
	Balance	*% of Total*	Balance	*% of Total*	Total
Principal (Past Due)	$ 14,980	*70.61%*	$ -	*0.00%*	$ 14,980
PIK (Past Due)	1,539	*7.26%*	$ -	*0.00%*	1,539
Interest Outstanding (Past Due)	4,697	*22.14%*	$ 78,784	*100.00%*	83,481
Allocation of Initial Payment @ $100.0MM	**$ 21,216**	***100.00%***	**$ 78,784**	***100.00%***	**$ 100,000**

Based on this analysis, Syncora would have to request of the NYDFS approval of $13.4MM (short-term) and $45.5MM (long-term) for an approximate total of $58.9MM, which would be paid out of SGI's free and divisible surplus. For the avoidance of doubt, $3.9MM of the aggregate payment would be received by SGI as payment on surplus notes that it holds, while the remaining $55MM would be received by third-party holders of the surplus notes. The amounts in the 98% participation scenario are $1,159 different from those in the 100% participation scenario

Debt Service Payment Allocation: 5-Year Projection										
	7/29/2016	12/31/2016	6/30/2017	12/31/2017	6/30/2018	12/31/2018	6/30/2019	12/31/2019	6/30/2020	12/31/2020
Short Term Notes										
Unapproved Principal	(8,239)	0	(4,087)	(4,071)	(4,054)	(4,038)	(4,022)	(4,006)	(3,990)	(3,974)
Unapproved PIK	(847)	0	(420)	(418)	(417)	(415)	(413)	(412)	(410)	(408)
Unapproved Interest Due	(2,583)	0	(1,309)	(1,304)	(1,299)	(1,293)	(1,288)	(1,283)	(1,278)	(1,273)
Total Short Term Notes	**(11,669)**	**0**	**(5,815)**	**(5,793)**	**(5,769)**	**(5,747)**	**(5,724)**	**(5,701)**	**(5,678)**	**(5,655)**
Long Term Notes										
Unapproved Principal	0	0	0	0	0	0	(6,568)	(8,816)	(9,889)	(10,515)
Unapproved PIK	0	0	0	0	0	0	(1,757)	(2,359)	(2,646)	(2,814)
Unapproved Interest	(43,331)	0	(21,685)	(21,707)	(21,731)	(21,753)	(13,451)	(10,623)	(9,287)	(8,516)
Total Long Term Notes	**(43,331)**	**0**	**(21,685)**	**(21,707)**	**(21,731)**	**(21,753)**	**(21,776)**	**(21,799)**	**(21,822)**	**(21,845)**
Total Payment	**(55,000)**	**0**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**	**(27,500)**

EXHIBIT D

Information to be Provided by the Proposed Transferor and Transferee in connection with a Transfer Request pursuant to Section 3(a) or 3(d) of the Transaction Support Agreement

1. Share and surplus note ownership of (i) the proposed transferor, (ii) any intermediary acting as principal, and (iii) the proposed transferee, including any proposed transferee for which an intermediary is acting as agent (each, a "Relevant Party") as of the date of the request, as follows:

(a) ____________________ SHL Common Shares;

(b) ____________________ SHL Preferred Shares;

(c) ____________________ Principal Amount of Short Term Surplus Notes (excluding paid-in-kind interest);

(i) __________________ Paid-in Kind Interest of Short-Term Surplus Notes;

(ii) __________________ Accrued and Unapproved Interest on Short-Term Surplus Notes;

(d) ____________________ Principal Amount of Long Term Surplus Notes;

(i) __________________ Paid-in Kind Interest of Long-Term Surplus Notes; and

(ii) __________________ Accrued and Unapproved Interest on Long-Term Surplus Notes.

2. Confirmation that, of the SHL Common Shares described in #1(a) above, (a) _________________ SHL Common Shares have been held continuously by the Relevant Party for the three-year period ending on the date hereof and (b) with respect to any other SHL Common Shares, if any, acquired by the Relevant Party within the three-year period ending on the date hereof, the following is a list of the months and dates on which the following SHL Common Shares were acquired:

Number of SHL Common Shares	Date of Acquisition

3. A representation that none of the shares or surplus notes described in #1 above were acquired pursuant to an agreement or formal or informal understanding with any other Person to make a coordinated acquisition of SHL Common Shares (within the meaning of Treasury Regulations Section 1.382-3(a)). A representation that the Relevant Party did not and will not act together with any other Person, for the purpose of accumulating ownership of any particular minimum percentage of the shares or surplus notes on a combined basis or for the purpose of changing or influencing the control of SHL on a combined basis.

4. A representation that all of the shares and surplus notes described in #3 above have been and, with the sole exception of any shares or surplus notes approved by the Syncora Parties for transfer, will be held by the Relevant Party as a true economic owner, and not on behalf of any other Person.

5. A representation that there is not any other Person whose SHL Common Shares, SHL Preferred Shares or Existing Surplus Notes are deemed constructively owned by the Relevant Party within the meaning of Section 382 of the U.S. Internal Revenue Code, as amended ("IRC"), and the Treasury Regulations promulgated thereunder.

6. If the requesting party owns any options or other rights or interests (voting or otherwise), including for the avoidance of doubt any pending transactions or transactions awaiting settlement, in any of the SHL Common Shares, SHL Preferred Shares, Existing Short Term Surplus Notes or Existing Long Term Surplus Notes not otherwise described in #1 above, a statement regarding the nature and description of such options or other rights or interests, and the same information and representations with respect to any such options or interests as described in #1-5 above.

7. A representation that each Relevant Party has reviewed the foregoing information in view of the Treasury Regulations under Section 382 of the IRC.

8. An acknowledgement that each Relevant Party understands that the foregoing information and representations shall be relied on by the Syncora Parties for U.S. federal income tax purposes, and that the Syncora Parties may submit the same to the Internal Revenue Service upon audit.

EXHIBIT E

TSA Signature Page – Qualified Marketmaker

The undersigned represents and warrants that it is a Qualified Marketmaker as defined in Section 3(b) of this Agreement. The undersigned represents and warrants that it has acquired the securities listed below solely in its capacity as a Qualified Marketmaker and acknowledges that it is a Consenting Holder only with respect to those securities listed below. In addition, the undersigned represents that the Consenting Securities set forth below taken together with all other Surplus Notes, SHL Preferred Shares and SHL Common Shares held by the undersigned do not exceed 4.75% of SHL's fully diluted common shares on a *pro forma* basis, including after giving effect to the Transactions or otherwise.

[●], as a Consenting Holder[18] and Qualified Marketmaker pursuant to Section 3(b), solely with respect to the Consenting Securities set forth below

By: ______________________________
Name:
Title:

Address: [●]
Fax: [●]
E-mail: [●]

Principal Amount (including paid-in-kind interest) of Long-Term Surplus Notes Owned:	$[●]
Accrued and Unapproved Interest on Long-Term Surplus Notes Owned:	$[●]
Total Long-Term Surplus Notes Owned:	$[●]
Principal Amount (including paid-in-kind interest) of Short-Term Surplus Notes Owned:	$[●]
Accrued and Unapproved Interest on Short-Term Surplus	$[●]

[18] To be signed by the fund or investor beneficially owning the Consenting Securities.

Notes Owned:	
Total Short-Term Surplus Notes Owned:	$[●]
Shares of Series A Preference Shares Owned:	[●]
Shares of Twin Reef Trust Preferred Securities Owned:	[●]
Shares of SHL Common Stock Owned:	[●]