

## Atlas Financial Holdings to Acquire Global Liberty Insurance Company of New York and Related Companies

**Deal Value: \$25 Million**

Sandler O'Neill served as financial advisor to Atlas Financial Holdings, Inc. in connection with this transaction. Overall, this represents Sandler O'Neill's 203<sup>rd</sup> financial services transaction since January 1, 2011, more than any other investment bank during that time period.<sup>(1)</sup>

Since January 1, 2011, Sandler O'Neill has advised on 18 insurance transactions, more than any other full-service investment bank during that time period.<sup>(2)</sup>

Atlas Financial Holdings, Inc. (NASDAQ: AFH) ("Atlas") announced today that it has entered into a definitive agreement to acquire Global Liberty Insurance Company of New York along with its affiliated underwriting and premium finance companies ("Global Liberty") for approximately \$25 million. This transaction is expected to significantly accelerate Atlas' commercial automobile presence in select sub-segments of the large New York livery market and will add valuable infrastructure on the East Coast to support Atlas' continuing growth.

Founded in 2003, Global Liberty's principal business is in the light commercial auto sector, principally insuring limousine, black car, and luxury car vehicles. The company is based in Melville, New York and is an admitted carrier in 14 states. Global Liberty currently underwrites approximately \$40 million of annual commercial auto direct written premiums with the majority of this business generated in the New York metro area and is expected to have approximately \$19.5 million of GAAP book value at closing. Estimated annual pre-tax income generated by the businesses to be acquired is approximately \$4 million on a pro-forma basis.

The primary business of Atlas is commercial automobile insurance in the United States, with a niche market orientation and focus on insurance for the "light" commercial automobile sector including taxi cabs, non-emergency paratransit, limousine/livery and business auto. The business of Atlas is carried on through its insurance subsidiaries American Country Insurance Company, American Service Insurance Company, Inc. and Gateway Insurance Company. Atlas' insurance subsidiaries have decades of experience with a commitment to always being an industry leader in these specialized areas of insurance.

Upon the closing of the transaction, Atlas will continue to manage Global Liberty's public auto insurance business utilizing its best practices and intends to provide a seamless transition for existing Global Liberty customers and agents. Atlas intends to continue to distribute products under the current brand name emphasizing the complementary nature of these products relative to those offered by Atlas' other insurance subsidiaries. The addition of Global Liberty's New York based team will provide additional incremental value to Atlas as well.

The purchase price will include \$4 million of AFH preferred shares with an annual dividend rate of 4.5%, payable in cash or in kind, which are convertible to AFH common stock after the fifth anniversary of issuance at a strike price of \$20 per common share. The final amount of preferred shares will be adjusted based on actual loss development related to Global Liberty's pre-acquisition reserves. Atlas and the seller have a mutual right to exchange these shares for cash after the third anniversary of issuance at face value plus any accrued interest subject to certain conditions. The remainder of the purchase price will be paid in cash. An earn out of up to an additional \$1 million may be paid based on underwriting profitability of the New York business during the three years subsequent to the transaction effective date. Completion of the transaction is subject to customary closing conditions, including regulatory approval of the change of control of Global Liberty, and is expected to be completed during the first quarter of 2015.

(1) Source: SNL Financial. Includes financial services transactions in all geographies since January 1, 2011. Excludes terminated transactions and self-advisory roles.

(2) Source: SNL Financial. Full service investment banks defined as those with an average disclosed deal value of \$25 million or greater. Excludes terminated transactions, self-advisory roles and managed care transactions.

Sandler O'Neill Contacts:  
1251 Avenue of the Americas, 6<sup>th</sup> Floor  
New York, NY 10020

John M. Butler  
Managing Director  
(212) 466-7994

Charles Holmes  
Analyst  
(212) 466-7993