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Corporate & Investment Bank



# Presentation to the Special Committee

January 4, 2018

Deutsche Bank Securities Inc., a subsidiary of Deutsche Bank AG, conducts investment banking and securities activities in the United States.

A. DB team and qualifications

B. Situation assessment

C. Strategic alternatives

D. Conclusion

## Discussion agenda



- A** DB team and qualifications
- B** Situation assessment for Special Committee
- C** Consideration of strategic and financial alternatives
- D** Conclusion and path forward

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## Deutsche Bank's dedicated team for the Special Committee



### Dedicated team for the Special Committee



39  
14

**Jim Stynes**  
Managing Director  
Global Chairman of M&A



31  
2

**Celeste Guth**  
Managing Director  
Global Co-Head of FIG



18  
<1

**Meir Lewis**  
Managing Director  
Head of US Insurance



18  
<1

**Sean Fernandes**  
Managing Director



10  
8

**Simon Paciura**  
Vice President



6  
<1

**Kulin Shah**  
Associate



2  
2

**Jacqueline Li**  
Analyst

Deutsche Bank  
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Number of years in the industry  
Number of years at Deutsche Bank

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## Why DB?



### Seasoned team of trusted advisors

- Highly experienced team of senior bankers with more than 100 years of combined advisory experience
- Hands-on approach to the engagement (please ask for our references)



### Special Committee advisory track record

- This team personally advised on highly relevant insurance and financial services special committee assignments:
  - American Financial / National Interstate
  - AXA / AXA Financial
  - MassMutual and Cerberus / Scottish Re
- DB institutional knowledge having advised on more than 10 special committee assignments in the past few years



### Insurance industry expertise

- Global financial services and insurance team of more than 100 professionals
- Active dialogue and access to potential alternative buyers
- Comprehensive capital markets, trading and research capabilities



### Dedicated execution resources

- Recent investment in dedicated execution team with immediate capacity for this priority assignment
- Line-of-sight location of DB office to AmTrust headquarters



### Deep knowledge of company by team members

- Up to speed on situation and familiar with recent events
- Ability to move quickly and focus on robust process requirements
- Important assignment for individuals involved

## A. DB team and qualifications


## B. Situation assessment

## C. Strategic alternatives

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## Relevant transaction experience of senior team members (1/2)



Background	 <p><b>Celeste Guth</b> Managing Director Global Co-Head of FIG</p> <p>2 years at DB 31 years industry experience</p>	 <p><b>Jim Stynes</b> Managing Director Global Chairman of M&amp;A</p> <p>14 years at DB 39 years industry experience</p>
	<ul style="list-style-type: none"> <li>- Celeste joined DB in 2016 after spending 29 years at Goldman Sachs where she was Partner and Vice Chairman of the Global Financial Institutions Group and Global Head of Insurance</li> <li>- Prior to being named Vice Chairman she headed FIG Americas at Goldman from 2003 through 2012. She was named a partner in 2002</li> </ul>	<ul style="list-style-type: none"> <li>- Jim joined DB in 2003 after 25 years at Morgan Stanley in the Mergers &amp; Acquisitions area</li> <li>- He has executed over 100 transactions consisting of sell-sides, buy-sides and restructurings in a wide variety of businesses</li> </ul>
Select transaction experience	<ul style="list-style-type: none"> <li>- Special committee advisor to Scottish Re on sale to Cerberus / MassMutual</li> <li>- Minority buy-out of AXA Financial by AXA</li> <li>- Special committee of Castlepoint in their negotiations with Tower</li> <li>- American General's take private of Western National by buy-out of minority shareholders</li> <li>- Represented PacLife in restructuring minority stake in PIMCO post-Alliance</li> <li>- Restructuring of FGIC post financial crisis</li> <li>- Sale of Stancorp Financial to Meiji Yasuda</li> <li>- Sale of New York Life's Mexican Surety operations to ACE</li> <li>- ING Latin America sale to GrupoSura</li> <li>- BBVA Latin America Pension Operations sale to MetLife and others</li> <li>- Sale of SunAmerica to AIG</li> <li>- Sale of USLife to American General</li> <li>- Sale of Capital Holdings to Aegon</li> <li>- Sell down of ING's Canadian operations, now Intact</li> <li>- Sale of Kemper to Zurich</li> <li>- Warranty Group sale to TPG</li> <li>- Sale of Global Capital Re to XL</li> <li>- Sumitomo acquisition of Symetra</li> <li>- Dai-ichi Life acquisition of Protective Life</li> <li>- IPO and Demutualizations of Prudential, Principal, StanCorp and Dai-ichi</li> <li>- IPOs and carveouts of Voya from ING and Hartford Insurance from ITT</li> </ul>	<ul style="list-style-type: none"> <li>- Sale of Nortek to Kelso (large management block)</li> <li>- Sale of Petrolite (45% controlled by Barnickel Trust) to Baker Hughes</li> <li>- Acquisition of Fina Inc by Petrofina</li> <li>- Sale of Hartford's Japan Variable Annuity business to Orix</li> <li>- Sale of Hittite to Analog Devices</li> <li>- Sale of Life Technologies to Thermo Fisher</li> <li>- Sale of Medicis to Valeant</li> <li>- Sale of Solutia to Eastman Chemical</li> <li>- Sale of CVR Energy to Icahn</li> <li>- Sale of Keebler to Kellogg</li> <li>- Acquisition of Qualcomm by Broadcom (Pending)</li> <li>- Acquisition of Axiell by Westlake</li> <li>- Acquisition of CSR by Qualcomm</li> <li>- Three-way merger between Coca-Cola Enterprises Inc. and Coca-Cola Iberian Partners and Germany's Coca-Cola bottler</li> <li>- Acquisition of Cephalon Inc. by Teva Pharmaceutical Industries</li> <li>- Acquisition of Syniverse Technologies by Carlyle Group LLC</li> <li>- Acquisition of Cadbury PLC by Kraft Foods Inc.</li> <li>- Acquisition of Anheuser Busch by InBev</li> <li>- Acquisition of Nabisco by KKR</li> <li>- Lockheed's purchase of General Dynamic's F-16 fighter division</li> <li>- Merger of Equals between Molson and Coors</li> <li>- Merger of Texaco and Chevron</li> <li>- Merger of Equals between Lockheed and Martin Marietta</li> <li>- Defense of Texaco against Carl Icahn's proxy contest</li> </ul>

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Note: Bolded names relate to transactions involving a Special Committee of the Board

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## Relevant transaction experience of senior team members (2/2)



	 <b>Meir Lewis</b> <i>Managing Director</i> <i>Head of Americas Insurance</i>  <1 year at DB 18 years industry experience	 <b>Sean Fernandes</b> <i>Managing Director</i>  <1 year at DB 18 years industry experience
Background	<ul style="list-style-type: none"> <li>- Meir joined DB in 2017 and spent 7 years at Morgan Stanley in New York, where he was a Managing Director with a focus on P&amp;C insurance and reinsurance clients</li> <li>- Meir started his career at Citi where he spent 10 years in both Tel Aviv and New York</li> </ul>	<ul style="list-style-type: none"> <li>- Sean joined DB in 2017 and has spent the bulk of his career at Goldman Sachs, based in London, New York, Hong Kong and Tokyo, where he focused on sponsor-held and independent insurance brokers and services companies</li> <li>- He spent three years at Apax Partners where he had responsibility for various FIG investments</li> </ul>
Select transaction experience	<ul style="list-style-type: none"> <li>- <b>Special committee advisor on public merger (ongoing)</b></li> <li>- <b>Special committee advisor to National Interstate on sale to American Financial Group (2016)</b></li> <li>- <b>Audit committee advisor to Global Indemnity on repurchase from Fox Paine LPs (2015) and subsequent evaluation of transaction (2017)</b></li> <li>- <b>Audit committee advisor to Primerica on repurchases from Citi (2012, 2013)</b></li> <li>- Sale of Rain and Hall Insurance to ACE</li> <li>- Sale of U.S. Specialty Homeowners business by QBE to National General</li> <li>- Sale of Chubb reinsurance operations to Stone Point Capital to form Harbor Point</li> <li>- Cross-border acquisition of UK listed Catlin by XL</li> <li>- Acquisition by Munich Re of Hartford Steam Boiler from AIG</li> <li>- Acquisition by Liberty Mutual of Ohio Casualty</li> <li>- LBOs: Alliant, Sedgwick, Cunningham Lindsey</li> <li>- IPOs: Primerica, Apollo Invest Corp, BlackRock Kelso, Kayne Anderson, BPW, National Atlantic</li> <li>- Follow-ons / Secondaries: AmTrust, NatGen, Progressive, Markel, James River</li> <li>- Private Placements: Primerica, Wilton Re</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Special committee advisor to Scottish Re on sale to Cerberus and MassMutual</b></li> <li>- <b>Stake increase by Barclays Plc in Absa Group</b></li> <li>- <b>Sale of NWD Investment Management to Nationwide Financial Services</b></li> <li>- <b>Take private of CCS Income Trust</b></li> <li>- <b>Take private of Bankrate.com</b></li> <li>- Sale of AmerUs to Aviva Plc</li> <li>- Sale of UnumProvident Canada to Royal Bank of Canada</li> <li>- Sale of RSUI to Alleghany Corporation</li> <li>- Investment by Goldman Sachs in Hana Bank</li> <li>- Sale of Fiduciary Trust Company to Franklin Resources</li> <li>- Sale of State Street's Private Asset Management business to US Trust</li> <li>- Sale of HartRe to Endurance Specialty</li> <li>- Sale of Morgan to New York Life</li> <li>- Sale of Goldman Sachs' minority interests in its India JV to Kotak Bank</li> </ul>

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## Situation overview



AmTrust has grown from a start-up in 1998 to a leading international commercial lines carrier

- Leading franchise in U.S. workers comp (#3)<sup>(a)</sup>
- Leading franchise in U.S. commercial lines (#11)<sup>(a)</sup>
- Strategy driven by organic growth in niche markets, complemented by M&A

Company has faced significant headwinds in the public markets over past 12 months

- Stock has traded down in the past 12 months by 62%
- Stock currently trades at 0.79x P/BV (excluding the impact of fee business sale) and 7.5x P/E (2018E)

The Company has taken decisive actions to address recent concerns

- Injected capital in the business: Family PIPE, sale of NGHC stake
- Management change: replaced CFO
- Simplified business: sale of fee business, policy administration system sale

We understand from Wilkie that Special Committee has been formed to evaluate a potential going private transaction

The Special Committee will be responsible for acting in the interest of public shareholders and for ensuring a rigorous process

## Key focus areas for the Special Committee



	Key focus area	Key considerations
1	Thoroughness of process	<ul style="list-style-type: none"> <li>– Detailed preparation process to highlight opportunities and issues early</li> <li>– Appropriate level of due diligence is a key starting point</li> <li>– Examine all available strategic and financial alternatives thoroughly</li> </ul>
2	Establishing control of the process	<ul style="list-style-type: none"> <li>– The controlling shareholders / acquirers may have different interests and objectives than minority shareholders</li> <li>– Ensure the process allows the time and flexibility to determine and pursue the right outcome for public shareholders</li> </ul>
3	Maintaining maximum optionality	<ul style="list-style-type: none"> <li>– Important to consider the wide range of alternatives available to the Special Committee</li> <li>– Including assessment of alternative buyers and capital markets solutions</li> </ul>
4	Minimizing disruption to the business during the process	<ul style="list-style-type: none"> <li>– Process must be both effective and efficient</li> <li>– Protect the flow of confidential information</li> </ul>
5	Maintaining effective communication and records throughout the process	<ul style="list-style-type: none"> <li>– Scrutiny will be intense from shareholders and other key constituents</li> <li>– Benefits of clear and open communication and careful record for all constituencies (Special Committee, buyer group, minority share holders)</li> <li>– Direct communications with large institutional shareholders can be helpful</li> </ul>



## Preliminary framework for assessment of strategic alternatives



	Scenario	Description	Key issues to consider
1	Maintain status quo	<ul style="list-style-type: none"> <li>– Continue to execute on the current business plan</li> <li>– Minority stake continues to be owned by public shareholders</li> </ul>	<ul style="list-style-type: none"> <li>– Advantages of being public</li> <li>– Impact of remedial actions have already been taken</li> <li>– Impact of distraction from public markets</li> </ul>
2	Management Buy Out	<ul style="list-style-type: none"> <li>– Take-private and de-listing of AmTrust stock</li> </ul>	<ul style="list-style-type: none"> <li>– Robust process</li> <li>– Consideration of alternatives</li> <li>– Financing</li> </ul>
3	<div>Sale of 100% to a third party</div> <div>Cash</div> <div>Stock</div>	<ul style="list-style-type: none"> <li>– Acquisition by a third party strategic or financial buyer</li> </ul>	<ul style="list-style-type: none"> <li>– Family willingness to sell</li> <li>– Buyer appetite</li> <li>– Financing (if cash deal)</li> <li>– Consideration (if stock deal)</li> </ul>
4	Recapitalization	<ul style="list-style-type: none"> <li>– Use excess capital and debt capacity to buy back shares in public markets</li> </ul>	<ul style="list-style-type: none"> <li>– Excess capital</li> <li>– Leverage target</li> <li>– Stock liquidity</li> </ul>

Illustration of potential strategic and financial buyers



	Valuation metrics			U.S. insurance ranking					
	Market cap (\$bn)	P/E (2018)	P/BV	Workers' comp		Commercial			
				DWP (\$bn) ▼	Market share	DWP (\$bn)	Market share		
Strategic buyers									
Financial buyers									

## Role of DB in advising the Special Committee



DB will be fully committed to each aspect of the analysis of strategic options, providing precise advice to the Special Committee, and executing the range of strategic alternatives available



### Conduct business and financial due diligence on AmTrust

- Commence detailed due diligence immediately upon appointment to advise Special Committee
- Develop a detailed assessment of management's business and financial plan
- Develop a detailed view of the opportunities and challenges posed by management's plan



### Analyze the value of AmTrust

- Assess current and potential future public market value
- Assess private market value
- Identify other sources of value



### Assess value maximization alternatives to the current plan

- Strategic or capital markets alternatives
- Form an assessment on the achievability, certainty and conditionality of each alternative
- Advise the Special Committee on tactical and process considerations



### Advise the Special committee in formulating and communicating a response to the buyer group

- Develop process to maximize the Special Committee's control over the outcome



### As directed by the Special Committee, manage the execution of any alternative selected by the Special Committee

- Management buy-out, sale to third-party, recapitalization or other



### As directed by the Special Committee, assist in negotiating a transaction for the best interests of public shareholders



### Coordinate and collaborate with the Special Committee's other external advisors (actuarial, accounting, legal)

A. DB team and qualifications

B. Situation assessment

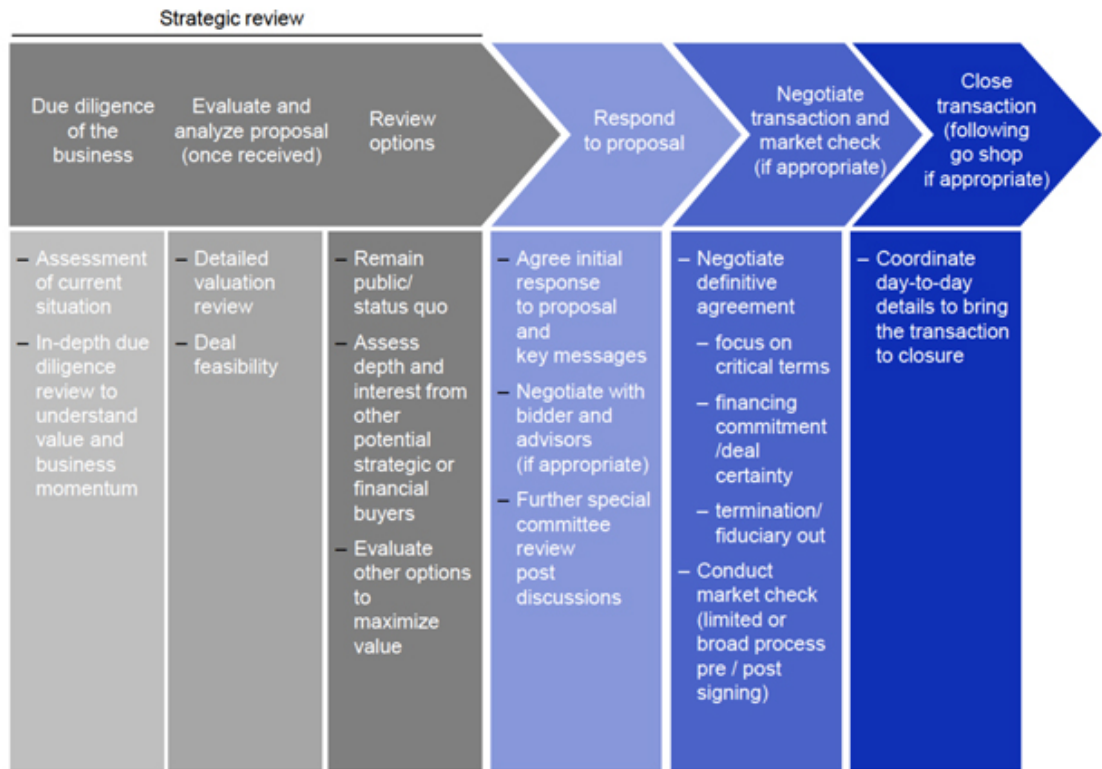
C. Strategic alternatives

D. Conclusion

## Illustrative transaction process straw-man



DB will work closely with the Special Committee throughout the process with regular update meetings to track progress and timeline



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## Appendix I

Supplemental information

## Select other DB special committee assignments



 <b>Consolidated Tomoka</b> Undisclosed Exploration of strategic alternatives Sole Financial Advisor to Special Committee Terminated	 <b>Neff Corp</b> USD1.3 billion Advised the special committee of the Board of Directors of Neff Corp on its agreement to sell to United Rental Sole Financial Advisor to Special Committee July 2017	 <b>TC PipeLines, LP</b> USD223 million Advised TransCanada in the drop-down of 49.9% interest in PNOITS Sole Financial Advisor to Conflicts Committee January 2016	 <b>Ashford Hospitality Trust</b> Undisclosed Exploration of strategic alternatives Sole Financial Advisor to Special Committee 2015 / 2016	 <b>Vivendi SAS/R</b> EUR17 billion Advised supervisory board of Vivendi on proposed disposal of SFR Sole Financial Advisor to Special Committee May 2015	 <b>TC PipeLines, LP</b> USD446 million Advised TransCanada on the drop-down of remaining 30% interest in OTN Pipeline Sole Financial Advisor to Conflicts Committee April 2015	 <b>Affinity Gaming</b> Undisclosed Exploration of strategic alternatives Sole Financial Advisor to Special Committee 2014 / 2015
 <b>Pan Seguros / Pan Corretora</b> USD254 million Advised Pan Seguros / Pan Corretora on sale to Banco PTO Pactual and Caixa Economica Federal Financial Advisor to Special Committee December 2014	 <b>TC PipeLines, LP</b> USD215 million Advised TransCanada on the drop-down of Bison Pipeline Sole Financial Advisor to Conflicts Committee October 2014	 <b>Alico</b> USD138 million Advised Alico on the sale of 57% to the Aikon Group Sole Financial Advisor to Special Committee November 2013	 <b>Kit Digital</b> Undisclosed Advised the Transaction Committee of Kit Digital on reorganization plan Financial Advisor to Transaction Committee August 2013	 <b>Belmond Ltd</b> USD1.9 billion Advised Belmond Ltd on hostile defense Financial Advisor to Transaction Committee October 2012	 <b>CPA:15</b> USD2.6 billion Advised CPA:15 on its sale to WP Carey & Co Sole Financial Advisor to Special Committee September 2012	 <b>CIC Energy</b> CAD115 million Advised CIC Energy on the sale to Jindal Steel and Power Sole Financial Advisor to Special Committee September 2012
 <b>CPA:16 Global</b> USD1.9 billion Advised CPA:16 on the acquisition of affiliated CPA:14 REIT Sole Financial Advisor to Special Committee May 2011	 <b>RCN Corporation</b> USD1.3 billion Advised RCN on the sale to AERY Partners Financial Advisor to Special Committee August 2010	 <b>IMS Health Inc</b> USD5.2 billion Advised IMS Health on its sale to investor group Lead Financial Advisor to Transaction Committee February 2010	 <b>Tutor-Saliba</b> USD962 million Advised Tutor-Saliba on the sale to Perini Financial Advisor to Special Committee September 2008	 <b>Bentley Pharmaceuticals</b> USD352 million Advised Bentley Pharmaceuticals on the sale to Teva Pharmaceuticals Financial Advisor to Special Committee July 2008	 <b>Bradley Pharmaceuticals</b> USD149 million Advised Bradley Pharmaceuticals on the merger with Myomed US Inc Financial Advisor to Special Committee February 2008	 <b>Station Casinos</b> USD4.9 billion MBO of Station Casinos Financial Advisor to Special Committee November 2007
 <b>EGL Inc</b> USD2.2 billion Advised EGL on the sale to CEVA Logistics Inc Financial Advisor to Special Committee November 2007	 <b>Converse Technology Inc</b> USD293 million Advised Converse on the private placement in Verint Systems Financial Advisor to Special Committee May 2007	 <b>Loral Space &amp; Communications</b> Loral Space & Communications Ltd USD398 million Advised Loral on a private placement to MFR Fund Management Financial Advisor to Special Committee February 2007	 <b>Asahi Tec</b> USD1.2 billion Advised Asahi Tec on the acquisition of Metaldyne Financial Advisor to Special Committee January 2007	 <b>Royal Group Technologies</b> USD2.8 billion Advised Royal Group Technologies on the sale to Georgia Gulf Financial Advisor to Special Committee October 2006	 <b>Boyd Gaming Corp</b> USD533 million Advised Boyd Gaming Corp on the sale of South Coast Casino Sole Financial Advisor to Special Committee October 2006	 <b>Telewest Global Inc</b> USD4.2 billion Advised Telewest Global on the sale to NTL Inc Financial Advisor to Special Committee March 2006

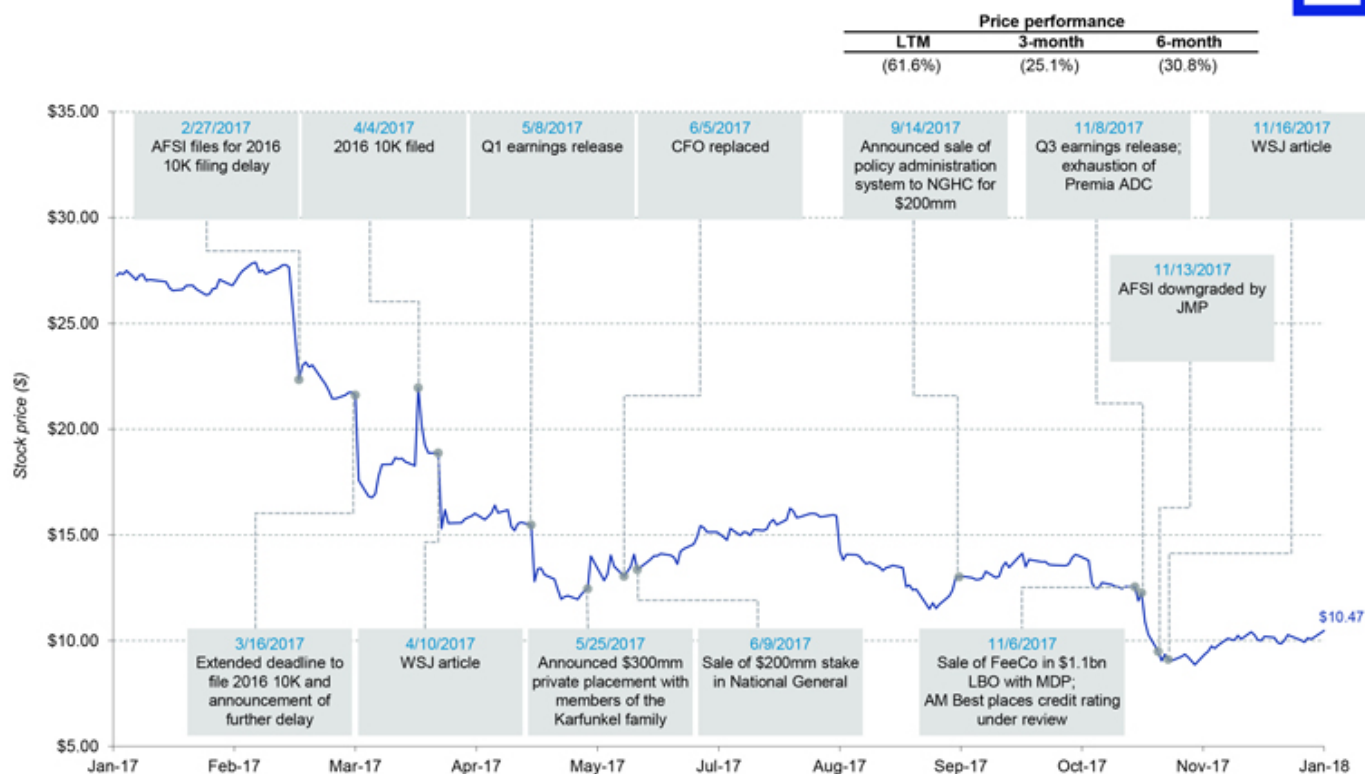
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Note: Date represents transaction announcement date

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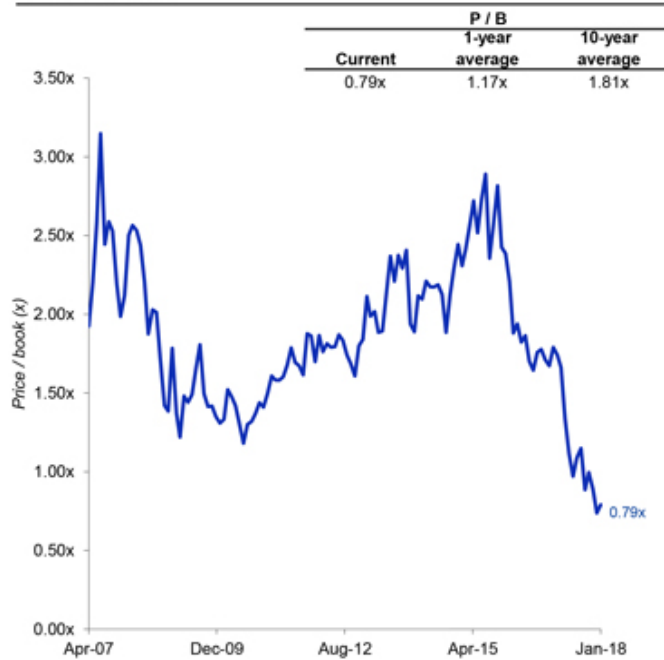
## AFSI LTM stock price development



## AFSI trading multiples



P/BV development



P/NTM earnings development

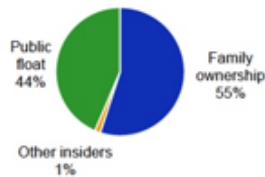


## Current AmTrust ownership

Based on public sources



### Current shareholder breakdown



Non-voting shares until after the 2018 annual shareholders meeting

### Family ownership summary

Name	Position ('000)	% ownership	Market value (\$mm)
Barry Zyskind (CEO)	44,777	22.8%	\$447.7
George Karfunkel (Director)	32,438	16.5%	324.3
Family 2017 PIPE	24,096 <sup>(a)</sup>	12.3%	240.9
Estate of Michael Karfunkel	4,225	2.2%	42.2
Leah Karfunkel (Director)	2,371	1.2%	23.7
<b>Total family</b>	<b>107,907</b>	<b>55.0%</b>	<b>\$1,079.0</b>
Name	Position ('000)	% ownership	Market value (\$mm)
Other insiders	2,712	1.4%	27.1

### Public ownership summary

Name	Position ('000)	% ownership	Market value (\$mm)
The Vanguard Group	9,726	5.0%	\$97.2
Invesco Advisers	7,620	3.9%	76.2
BlackRock Fund Advisors	5,221	2.7%	52.2
Goldman Sachs & Co.	5,146	2.6%	51.5
Principal Global Investors	3,702	1.9%	37.0
SSgA Fund Management	3,254	1.7%	32.5
RBC Global Asset Management	2,871	1.5%	28.7
Dimensional Fund Advisors	2,699	1.4%	27.0
Invesco PowerShares Capital Management	2,301	1.2%	23.0
JPMorgan Securities	2,145	1.1%	21.4
Other	40,748	20.8%	407.4
<b>Total public</b>	<b>85,433</b>	<b>43.6%</b>	<b>\$854.2</b>

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Note: Market data as of 1/2/2018. Total shares outstanding as of latest available. Based on share price of \$10.47.  
(a) Shares issued on 5/25/2017.  
Source: Company filings, FactSet

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