Amtrust Financial Services, Inc.
Form DEFA14A
June 11, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

AMTRUST FINANCIAL SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

AmTrust Financial Services, Inc. Common Stock, $0.01 par value per share.

(2) Aggregate number of securities to which transaction applies:

93,869,872 shares of Common Stock (including shares subject to restricted stock units, performance share units and shares of restricted Common Stock) and 746,894 shares of Common Stock issuable pursuant to the exercise of outstanding options with exercise prices below $14.75 per share.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of: (1) 93,869,872 shares of Common Stock (including shares subject to restricted stock units, performance share units and shares of restricted Common Stock) multiplied by $14.75 per share (excluding shares of Common Stock (i) held by Merger Sub or Parent, (ii) held by the Company in treasury or (iii) held by any wholly owned subsidiary of the Company); and (2) stock options to purchase 746,894 shares of Common Stock with an exercise price per share below $14.75 multiplied by $7.45 per share (the difference between $14.75 and the weighted average exercise price of $7.30 per share). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying the sum calculated in the preceding sentence by ..0001245.

(4) Proposed maximum aggregate value of transaction:

$1,390,141,958

(5) Total fee paid:

$173,073*

* Includes $156,408 previously paid on April 9, 2018 on Schedule 14A and $16,665 paid concurrently on Amendment No. 2 to Schedule 13E-3.

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

$156,408

(2) Form, Schedule or Registration Statement No.:

Schedule 14A

(3) Filing Party:

AmTrust Financial Services, Inc.

(4) Date Filed:

April 9, 2018

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Vote FOR $14.75 Per Share Cash Merger Proposal

Amended Merger Agreement Increases Purchase Price by $1.25, or 9.3%, Per Share

Transaction Maximizes Value for AmTrust s Public Stockholders with Immediate,

Certain, 45% Premium to the Company s Unaffected Closing Stock Price

Time is Short. June 21, 2018 Special Meeting Fast Approaching

Vote the Enclosed WHITE Proxy Today

June 11, 2018

Dear Stockholder,

On June 7, 2018, AmTrust announced that it had entered into an amended merger agreement with Evergreen Parent, L.P., an entity formed by the Karfunkel-Zyskind Family and private equity funds managed by Stone Point Capital LLC (Stone Point). Under the terms of the amended agreement, Evergreen will acquire the approximately 45% of the Company s shares of common stock that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not already own or control for $14.75 per share in cash, subject to regulatory approval and other closing conditions.

The amended merger agreement represents an increase of $1.25 per share, or 9.3%, in cash consideration to AmTrust public stockholders, over the previously agreed upon $13.50 per share, and a 45% premium to the Company s unaffected closing stock price on January 9, 2018.

This increase in value follows significant engagement with public stockholders. In conjunction with the amended merger agreement, AmTrust and Evergreen Parent have entered into a settlement and support agreement with affiliates of Carl C. Icahn (the Icahn Group) pursuant to which the Icahn Group has agreed to support the transaction. Mr. Icahn stated that he was pleased to reach a settlement that is in the best interest of all stockholders. By raising the merger price to $14.75, over $100 million of incremental value has been created for public stockholders.

The Special Committee of AmTrust s Board of Directors believes that the immediate, certain, premium value provided in this agreement is in the best interest of public stockholders, particularly given the significant risks and uncertainties facing AmTrust s business. Indeed, independent industry analysts agree that the value of AmTrust s shares is likely to decline if this transaction does not close.

Time is Short Vote FOR the Merger Today

The Special Meeting to approve the amended agreement will be reconvened on Thursday, June 21, 2018. Stockholders of record as of April 5, 2018 will be entitled to vote at Special Meeting.

Stockholders that previously voted FOR the merger agreement proposal do not need to vote again unless they wish to change their vote. Stockholders that previously voted against or abstained on the merger proposal or that did not vote by proxy are strongly recommended to vote FOR the merger agreement proposal and the certain value of $14.75 in cash.

To ensure you receive the certain, premium cash value this transaction provides and avoid the underperformance and ongoing business risks facing the Company, we strongly urge AmTrust s public stockholders to vote FOR the merger agreement.

Sincerely,

The Special Committee of the AmTrust Board of Directors

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If you have any questions or need assistance in completing the proxy card, please contact our proxy solicitor:

1407 Broadway, 27th Floor

New York, New York 10018

(212) 929-5500 (Call Collect)

Call Toll-Free (800) 322-2885

Email: Amtrust@mackenziepartners.com

Additional Information and Where to Find It

In connection with the proposed transaction, the Company has filed with the Securities and Exchange Commission (the SEC) a definitive proxy statement on Schedule 14A and may file other documents with the SEC regarding the proposed transaction, including any supplemental disclosure relating to the merger agreement amendment. This letter is not a substitute for the proxy statement or any other document that the Company may file with the SEC. INVESTORS IN AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the proxy statement and other documents filed with the SEC by the Company through the web site maintained by the SEC at www.sec.gov or by contacting the investor relations department of the Company or MacKenzie Partners, Inc., the Company s proxy solicitor.

MacKenzie Partners, Inc.

1407 Broadway, 27th Floor

New York, New York 10018

(212) 929-5500 (Call Collect)

Call Toll-Free (800) 322-2885

Email: AmTrust@mackenziepartners.com

Participants in the Solicitation

Participants in the Solicitation

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the Company s directors and executive officers,

including a description of their direct interests, by security holdings or otherwise, is contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2017 as amended on Form 10-K/A filed with the SEC on April 23, 2018. A more complete description is available in the proxy statement on Schedule 14A filed with the SEC on May 4, 2018. You may obtain free copies of these documents as described in the preceding paragraph.

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59 Maiden Lane, 43rd Floor

New York, NY 10038

SECOND SUPPLEMENT TO THE PROXY STATEMENT FOR

THE SPECIAL MEETING OF STOCKHOLDERS

To Be Held On June 21, 2018

This second supplement (this Second Supplement) supplements the disclosures contained in the definitive proxy statement (the Definitive Proxy Statement), filed by AmTrust Financial Services, Inc., a Delaware corporation (the Company), with the Securities and Exchange Commission (the SEC) on May 4, 2018, as amended and supplemented by that certain supplement to the Definitive Proxy Statement, filed by the Company with the SEC on May 24, 2018 (the First Supplement), in connection with a special meeting of the stockholders of the Company. The purpose of the special meeting is to consider and vote upon, among other things, a proposal to adopt the Agreement and Plan of Merger, dated as of March 1, 2018 (the Merger Agreement), as amended by that certain amendment (the Amendment) to the Merger Agreement, dated as of June 6, 2018 (as amended, the Amended Merger Agreement), by and among Evergreen Parent, L.P., a Delaware limited partnership (Parent), Evergreen Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (Merger Sub), and the Company. Pursuant to the Amended Merger Agreement, Merger Sub will be merged with and into the Company, the separate corporate existence of Merger Sub will cease and the Company will continue its corporate existence under Delaware law as the surviving corporation in the merger. Parent will own 100% of the common stock of the Company following the transactions contemplated by the Merger Agreement. The Definitive Proxy Statement and First Supplement were first mailed to the stockholders of the Company on May 4, 2018 and May 24, 2018, respectively.

This Second Supplement updates the Definitive Proxy Statement, as amended by the First Supplement, to reflect certain developments that occurred after May 24, 2018, the date of the First Supplement. In particular, this Second Supplement (i) describes the Company s previously announced adjournment of the special meeting, (ii) the terms of the Amendment, including the increase in the merger consideration to $14.75 per share from $13.50 per share, and (iii) the entry into that certain Settlement and Support Agreement, dated June 6, 2018 (the Support Agreement), by and among Parent, the Company and certain affiliates of Carl C. Icahn (collectively, the Icahn Group).

The information contained in this Second Supplement speaks only as of June 11, 2018, unless the information specifically indicates that another date applies.

After careful consideration, the Special Committee unanimously determined that the transactions contemplated by the Amended Merger Agreement, including the merger, are fair to, and in the best interests of, the Company and Unaffiliated Stockholders (as defined in the Definitive Proxy Statement), and unanimously recommended that the Board of Directors of the Company (the Board) approve and declare advisable the Amended Merger Agreement, and the transactions contemplated thereby, including the merger, and that the Company s common stockholders vote FOR the adoption of the Amended Merger Agreement, as may be further amended in accordance with its terms. Based in part on that recommendation, and after careful consideration, the Board unanimously determined that the Amended Merger Agreement and the other transactions contemplated thereby, including the merger, are fair, advisable and in the best interests of the Company and the Unaffiliated Stockholders (as defined in the Definitive Proxy Statement). The Board unanimously recommends that you vote

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FOR the adoption of the Amended Merger Agreement and FOR the adjournment of the special meeting from time to time, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the Amended Merger Agreement.

Stockholders that previously voted FOR the proposal to adopt the Merger Agreement do not need to vote again unless they wish to change their vote. Stockholders that previously voted against or abstained on the proposal to adopt the Merger Agreement or that did not vote by proxy are strongly recommended to vote FOR the proposal to adopt the Amended Merger Agreement and the certain value of $14.75 per share in cash, without interest. A proxy card is included with this Second Supplement.

The date of this Second Supplement to the Definitive Proxy Statement is June 11, 2018.

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ADJOURNMENT OF SPECIAL MEETING

On June 4, 2018, the Company adjourned the special meeting originally scheduled for June 4, 2018 to June 21, 2018. The adjournment was based in part on the determination of the Company s proxy solicitor that the Company appeared to have obtained sufficient proxies to satisfy Section 251 of the DGCL, but had not obtained proxies from the holders of at least a majority of the outstanding shares of common stock of the Company owned by Public Stockholders (as defined in the Definitive Proxy Statement).

The reconvened special meeting on June 21, 2018 at 10:00 a.m. (Eastern time) will be held at 59 Maiden Lane, 43rd Floor, New York, NY 10038. The record date for stockholders entitled to vote at the special meeting remains April 5, 2018 and no changes have been made to the proposals to be voted on by stockholders at the special meeting.

AMENDMENT TO THE MERGER AGREEMENT

On June 6, 2018, the Company, Parent and Merger Sub entered into the Amendment. The Amendment provides for, among other things, (i) an increase in the per share merger consideration to be paid to the Company s stockholders to $14.75 per share in cash, without interest, from $13.50 per share in cash, without interest, (ii) an additional condition on Parent and Merger Sub s obligation to effect the merger, which provides that holders of no more than 5% of the shares of common stock that are issued and outstanding immediately prior to the effective time of the merger, in the aggregate, shall have demanded, and not withdrawn, appraisal rights under Section 262 of the DGCL (the Appraisal Condition), and (iii) a termination right in favor of Parent if, at the time of such termination, holders of more than 5% of the shares of common stock have demanded, and not withdrawn, appraisal rights under Section 262 of the DGCL. In addition, pursuant to the Amendment, the Company has agreed to increase the cap on reimbursement of expenses of Parent, Merger Sub, K-Z Evergreen, LLC and their respective affiliates with respect to certain termination events to $10,000,000 from $5,000,000. The Amendment further provides that the net proceeds contemplated by the equity commitment letters of Trident Pine and K-Z LLC and the available cash resources of the Company are sufficient to pay the aggregate merger consideration, pay all fees and expenses in connection with the merger and the equity financing, and satisfy all of the other payment obligations of Parent and the Company contemplated by the Amended Merger Agreement.

The foregoing description of the Amendment and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Amendment, which is attached hereto as Annex A, which is incorporated herein by this reference.

SETTLEMENT AND SUPPORT AGREEMENT

In connection with the Amendment, on June 6, 2018, the Company, Parent and the Icahn Group entered into the Support Agreement, which provides for, among other things, (i) mutual releases by the Icahn Group, on behalf of itself and its related parties, on the one hand, and each of the Company and Parent, on behalf of itself and its related parties, on the other hand, with respect to claims relating to (a) the merger, and (b) the Company or its affairs on or before the execution of the Amendment, including with respect to the previously disclosed litigation filed by Icahn Partners LP, Icahn Partners Master Fund LP and High River Limited Partnership in the Delaware Court of Chancery and styled *Icahn Partners LP, et al. v. Barry D. Zyskind*, et al., C.A. No. 2018-0358-AGB (the Icahn Litigation), (ii) an agreement by the Icahn Group to exercise their commercially reasonable efforts to cause the court to dismiss the Icahn Litigation, (iii) an agreement by the Icahn Group to withdraw all claims for, and not to seek, appraisal of their shares of common stock under Section 262 of the DGCL, and (iv) mutual covenants not to sue.

In addition, pursuant the terms of the Support Agreement, from and after June 6, 2018, each member of the Icahn Group has agreed to (i) immediately cease any and all solicitation efforts against the proposal to adopt the

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Amended Merger Agreement and against the proposal to adjourn the special meeting from time to time, and (ii) except for certain exceptions set forth in the Support Agreement, not deliver or otherwise use any proxies that may have been received by any member of the Icahn Group or its representatives with respect to the special meeting or at any other meeting of the holders of common stock called to consider the adoption of the Amended Merger Agreement and the merger, and at every adjournment or postponement thereof.

Pursuant to the terms of the Support Agreement, until the earlier to occur of (i) August 31, 2018 and (ii) the date on which the Required Stockholder Vote (as defined in the Merger Agreement) is obtained, each member of the Icahn Group has agreed not to transfer, either directly or indirectly, the shares of common stock it owns, subject to certain exceptions.

Pursuant to the Support Agreement, on June 7, 2018, members of the Icahn Group (i) filed a Notice of Voluntary Dismissal with Prejudice in The Court of Chancery of the State of Delaware, and (ii) commenced the process to cause to be withdrawn the notices to demand appraisal with respect to their shares of common stock.

The foregoing description of the Support Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Support Agreement, which was previously filed as Exhibit 10.1 to Company s Current Report on Form 8-K, dated June 7, 2018, which is incorporated herein by this reference.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Second Supplement may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward- looking terminology such as may, will, should, expects, intend plans, anticipates, believes, estimates, predicts, or potential or the negative of these words and phrases or sim words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters.

You should be aware that forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or, even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this Second Supplement or elsewhere as a result of new information, future events or otherwise, except as required by law. In addition to other factors and matters referred to or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the Amended Merger Agreement;
- the outcome of any legal proceedings that has been or may be instituted against the Company or others relating to the Amended Merger Agreement;
- the inability to complete the merger because of the failure to receive, on a timely basis or otherwise, the required approvals by Company stockholders (including the affirmative vote of the (i) holders of at least a majority of all outstanding shares of common stock of the Company and (ii) holders of at least a majority of all outstanding shares of common stock of the Company held by the Public Stockholders);
- the inability to complete the merger because of the failure to receive, on a timely basis or otherwise, the required consents of governmental or regulatory agencies or third parties in connection with the merger;
- the risk that a condition to closing of the merger may not be satisfied;
- the failure of the merger to close for any other reason;
- the risk that the pendency of the merger disrupts current plans and operations and potential difficulties in employee retention as a result of the pendency of the merger;

the fact that directors and officers of the Company have interests in the merger that are different from, or in addition to, the interests of the stockholders of the Company generally in recommending that such stockholders vote to approve the Amended Merger Agreement;

the effect of the announcement of the merger on our business relationships, operating results and business generally;

the amount of the costs, fees, expenses and charges related to the merger;

and other risks detailed in our filings with the SEC, including our most recent filing on Forms 10-Q and 10-K. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements.

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC, pursuant to the Exchange Act. In connection with the proposed merger transaction, on May 4, 2018, the Company filed with the SEC the Definitive Proxy Statement, which was mailed to stockholders on or about May 4, 2018. This Second Supplement is not a substitute for the Definitive Proxy Statement or any other document that the Company may file with the SEC. BEFORE MAKING ANY VOTING DECISION, INVESTORS IN AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT, THE FIRST SUPPLEMENT, THIS SECOND SUPPLEMENT, AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER AND RELATED MATTERS. Those filings are available to the public from the SEC s website at http://www.sec.gov., or by contacting the investor relations department of the Company or MacKenzie Partners, Inc., the Company s proxy solicitor. You may also read and copy any document we file at the SEC s public reference room in Washington, D.C. located at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of any document filed by us at prescribed rates by writing to the Public Reference Section of the SEC at that address. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Information about us, including our filings, is also available on our website at https://amtrustfinancial.com. The information contained on or accessible through our website is not part of the Definitive Proxy Statement, the First Supplement, or this Second Supplement, other than the documents that we file with the SEC that are incorporated by reference into the Definitive Proxy Statement, the First Supplement or this Second Supplement.

Because the merger is a going-private transaction, the Parent, the Company, Merger Sub, and the other Filing Persons named therein have filed with the SEC a Transaction Statement on Schedule 13E-3, which with any amendments thereto is referred as the Schedule 13E-3 , with respect to the merger. The Schedule 13E-3, including any amendments and exhibits filed or incorporated by reference as a part of it, is available for inspection as set forth above. The Schedule 13E-3 will be amended to report promptly any material change in the information set forth in the most recent Schedule 13E-3 filed with the SEC.

The SEC allows us to incorporate by reference into the Definitive Proxy Statement, the First Supplement and this Second Supplement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of the Definitive Proxy Statement, the First Supplement and this Second Supplement and, with respect to the Definitive Proxy Statement, the First Supplement and this Second Supplement but not with respect to the Schedule 13E-3, later information that we file with the SEC will update and supersede such information. Information in documents that is deemed, in accordance with SEC rules, to be furnished and not filed is not deemed to be incorporated by reference into the Definitive Proxy Statement, the First Supplement and this Second Supplement. We incorporate by reference, with respect to the Definitive Proxy Statement, the First Supplement and this Second Supplement but not with respect to the Schedule 13E-3, any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Definitive Proxy Statement and prior to the date of the special meeting.

We will amend the Schedule 13E-3 to incorporate by reference any additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Definitive Proxy Statement and prior to the date of the special meeting to the extent required to fulfill our obligations under the Exchange Act.

No persons have been authorized to give any information or to make any representations other than those contained in the Definitive Proxy Statement, the First Supplement and this Second Supplement and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person. This

Second Supplement is dated June 11, 2018. You should not assume that the information contained

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in the Definitive Proxy Statement, the First Supplement and this Second Supplement is accurate as of any date other than that date, and the mailing of the Definitive Proxy Statement, the First Supplement and this Second Supplement to stockholders did not create any implication to the contrary.

SUPPLEMENTAL DISCLOSURES

The information contained in this Second Supplement is incorporated by reference into the Definitive Proxy Statement. To the extent that information in this Second Supplement differs from or updates information contained in the Definitive Proxy Statement or the First Supplement, the information in this Second Supplement shall supersede or supplement the information in the Definitive Proxy Statement and the First Supplement. Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Definitive Proxy Statement.

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QUESTIONS AND ANSWERS RELATED TO THE SPECIAL MEETING

AND AMENDED MERGER AGREEMENT

The following questions and answers briefly address questions you may have regarding the special meeting on June 21, 2018 starting at 10:00 a.m., Eastern time, at 59 Maiden Lane, 43rd Floor, New York, New York 10038 and questions you may have in connection with the Company s entry into the Amended Merger Agreement.

Q: Why are you sending me this supplement to the May 4, 2018 proxy statement?

A: We are sending you this Second Supplement because, on June 6, 2018, the Company entered into the Amendment. This Second Supplement provides information on the merger and updates the Definitive Proxy Statement, as amended by the First Supplement, each of which was previously mailed to you.

Q: What are the Company s reasons for amending the Merger Agreement?

A: On June 3, 2018, based on a preliminary assessment of proxies received by MacKenzie Partners, Inc., the Company s proxy solicitor, it appeared that sufficient proxies to adopt the Merger Agreement under Section 251 of the DGCL had been obtained but that proxies from at least a majority of the Public Stockholders had not been obtained. In response, on June 4, 2018, the Company adjourned the special meeting to June 21, 2018. Subsequently, following significant engagement with the Company s stockholders, Stone Point and the Karfunkel-Zyskind Family offered an increase in the merger consideration to $14.75 per share in cash, without interest, from $13.50 per share in cash, without interest.

Q: What will I now receive in the Merger?

A: If the merger is completed, you hold your shares through the effective time of the merger and you do not exercise your appraisal rights, or withdraw, fail to perfect or otherwise lose your appraisal rights under Delaware law (as explained in the *Dissenters Rights to Appraisal* section of the Definitive Proxy Statement on page 132), you will be entitled to receive the merger consideration of $14.75 per share in cash, without interest and less any applicable withholding taxes, for each share of common stock of the Company that you own. You will not be entitled to retain or receive shares in the surviving corporation.

Q: What are the significant amendments to the merger agreement?

A: The Merger Agreement was amended to, among other things, (i) increase the per share merger consideration to be paid to the Company s stockholders to $14.75 per share in cash, without interest, from $13.50 per share in cash, without interest, (ii) include the Appraisal Condition, and (iii) include a termination right in favor of Parent if at the time of such termination, holders of more than 5% of the shares of common stock have demanded, and not

withdrawn, appraisal rights under Section 262 of the DGCL. In addition, pursuant to the Amendment, the Company has agreed to increase the cap on reimbursement of expenses of Parent, Merger Sub, K-Z Evergreen, LLC and their respective affiliates with respect to certain termination events to $10,000,000 from $5,000,000.

Q: Does our Board of Directors still support the merger?

A: Yes. The Board of Directors, based in part on the unanimous recommendation of the Special Committee, unanimously recommends that you vote:

FOR the adoption of the Amended Merger Agreement; and

FOR the proposal regarding adjournment of the special meeting from time to time, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the Amended Merger Agreement.

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A: You will be asked to vote on the following proposals:

to adopt the Amended Merger Agreement;

to approve the adjournment of the special meeting from time to time, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the Amended Merger Agreement; and

to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof.

You should read *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 35 of the Definitive Proxy Statement, as well as *Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page S-7 of this Second Supplement for a discussion of the factors that the Special Committee and the Board of Directors considered in deciding to recommend and/or approve, as applicable, the Amended Merger Agreement.

Q: Where and when is the special meeting of stockholders?

A: The special meeting will take place on June 21, 2018, starting at 10:00 a.m., Eastern time, at 59 Maiden Lane, 43rd Floor, New York, New York 10038.

Q: Who can vote at the special meeting?

A: The record date for determining who is entitled to vote at the special meeting has not changed. We have set the close of business on April 5, 2018 for determining those stockholders of record who are entitled to notice of, and to vote at, the special meeting.

Q: What is the required vote to approve the Amended Merger Agreement?

A: The consummation of the merger is conditioned upon the approval of a resolution to adopt the Amended Merger Agreement by the affirmative vote of (i) the holders of at least a majority of all outstanding shares of common stock of the Company and (ii) the holders of at least a majority of the outstanding shares of common stock of the Company owned by the Public Stockholders, in each case, in favor of the adoption of the Amended Merger Agreement. Pursuant to our by-laws, shares of common stock of the Company are entitled to one vote per share. The approval of the proposal to adopt the Amended Merger Agreement is a condition to the parties obligations to consummate the merger. Under the Rollover Agreement, the rollover stockholders, as holders of approximately 55% of the outstanding shares of common stock of the Company, agreed, upon the terms and subject to the

conditions set forth in the Rollover Agreement, to vote all such shares that they own in favor of adoption of the Amended Merger Agreement and the presence of such shares assures a quorum at the special meeting. If you fail to vote on the proposal related to the adoption of the Amended Merger Agreement, the effect will be the same as a vote against the adoption of the Amended Merger Agreement.

Each of the directors and executive officers of the Company has informed the Company that, as of the date of this Second Supplement, he or she intends to vote in favor of the adoption of the Amended Merger Agreement.

Q: What if I already voted using the proxy you sent me earlier?

A: First, carefully read and consider the information contained in this Second Supplement, including the annexes, and the Definitive Proxy Statement, as amended and supplemented by the First Supplement. If you have already delivered a properly executed proxy, you will be considered to have voted on the Amended Merger Agreement, and you do not need to do anything unless you wish to change your vote.

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Stockholders that previously voted FOR the proposal to adopt the Merger Agreement do not need to vote again unless they wish to change their vote. Stockholders that previously voted against or abstained on the proposal to adopt the Merger Agreement or that did not vote by proxy are strongly recommended to vote FOR the proposal to adopt the Amended Merger Agreement proposal and the certain value of $14.75 per share in cash, without interest.

Q: Can I revoke my proxy and voting instructions?

A: Yes. You can revoke your proxy and voting instructions at any time before your proxy is voted at the special meeting. If you are a stockholder of record, you may revoke your proxy by notifying the Company s Secretary in writing at AmTrust Financial Services, Inc., 59 Maiden Lane, 43rd Floor, New York, New York 10038, by submitting a new proxy by mail, dated after the date of the proxy being revoked, or by attending the special meeting and voting in person (but simply attending the special meeting will not cause your proxy to be revoked).

Please note that if you hold your shares of common stock of the Company in street name and you have instructed a broker, bank or other nominee to vote your shares of common stock of the Company, the above-described options for revoking your voting instructions do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to revoke your voting instructions.

Q: What do I do if I have not voted yet?

A: We urge you to read the information contained in this Second Supplement, including the annexes, and the Definitive Proxy Statement, as amended and supplemented by the First Supplement, as well as the related amendment to Schedule 13E-3, including the exhibits thereto, filed with the SEC, and to consider how the merger affects you.

If you are a stockholder of record, you can ensure that your shares are voted at the special meeting by submitting your proxy via mail, by completing, signing, dating and mailing your proxy and voting instruction card and returning it in the envelope provided.

If you hold your shares of common stock of the Company in street name through a broker, bank or other nominee, you should follow the directions provided by it regarding how to instruct it to vote your shares of common stock. Without those instructions, your shares of common stock of the Company will not be voted, which will have the same effect as voting against adoption of the Amended Merger Agreement.

Q: Whom can I call with questions?

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your common stock or need additional copies of the proxy statement or the enclosed proxy and voting instruction card(s), please contact MacKenzie Partners, Inc., which is acting as the proxy solicitation agent and information agent in connection with the merger.

MacKenzie Partners, Inc.

1407 Broadway 27th Floor

New York, New York 10018

Toll Free: 1-(800) 322-2885

Email: proxy@mackenziepartners.com

If your broker, bank or other nominee holds your common stock, you can also call your broker, bank or other nominee for additional information.

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UPDATE TO BACKGROUND OF THE MERGER

The following information supplements the existing disclosures contained under the heading Special Factors Background of the Merger beginning on page 21 of the Definitive Proxy Statement.

On April 9, 2018, the Company filed its preliminary proxy statement with the SEC. After receiving comments from the staff of the SEC, the Company amended its proxy statement in response to such comments, and on May 4, 2018, the Company filed the Definitive Proxy Statement.

As previously disclosed in the First Supplement, following the filing of the Definitive Proxy Statement, from May 9, 2018 through May 21, 2018, purported stockholders of the Company filed putative class action lawsuits against the Company and members of the Board under the following captions, (i) Bartholomew v. AmTrust Fin l Services, Inc., et al., Case No. 1:18-cv-04178 (S.D.N.Y.), (ii) Myhre v. AmTrust Fin l Services, Inc., et al., Case No. 1:18-cv-04175 (S.D.N.Y.), (iii) Shust v. AmTrust Fin l Services, Inc., et al., Case No. 1:18-cv-01129 (N.D. Ohio), (iv) Raul v. AmTrust Fin l Services, Inc., et al., Case No. 1:18-cv-04440 (S.D.N.Y.), and (v) Rabinowitz v. AmTrust Fin l Services, Inc., et al., Case No. 1:18-cv-04484 (S.D.N.Y.). The complaints generally alleged that the defendants violated Sections 14(a) and 20(a) of the Exchange Act because the preliminary proxy statement or Definitive Proxy Statement, as applicable, allegedly omitted material information with respect to the merger, thus rendering the applicable proxy statement false and misleading. The complaints sought, among other things, injunctive relief preventing the consummation of the merger and costs of the applicable action, including reasonable allowance for plaintiff attorneys and experts fees.

On May 17, 2018, Carl Icahn contacted Mr. Zyskind and informed Mr. Zyskind that he and his affiliates (the Icahn 13D Parties) had acquired approximately 9.4% of the outstanding common stock of the Company and intended on soliciting proxies against the proposal to adopt the Merger Agreement. Later that day, representatives of Paul, Weiss spoke with Mr. Icahn and one of his associates and discussed Mr. Icahn s opposition to the transaction. The parties subsequently arranged for Mr. Icahn to meet with Mr. Zyskind and Mr. Karfunkel on May 22, 2018.

On May 17, 2018, the Icahn 13D Parties filed a Schedule 13D reflecting their aggregate ownership of approximately 9.4% ownership stake in the Company. The filing disclosed that the Icahn 13D Parties acquired their positions in the belief that the shares were undervalued. In addition, on May 17, 2018, certain affiliates of Mr. Icahn delivered a demand, pursuant to Section 220 of the DGCL, to the Company requesting access to certain stocklist materials of the Company.

Earlier that day, Mr. Icahn delivered an open letter to the Board, which stated that he opposed the merger and intended to solicit proxies against the transaction. The letter also requested that the Company move the record date such that shares held by the Icahn 13D Parties would be able to vote on the merger. In addition, on May 17, 2018, the Icahn 13D Parties filed a preliminary proxy statement on Schedule 14A, urging the Company s stockholders to vote against the Merger Agreement proposal at the special meeting.

On May 21, 2018, certain affiliates of Mr. Icahn filed a complaint against the Company and certain of its directors in the Delaware Court of Chancery, captioned *Icahn Partners LP, et al. v. Zyskind, et al.*, Case No. 2018-0358 (Del. Ch.). The complaint alleged that the defendants violated their fiduciary duties to the Company and sought, among other things, a declaration that the merger was not entirely fair and an order rescinding the merger or granting an award of rescissory damages, interest and expenses, including reasonable allowance for attorneys fees and costs, but did not seek to enjoin the merger.

In the afternoon on May 22, 2018, Mr. Zyskind and Mr. Karfunkel, along with representatives of BofA Merrill Lynch and the Company s proxy solicitor, met with Mr. Icahn and his associates to discuss the transaction. Mr. Zyskind and Mr. Karfunkel informed Mr. Icahn that they believed that $13.50 per share was a

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fair price, particularly given the current issues faced by the Company and summarized in the section of the Definitive Proxy Statement titled *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger*, and that they were not prepared to increase the merger consideration at such time.

Also on May 22, 2018, the Company delivered an investor presentation to Institutional Shareholder Services (ISS), which provided in part that the merger was the result of a robust process and removed significant business risks and uncertainties. The presentation was also filed as an exhibit to Schedule 14A.

On May 23, 2018, the Icahn 13D Parties filed an amendment to their preliminary proxy statement and also delivered an investor presentation to ISS, asking ISS to recommend that stockholders vote against the proposal to adopt the Merger Agreement. In response, on May 24, 2018, the Company delivered a supplemental presentation to Glass Lewis & Co. (Glass Lewis) and ISS disputing some of the Icahn 13D Parties claims. The next day, the Company issued a press release announcing the recommendation by Glass Lewis that the Company stockholders vote in favor of the proposal to adopt the Merger Agreement at the special meeting of stockholders.

On May 24, 2018, the Company filed the First Supplement to voluntarily make supplemental disclosures related to the merger in response to certain of the allegations raised in the complaints described above. Nothing in the First Supplement should be deemed an admission of the legal necessity or materiality of the disclosures set forth therein. The Company specifically denies all allegations in the complaints described above that any additional disclosure was or is required.

On May 25, 2018, ISS s report was released, which recommended that stockholders vote against the proposal to adopt the Merger Agreement at the special meeting of stockholders, and the Icahn 13D Parties filed a supplemental investor presentation contesting certain of the claims in the Company s supplemental presentation.

Over the course of the next week, members of the Special Committee along with representatives of the Special Committee and the Company met with representatives of the Company s largest stockholders to solicit their support for the merger and also met with representatives of the proxy advisory firms to seek such firms endorsement of the merger.

On May 29, 2018, the Company issued a press release announcing that proxy advisory firm Egan-Jones joined Glass Lewis in recommending that the Company stockholders vote in favor of the transaction.

On June 1, 2018, certain affiliates of Mr. Icahn informed the Company that they would assert appraisal rights with respect to their shares, pursuant to Section 262 of the DGCL.

Based on a preliminary assessment of proxies received by the Company s proxy solicitor as of June 3, 2018, it appeared that sufficient proxies in favor of the proposal to adopt the Merger Agreement under Section 251 of the DGCL had been obtained, but that sufficient proxies in favor of the proposal to adopt the Merger Agreement from a majority of Public Stockholders would not be obtained. Accordingly, Parent determined to request that the Company adjourn the special meeting in order to allow the Company additional time to solicit further support for the proposal to adopt the Merger Agreement.

On June 3, 2018, Mr. Zyskind contacted Mr. Icahn and informed him that Parent would be requesting that the Company adjourn the special meeting and requested a meeting with Mr. Icahn to discuss the transaction. Paul, Weiss and an associate of Mr. Icahn also had discussions regarding the request to adjourn the special meeting. In addition, on June 3, 2018, the Special Committee met with its legal advisors to discuss the current status of the transaction, which

included a discussion of Mr. Icahn s previous statements.

On June 4, 2018, in accordance with the terms of the merger agreement, Parent delivered a notice to the Company requesting that the special meeting be adjourned until June 21, 2018. The Company convened the

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special meeting on June 4, 2018 and informed the attendees of Parent s request for an adjournment. Following a vote of the majority of shares present in person or by proxy at the meeting, the special meeting was adjourned until June 21, 2018.

Later that same day, Mr. Zyskind and Mr. Karfunkel, along with representatives of BofA Merrill Lynch and Paul, Weiss, met with Mr. Icahn and his associates to discuss the transaction. At the meeting, Mr. Icahn advised that he would support the merger if the merger consideration was increased to $14.75, an increase of $1.25 per share. After the meeting with Mr. Icahn, Mr. Zyskind and Mr. Karfunkel had discussions with representatives of Stone Point and Trident Pine about the transaction. Ultimately, after such discussions, the Karfunkel-Zyskind Family, on the one hand, and Stone Point and Trident, on the other hand, agreed to increase the merger consideration to $14.75 per share. Later that evening, Mr. Zyskind contacted Mr. Icahn and informed him that the Karfunkel-Zyskind Family and Stone Point and Trident Pine were prepared to increase the merger consideration to $14.75 per share subject to entering into a satisfactory Support Agreement with the Icahn Group. Following that call, Paul, Weiss prepared a draft of the Support Agreement, which they sent to a representative of the Icahn Group. Over the course of the next two days, Paul, Weiss and an associate of the Icahn Group, as well as Mr. Zyskind, Mr. Karfunkel and Mr. Icahn directly, negotiated the terms of the Support Agreement.

On June 5, 2018, the Special Committee met with its financial and legal advisors to discuss the proposed amendment to the Merger Agreement in light of discussions between members of the Karfunkel-Zyskind Family, representatives of Trident Pine and Mr. Icahn as well as due diligence items and financial forecast updates with respect to information provided by the Company to Deutsche Bank. Later that day, the Special Committee met again with its financial and legal advisors to discuss certain due diligence and financial forecast updates with respect to the financial information provided by the Company to Deutsche Bank.

On June 6, 2018, Skadden delivered an initial draft of the Amendment to Willkie Farr relating to the potential increase in the merger consideration, which included among other things (i) the Appraisal Condition, (ii) a right of Parent to terminate the Amended Merger Agreement in the event the Appraisal Condition was not satisfied and (iii) a requirement to reimburse Parent for its expenses in the event the Appraisal Condition was not satisfied or the requisite stockholder approval was not obtained for any reason. Through the course of the day, representatives of the parties and their respective counsel negotiated the percentage threshold in the Appraisal Condition and the circumstances in which the Parent would be entitled to reimbursement of its expenses as well as the amount of the cap on such reimbursement.

On June 6, 2018, the Special Committee met with its financial and legal advisors to discuss the current status of the Amendment, including the Appraisal Condition and Parent reimbursement of expenses in certain circumstances, and also discussed the updated Special Committee case projections provided by the Company at the request of the Special Committee.

Later, on June 6, 2018, the Special Committee met with its financial and legal advisors to discuss the proposed final terms of the Amendment, including the per share merger consideration being increased to $14.75 from $13.50, the inclusion of the Appraisal Condition (and the threshold of that condition), a related termination provision, and an increase in reimbursement of Parent expenses in certain circumstances. At the request of the Special Committee, Deutsche Bank issued an oral opinion, which was subsequently confirmed by delivery of a written opinion dated June 6, 2018, that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Deutsche Bank in preparing its opinion, the merger consideration of $14.75 per share of common stock of the

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Company was fair, from a financial point of view, to the Unaffiliated Stockholders. After further discussion, the Special Committee unanimously determined that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement were fair, advisable and in the best interests of the Unaffiliated Stockholders and recommended that the Board approve the merger, the Amended Merger Agreement and the transactions contemplated thereby.

Following the Special Committee meeting, the full Board based in part on the recommendation of the Special Committee, as well as on the basis of the other factors described below (including, among other factors, the financial analyses reviewed and discussed with the Special Committee by Deutsche Bank), which the Board adopted as its own, unanimously resolved on behalf of the Company that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement, were fair, advisable and in the best interests of the Company and the Unaffiliated Stockholders and that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement, be recommended to the stockholders for adoption. Thereafter, the Board approved the merger, the Amended Merger Agreement, and the transactions contemplated thereby and approved the Support Agreement.

Late in the evening of June 6, 2018, Parent, Merger Sub and the Company executed and delivered the Amendment and the Company, Parent and the Icahn Group executed and delivered the Support Agreement. On the morning of June 7, 2018, the Company issued a press release announcing the entry into the Amendment and the entry into the Support Agreement.

REASONS FOR THE MERGER; RECOMMENDATION OF THE SPECIAL COMMITTEE; RECOMMENDATION OF THE BOARD OF DIRECTORS; FAIRNESS OF THE MERGER

The following information supplements the existing disclosures contained under the heading Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger beginning on page 35 of the Definitive Proxy Statement.

On June 6, 2018, the Special Committee, acting with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the merger, including the terms and conditions of the Amended Merger Agreement, and determined that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement are fair to, advisable and in the best interests of the Unaffiliated Stockholders. The Special Committee unanimously recommended to the Board that it declare and determine that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement are fair, advisable and in the best interests of the Unaffiliated Stockholders, approve the terms of the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement, and direct that the Amended Merger Agreement be submitted to holders of the common stock for adoption as contemplated by the Amended Merger Agreement.

In reaching its decision to approve the merger, the Amended Merger Agreement and the other transactions contemplated by the Amended Merger Agreement, the Special Committee considered the matters described in *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger* as set forth in the Definitive Proxy Statement. The Special Committee also considered a number of additional factors in connection with the Amendment, including the following:

the increase in merger consideration to stockholders to $14.75 per share in cash, without interest, from $13.50 per share in cash, without interest, representing a premium of approximately 45% over the closing price of the common stock of $10.15 on January 9, 2018 (the unaffected share price prior to the public announcement of the Initial Proposal) (compared to a 33% premium relative to the original merger consideration of $13.50 per share), approximately 34% over the volume weighted average price

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(VWAP) of the common stock for the three-month period prior to the public announcement of the Initial Proposal (compared to a 22% premium relative to the original merger consideration of $13.50 per share), and approximately 46% over the closing price of the common stock one month prior to the public announcement of the Initial Proposal (compared to 34% premium relative to the original merger consideration of $13.50 per share);

the potential risks to the Company of continuing to have publicly traded common stock and the potential risk of a declining stock price;

the fact that none of the Company, the Karfunkel-Zyskind Family, the Special Committee or any of the Special Committee s independent legal and financial advisors received any inbound inquiries from third parties related to potential alternative acquisition proposals, a period of almost five months;

the oral opinion delivered by Deutsche Bank to the Special Committee, which was subsequently confirmed by a written opinion dated June 6, 2018, that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Deutsche Bank in preparing its opinion, the merger consideration of $14.75 per share of common stock of the Company was fair, from a financial point of view, to the Unaffiliated Stockholders, as more fully described below; and

the fact that the Icahn Group, which holds approximately 9.4% of the outstanding shares of the Company s common stock and is the Company s largest Unaffiliated Stockholder, supports the Amended Merger Agreement, the merger and the transactions contemplated by the Amended Merger Agreement.

In the course of reaching its determinations and making its recommendations, the Special Committee also considered the following countervailing factors concerning the Amended Merger Agreement and the merger, including the addition of the Appraisal Condition and related termination right and Parent reimbursement of expenses in certain circumstances.

Recommendation of the Board of Directors of the Company

On June 6, 2018, based in part on the unanimous recommendation of the Special Committee, as well as on the basis of the other factors described in the Definitive Proxy Statement, and this Second Supplement, the Board on behalf of the Company unanimously:

determined that the Amended Merger Agreement, the merger and the other transactions contemplated by the Amended Merger Agreement are fair, advisable and in the best interests of the Company and its stockholders, including the Unaffiliated Stockholders;

approved the Amended Merger Agreement, merger and the other transactions contemplated by the Amended Merger Agreement for purposes of Section 251 of the DGCL; and

resolved to recommend stockholders adopt the Amended Merger Agreement.

OPINION OF DEUTSCHE BANK

The following information supplements the existing disclosures contained under the heading Special Factors Opinion of Deutsche Bank beginning on page 40 of the Definitive Proxy Statement as follows:

Opinion of Deutsche Bank

At the June 6, 2018 meeting of the Special Committee, Deutsche Bank delivered its oral opinion to the Special Committee, subsequently confirmed in a written opinion dated June 6, 2018, that, as of such date and based upon

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and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Deutsche Bank in preparing its opinion, the merger consideration of $14.75 per share of common stock of the Company was fair, from a financial point of view, to the Unaffiliated Stockholders.

The full text of Deutsche Bank s written opinion, dated June 6, 2018, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations upon the review undertaken by Deutsche Bank in connection with the opinion, is included in this Second Supplement as Annex B and is incorporated herein by reference, which we refer to as the opinion. The summary of Deutsche Bank s opinion set forth in this Second Supplement is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank s opinion was approved and authorized for issuance by a Deutsche Bank fairness opinion review committee and was addressed to, and for the use and benefit of, the Special Committee in connection with and for purposes of its evaluation of the merger. Deutsche Bank s opinion was limited to the fairness of the merger consideration of $14.75 per share of common stock of the Company, from a financial point of view, to the Unaffiliated Stockholders as of the date of the opinion. Deutsche Bank s opinion did not address any other terms of the merger or the Amended Merger Agreement. In connection with Deutsche Bank s opinion, Deutsche Bank did not review, and Deutsche Bank s opinion did not address, the terms of any other agreement entered into or to be entered into in connection with the merger, including any agreements entered into between the rollover stockholders and the Company, between the rollover stockholders and Parent, between Parent and its equityholders or between the equityholders of Parent. Deutsche Bank was not asked to, and Deutsche Bank s opinion did not, address the fairness of the merger, or any consideration received in connection therewith, to the holders of shares of common stock of the Company other than the Unaffiliated Stockholders or the holders of any other class of securities, creditors or other constituencies of the Company, nor did it address the fairness of the contemplated benefits of the merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision of the Company or the Special Committee to engage in the merger or the relative merits of the merger as compared to any alternative transactions or business strategies. Deutsche Bank expressed no opinion, and its opinion does not constitute a recommendation, as to how any holder of shares of common stock of the Company should vote or act with respect to the merger or any other matter. In addition, Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the Company s officers, directors or employees, or any class of such persons, in connection with the merger, whether relative to the merger consideration of $14.75 per share of common stock of the Company or otherwise. Deutsche Bank s opinion did not in any manner address the prices at which shares of common stock of the Company or any other securities will trade at any time.

In connection with its role as financial advisor to the Special Committee, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning the Company, the Definitive Proxy Statement, the First Supplement, certain internal analyses, financial forecasts and other information relating to the Company prepared by the management of the Company and certain financial forecasts relating to the Company prepared by the Company upon instruction from the Special Committee (the Updated Special Committee Case Projections). Deutsche Bank also held discussions with certain senior officers, other representatives and advisors of the Company and the Special Committee regarding the businesses and prospects of the Company. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for the shares of common stock of the Company;

compared certain financial and stock market information for the Company with, to the extent publicly available, similar information for certain other companies it considered relevant whose securities are publicly traded;

reviewed, to the extent publicly available, the financial terms of certain recent business combinations which it deemed relevant;

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reviewed a draft dated as of June 6, 2018 of the Amendment; and

performed such other studies and analyses and considered such other factors as it deemed appropriate.

Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it by the Company or the Special Committee, concerning the Company, including, without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank, with the knowledge and permission of the Special Committee, assumed and relied upon the accuracy and completeness of all such information.

Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or review any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities), of the Company or any of its subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of the Company or any of its subsidiaries (or the impact of the merger thereon) under any law relating to bankruptcy, insolvency or similar matters. Deutsche Bank are not actuaries and Deutsche Bank s services did not include any actuarial determination or evaluation by it or any attempt to evaluate actuarial assumptions and Deutsche Bank relied on the Company s actuaries with respect to reserve adequacy. In that regard, Deutsche Bank made no analysis of, and expressed no opinion as to, the adequacy of the loss and loss adjustments expenses reserves of the Company.

With respect to the Updated Special Committee Case Projections made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed with the Special Committee s knowledge and permission that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Special Committee as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such financial forecasts or the assumptions on which they were based. Deutsche Bank s opinion is necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it becomes aware after the date of its opinion.