



## Press Release

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### **Syncora Guarantee Settles its Countrywide Litigation**

#### **Announces Completion of Additional Remediations**

NEW YORK, July 17, 2012 /PRNewswire/ -- Syncora Holdings Ltd. ("Syncora") today announced that its wholly owned, New York financial guarantee insurance subsidiary, Syncora Guarantee Inc. ("Syncora Guarantee" or the "Company"), had settled its RMBS-related claims and other claims, with Countrywide Financial Corporation, Bank of America Corporation and affiliates thereof.

In return for releases of all claims the Company has against Countrywide and Bank of America Corporation arising from its provision of insurance in relation to five second lien transactions that were the subject of litigation and all of the Company's claims in relation to nine other first and second lien transactions, the Company received a cash payment of \$375 Million. In addition, in an effort to terminate other relationships between the parties, the Company transferred assets to subsidiaries of Bank of America Corporation and subsidiaries of Bank of America Corporation transferred or agreed to transfer to the Company certain of the Company's and Syncora's preferred shares, surplus notes and other securities.

In addition, and unrelated to the foregoing, since the posting of the Company's first quarter 2012 statutory financial statements, the Company has remediated several credits with total cash disbursements by the Company of approximately \$96 Million.

The combined effects of the foregoing are expected to have a materially positive effect on the Company's surplus as regards policyholders that will be reflected or noted in its second quarter statutory financial statements, which the Company expects to post on or about August 15, 2012. Despite these developments, the Company continues to face significant risks and uncertainties, as described in the Company's financial statements.

#### **About Syncora Holdings Ltd.**

Syncora Holdings Ltd. (OTC: SYCRF) is a Bermuda-domiciled holding company. Each of Syncora Guarantee Inc. and Syncora Capital Assurance Inc. are wholly owned subsidiaries of Syncora Holdings Ltd. For more information, please visit

[www.syncora.com](http://www.syncora.com).

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#### **FORWARD-LOOKING STATEMENTS**

This release contains statements about future results, plans and events that may constitute "forward-looking" statements. You are cautioned that these statements are not guarantees of future results, plans or events and such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control. These factors include, but are not limited to: the performance of invested assets; payment of claims on guaranteed obligations, including Jefferson County, Alabama and residential mortgage-backed securities ("RMBS"); and actions that may be required in order to meet anticipated liquidity and surplus needs; the Company's ability to maintain minimum policyholders' surplus; higher losses and adverse development of reserves on guaranteed obligations due to continued deterioration in the credit and mortgage markets; reduced availability of funds due to the purchase of certain RMBS and the potential inability to convert those assets to cash at their carrying value; reduced availability of funds due to capitalization of Syncora Capital Assurance Inc.; reduced availability of funds due to consideration paid in connection with the master transaction agreement between the Company and certain financial counterparties to the Company's CDS contracts (the "2009 MTA"); the suspension of writing all new business; uncertainty as to the fair value of credit default swap ("CDS") contracts and liabilities thereon; decision by the Company's regulators to take regulatory action such as rehabilitation or liquidation of the Company at any time; Syncora Capital Assurance Inc. being required to make mark-to-market termination payments under its CDS contracts; the Company's ability to continue as a going concern; bankruptcy events involving counterparties to CDS contracts; the potential loss of certain control rights under certain financial

guarantee insurance; non-payment of premium and make wholes owed or cancellation of policies; impact of the non-payment of dividends on Syncora's series A preference shares on the composition of Syncora's Board of Directors; uncertainty in portfolio modeling which makes it difficult to estimate potential paid claims and loss reserves; potential adverse developments at Syncora Capital Assurance Inc. and recapture of business to be ceded to Syncora Capital Assurance Inc. under the 2009 MTA; the financial condition of Syncora Guarantee (U.K.) Limited and action by the Financial Services Authority; requirement of the Company to provide Syncora Guarantee (U.K.) Limited with sufficient funds to maintain its minimum solvency margin; challenges to related 2009 MTA and any commutations and releases; defaults by counterparties to reinsurance arrangements; the interconnectedness of risks that affect the Company's reinsurance and insurance portfolio and financial guarantee products; termination payments related to less traditional products, including CDS contracts, possibly in excess of current resources; nonpayment of premiums by policyholders; changes in accounting policies or practices or the application thereof; changes in officers or key employees; further deterioration in general economic conditions, including as a result of the financial crisis as well as inflation or deflation, interest rates, foreign currency exchange rates and other factors and the effects of disruption or economic contraction due to catastrophic events or terrorist acts; the commencement of new litigation or investigations or the outcome of current and new litigation or investigations; legislative or regulatory developments, including changes in tax laws and regulation of mortgages; losses from fraudulent conduct due to unconditional and irrevocable nature of financial guarantee insurance; problems with the transaction servicers in relation to structured finance transactions; limitations on the availability of net operating loss carryforwards; uncertainty as to federal income tax treatment of CDS contracts; liquidity risks including due to timing of claims payments and reduced availability of funds undertakings with the NYDFS; conflicts of interests with significant shareholders of Syncora; limitations on the transferability of the common shares of Syncora and other additional factors, risks or uncertainties described in Syncora's historical filings with the New York State Department of Financial Services or the Securities and Exchange Commission, including in its Annual Report on Form 10K for the fiscal year ended December 31, 2008, as amended and in Syncora's, SGI's and Syncora Capital Assurance Inc.'s financial statements posted on its website at [www.syncora.com](http://www.syncora.com). Readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. Syncora does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made.

SOURCE Syncora Holdings Ltd.