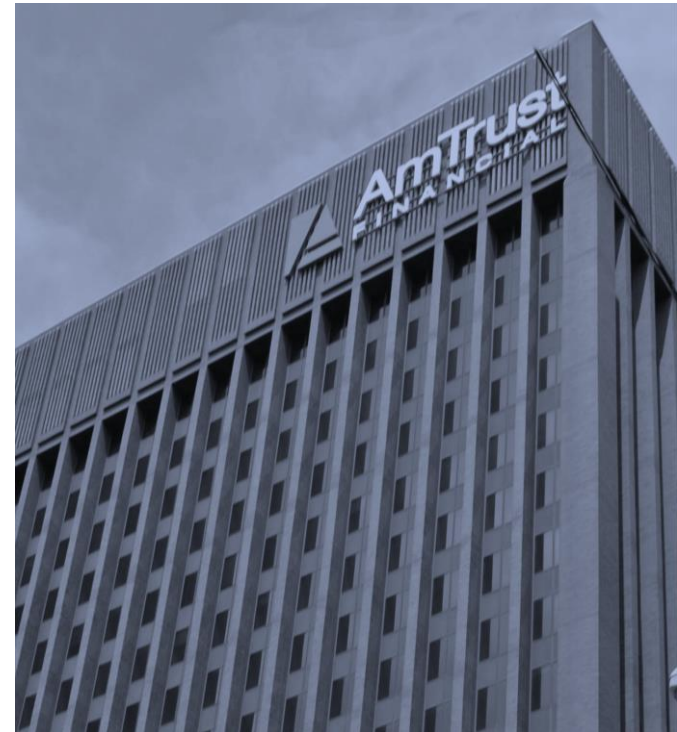


June 2017



# AmTrust Financial Services, Inc. Q1 2017 Investor Presentation



CONSISTENT VISION

DIFFERENTIATED MODEL

SUSTAINABLE GROWTH

# Forward Looking Statements

This presentation contains certain forward-looking statements that are intended to be covered by the safe harbors created by the Private Securities Litigation Reform Act of 1995. When we use words such as “anticipate,” “intend,” “plan,” “believe,” “estimate,” “expect,” or similar expressions, we do so to identify forward-looking statements. Examples of forward-looking statements include the plans and objectives of management for future operations, including those relating to future growth of our business activities and availability of funds, and are based on current expectations that involve assumptions that are difficult or impossible to predict accurately and many of which are beyond our control. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties, including, but not limited to, non-receipt of expected payments from insureds or reinsurers, changes in interest rates, a downgrade in the financial strength ratings of our insurance subsidiaries, the effect of the performance of financial markets on our investment portfolio, the amounts, timing and prices of any share repurchases made by us under our share repurchase program, development of claims and the effect on loss reserves, accuracy in projecting loss reserves, the cost and availability of reinsurance coverage, the effects of emerging claim and coverage issues, changes in the demand for our products, our degree of success in integrating acquired businesses, the effect of general economic conditions, state and federal legislation, regulations and regulatory investigations into industry practices, our ability to timely and effectively remediate the material weaknesses in our internal control over financial reporting and implement effective internal control over financial reporting and disclosure controls and procedures in the future, risks associated with conducting business outside the United States, the impact of Brexit, developments relating to existing agreements, disruptions to our business relationships with Maiden Holdings, Ltd. or National General Holdings Corp., breaches in data security or other disruptions with our technology, heightened competition, changes in pricing environments, and changes in asset valuations. Additional information about these risks and uncertainties, as well as others that may cause actual results to differ materially from those projected, is contained in our filings with the SEC, including our Annual Report on Form 10-K and our quarterly reports on Form 10-Q. Any projections and statements in this supplemental presentation speak only as of the date of this supplemental presentation and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

# AmTrust: A Fortune 500 Company

- **TOP 3** provider of workers' compensation

- **TOP 13** Lloyd's manager by capacity

- Record revenue of **\$5.45bn** in 2016 driven by organic growth and acquisitions



- **TOP 3** warranty writer in the U.S

- Nearly **8,000** employees in more than **125** offices serving **70** countries around the globe

- AmTrust ranked **475** on the 63<sup>rd</sup> annual Fortune 500 list

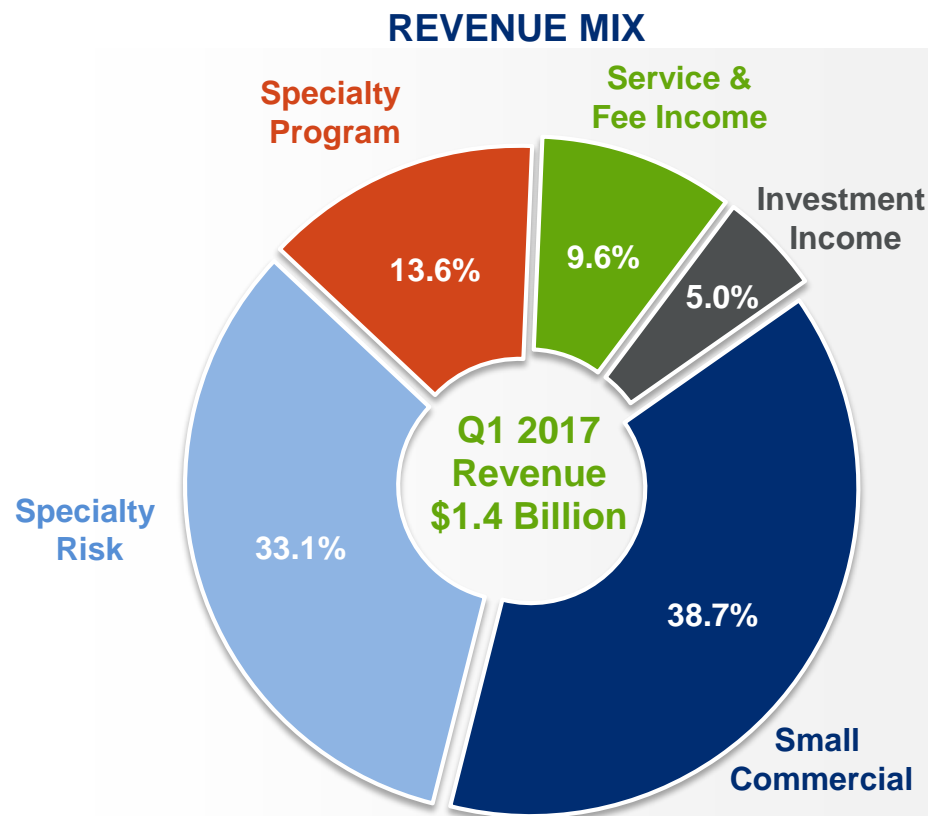
# Consistent Vision and Differentiated Model

## Since AmTrust's Founding

- Focus on small businesses
- Target lower risk industry classes
- Identify profitable niche opportunities
- **Operating excellence** through sales execution, disciplined underwriting, responsive claims management, actuarial expertise, technology infrastructure and innovation
- **Achieved size and scale** with a portfolio of assets and businesses that fit our model and meet our return thresholds
- Positioned with a strong base of business to continue to **grow organically and profitably**

# Q1 2017 Highlights

- **Gross Written Premium and Total Revenue**
  - \$2.3bn (+17.2% YoY); \$1.4 billion (+13.6% YoY)
- **Net investment income**
  - \$63.3mm (+28.1% YoY)
- **Service & Fee Income**
  - \$137.5mm (+6.7% YoY)
- **Loss Ratio**
  - 68.7% vs 66.6%; includes 2.1 % of Texas based cat events and 1.6% of prior year reserve development
- **Expense Ratio**
  - 26.9% vs 25.3%; Higher expenses related primarily to non-recurring audit and consulting fees
- **Book Value per Share**
  - \$13.91
- **Tangible Book Value per Share**
  - \$6.61
- **Total Assets**
  - Over \$23.8bn in total assets



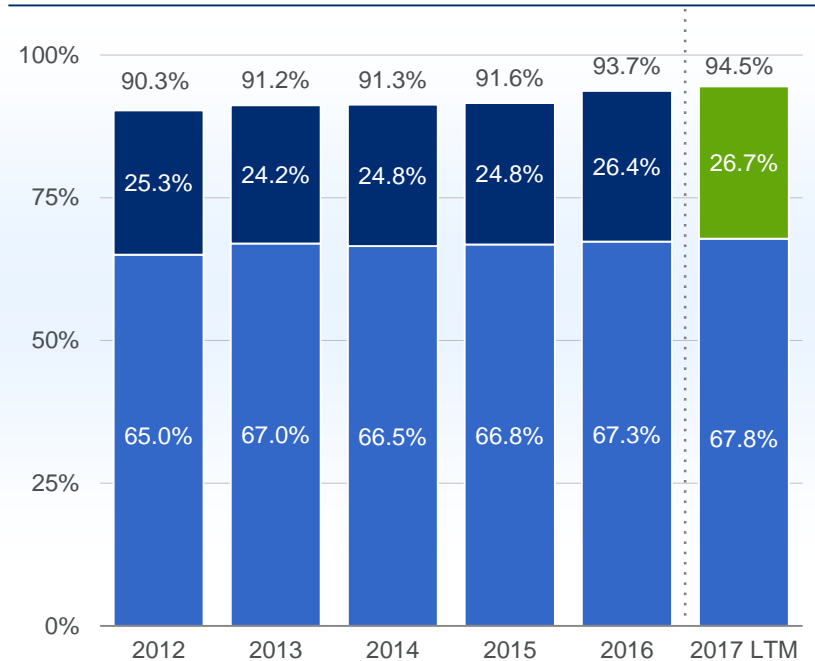
**86% Insurance Revenue**

# History of Strong Underwriting

**GROSS WRITTEN PREMIUMS**  
(\$, billions)



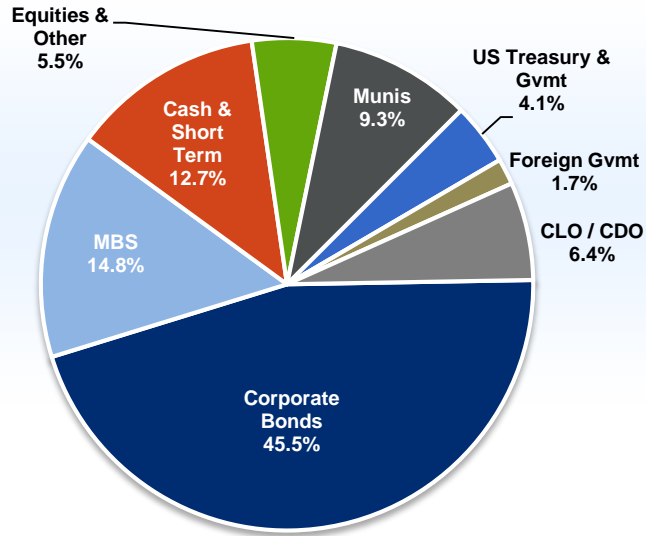
**NET COMBINED RATIO**  
(%)



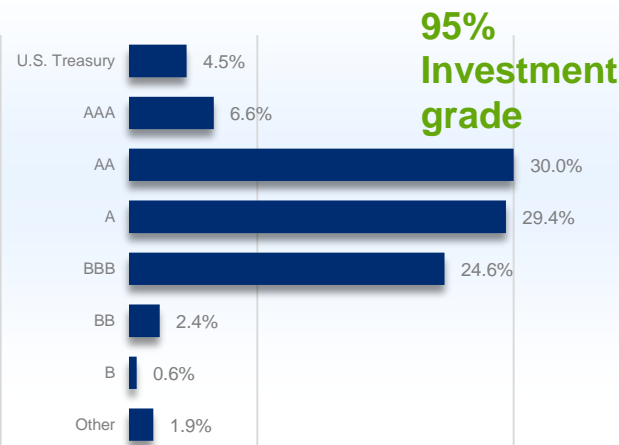
- Granular lower risk portfolio and geographic diversity drive stable loss ratios
- Propriety technology drives lower costs, enhanced underwriting, and improved agent and client experience
  - Results in lower origination costs and high retention
  - Enables strong data mining and analysis of enhanced portfolio metrics
- Ceding commission further reduces net acquisition costs

# Investment Portfolio Overview

## Asset Allocation



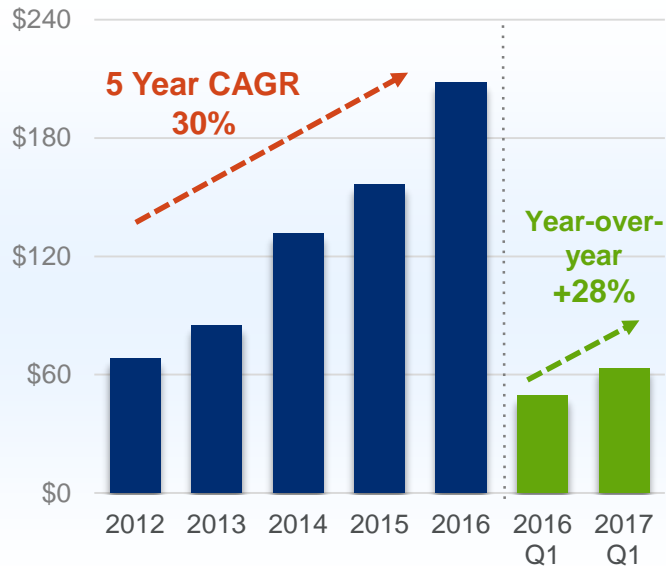
## Asset Allocation



- **\$9.8bn investment portfolio** as of Q1 2017
- **95%** of the fixed maturity portfolio are investment grade securities
- Average fixed maturity portfolio **duration of 4.6 years**
- Average fixed maturity' portfolio **yield of 3.1%**
- Investment income **run-rate** of approximately **\$260mm**

# Investment Portfolio Philosophy

## INVESTMENT INCOME GROWTH



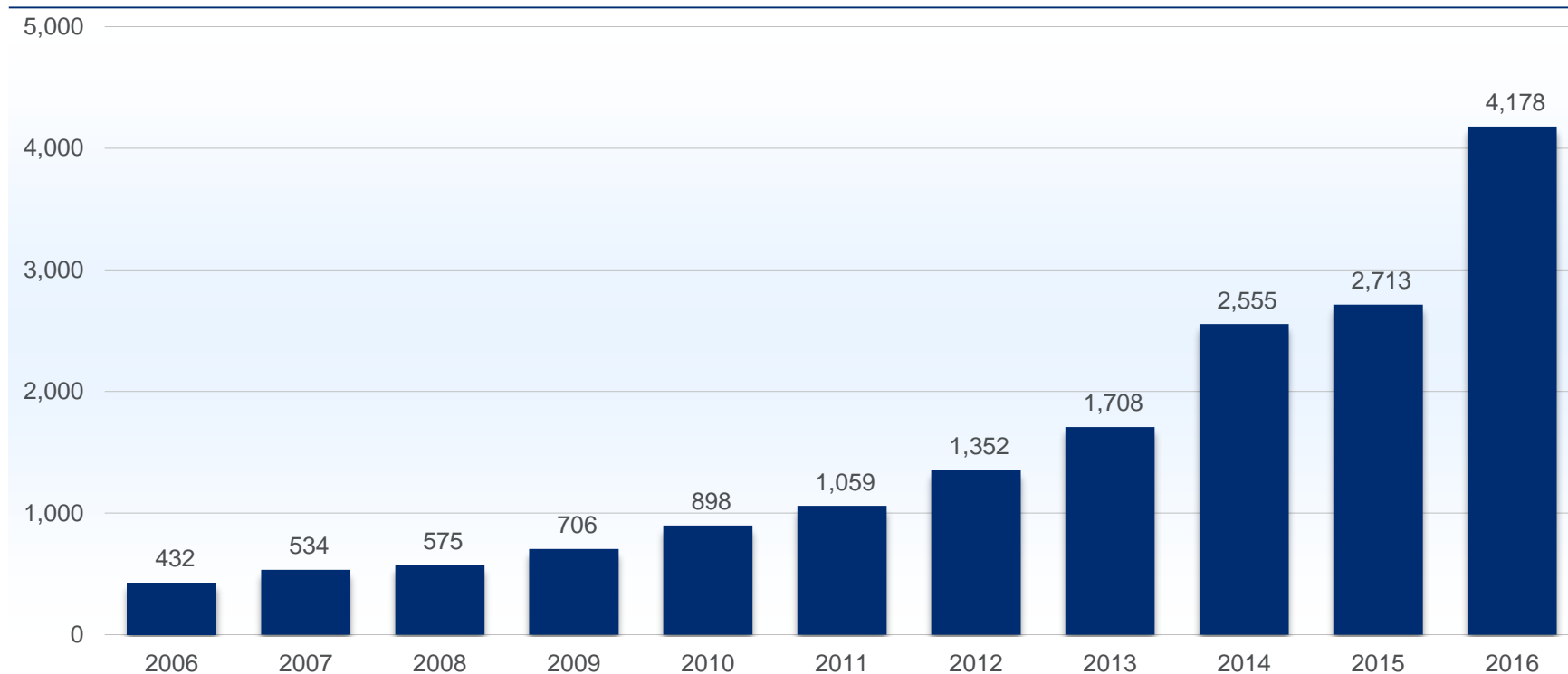
**Conservative, High Quality  
Investment Strategy**

- Continue to hold a highly liquid investment grade fixed income portfolio
- Increased allocation toward floating rate structure products e.g. CLOs and CMBS
- Other assets in our portfolio include positions in:
  - Life Settlements \$198mm
  - Real Estate Partnerships and other investments of approximately \$150mm



# Financial Capacity for Sustainable Growth

## SURPLUS (\$, Millions)



**We continue to grow our capacity to insure risk**

# Small Business Focus

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## Differentiated Approach to Insuring Small Businesses

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### TARGET lower-risk, underserved businesses

- Top 60 classes include restaurants, retailers and professional offices
- Average policy premium of \$10K

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### LOWER price sensitivity than traditional products

- Strong client retention with 82% renewal rates on business written
- Innovative technology creates ease-of-use

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### BROAD DISTRIBUTION through 9,500+ retail and wholesale agents

- Distribution network across the West, Mid-Atlantic, Southeast and Mid-West regions
- Agents highly trained on AmTrust's preferred industry classes

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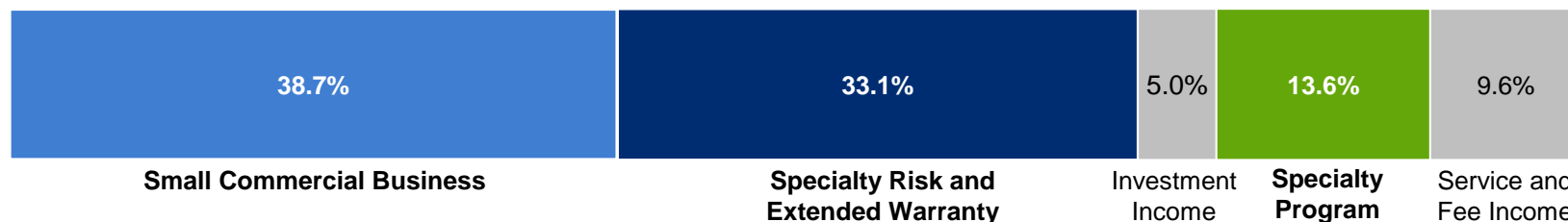
### DISCIPLINED and consistent pricing through extensive historical data

- Valued by policyholders and distributors

# Revenue Contribution by Business Segment

	Small Commercial Business	Specialty Risk and Extended Warranty	Specialty Program
<b>Largest Markets</b>	California, New York, Florida, New Jersey, Texas	United States, UK, Italy, France, Sweden	California, New York, New Jersey, Florida, Texas
<b>Primary Products</b>	<ul style="list-style-type: none"> <li>Workers' Compensation insurance in low and medium hazard classes</li> <li>67% of segment's GWP is Workers' Compensation</li> <li>39% of segment's GWP is commercial package and other low-hazard P&amp;C products</li> </ul>	<ul style="list-style-type: none"> <li>Low hazard and non-catastrophic accidental damage and mechanical breakdown coverage for consumer and commercial goods in U.S. and E.U.</li> <li>Specialty commercial and consumer coverage internationally</li> </ul>	<ul style="list-style-type: none"> <li>Over 186 programs in Workers' Compensation, general liability, commercial auto and property coverage to specialized niche sectors or geographic regions through risk sharing agreements with 50 MGAs</li> </ul>

Q1 2017 Revenue \$1.43 Billion, by Business Segment

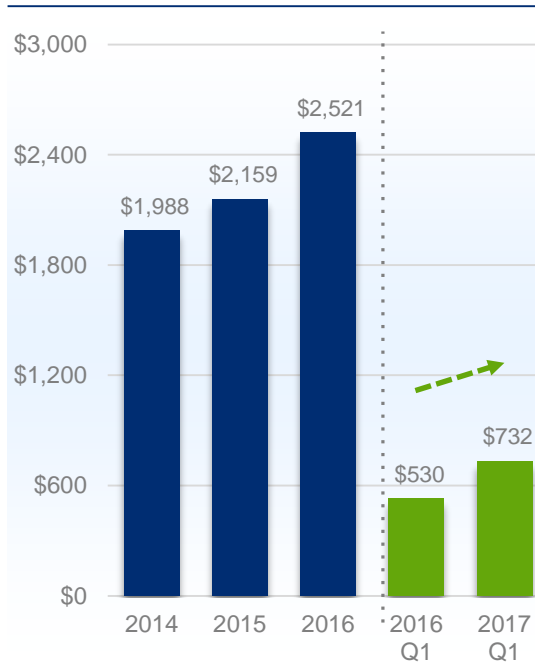


# Business Segment Performance

## SMALL COMMERCIAL BUSINESS



## SPECIALTY RISK & EXTENDED WARRANTY



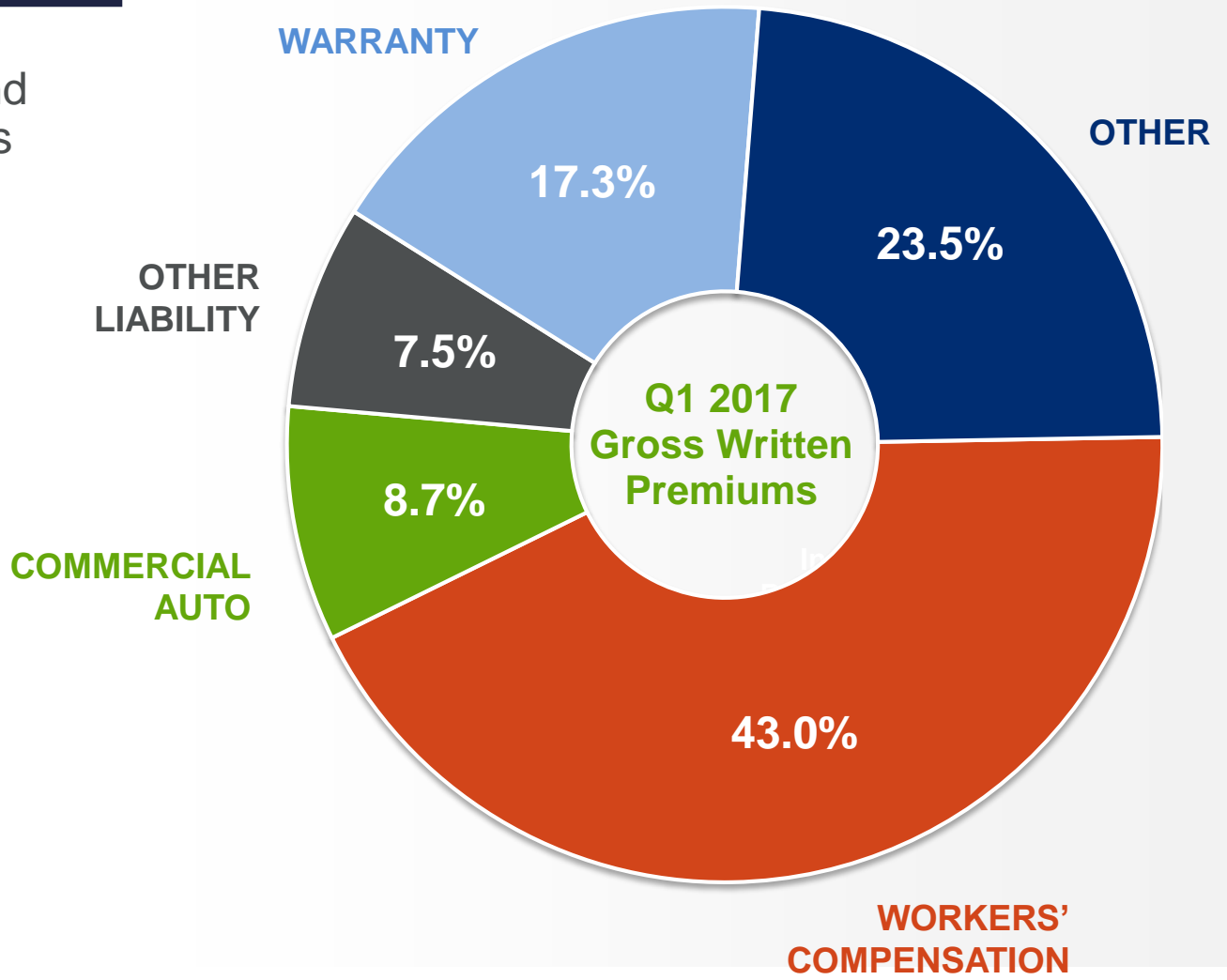
## SPECIALTY PROGRAM



%	Small Commercial Business					Specialty Risk & Extended Warranty					Specialty Program				
	'14	'15	'16	'16Q1	'17Q1	'14	'15	'16	'16Q1	'17Q1	'14	'15	'16	'16Q1	'17Q1
Loss	65.7	65.4	66.3	66.0	68.2	66.5	67.6	66.3	65.5	66.0	67.3	68.9	71.5	69.0	76.9
Expense	26.2	25.8	26.9	26.5	27.9	21.6	21.3	24.1	22.7	25.0	27.2	27.6	28.8	26.6	28.2
Combined	91.9	91.2	93.2	92.5	96.1	88.2	88.9	90.4	88.2	91.0	94.4	96.5	100.3	95.6	105.1

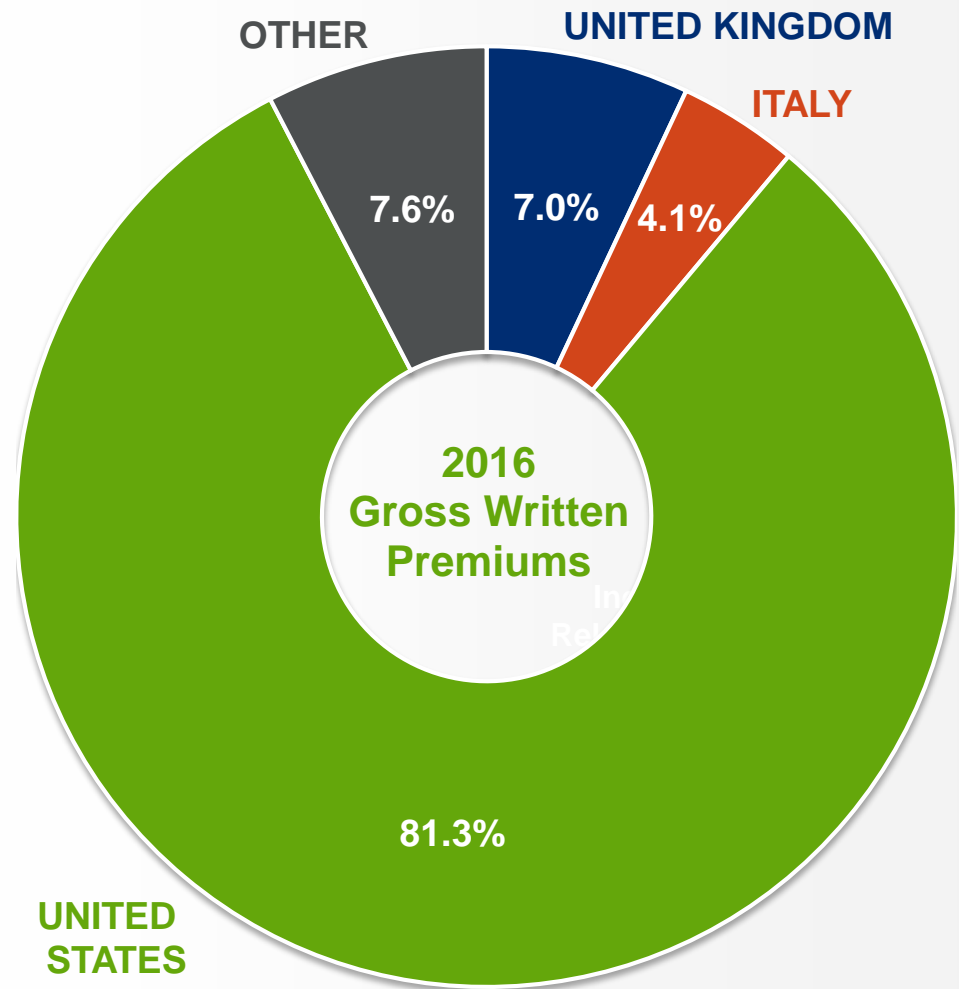
# Diverse, Lower Volatility Product Mix

- Balanced mix of higher frequency and low hazard business lines
- Business lines with predictable loss experience
- Lower pricing pressures
- Higher retention rates
- Differentiated workers' comp franchise in small business market
- Attractive warranty insurance franchise



# Diversifying Geographic Footprint

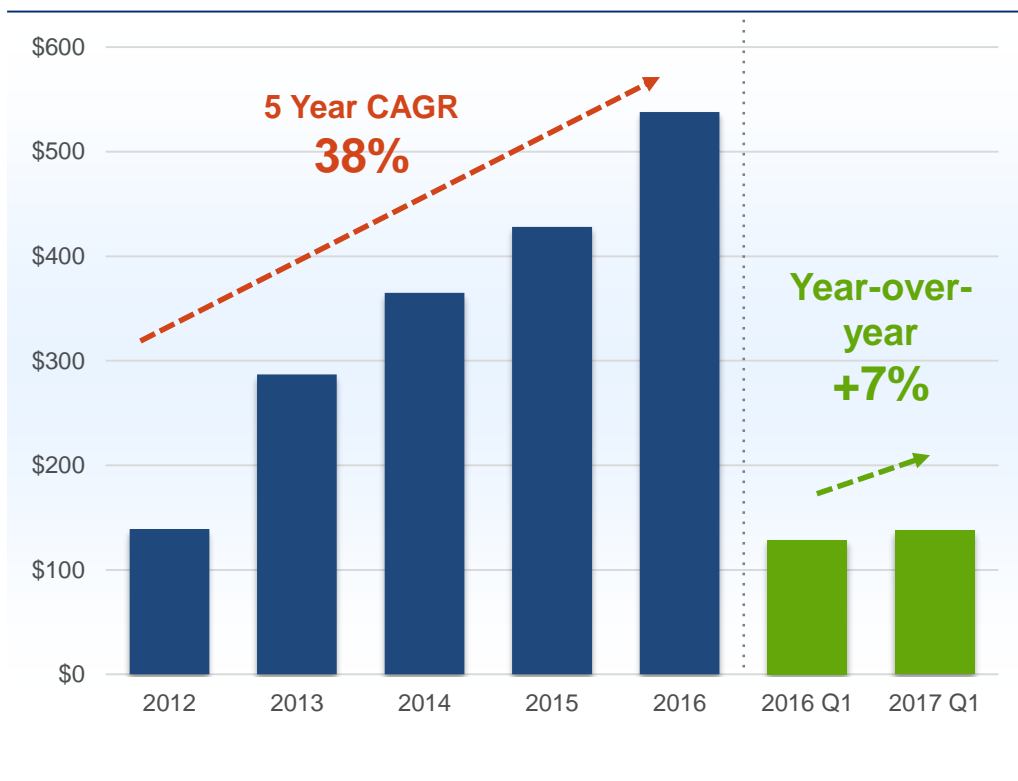
- Leveraging existing core competencies (people, technology, data, etc.) to act on new opportunities globally
- Continue to target lower risk, shorter tail business lines
- Increasing global diversification will insulate against country-specific volatility
- Growth opportunities in Europe as well as Southeast Asia



# Significant Embedded Value in the Service and Fee Business

- Fee-based business represents approx. 10% of total revenue
- Sources of service and fee revenue
  - Warranty and Consumer Services
  - Assigned Risk
  - Policy Issuance Fees
  - Workers' Compensation Fund Management
  - Insurance Brokerage Fees
  - Unemployment Insurance Services
  - IT Systems Management and Support
  - Asset Management
- Growth driven organically and through acquisition

**SERVICE AND FEE REVENUE**  
(\$, millions)



**High-margin, unencumbered source of cash flow, requiring limited capital**

# Small Commercial Business Overview

**We are dedicated to small business.**

AmTrust offers multi-line workers' compensation and commercial insurance for small businesses across the U.S. Our focus on small account sizes and lower hazard industry classes, combined with constant review and analysis resulting in nimble responses to changing trends, mitigates loss volatility and allows AmTrust to grow profitably. Small commercial business loss ratio has typically been in the 65-68% range.

## Small Business Insurance Coverages

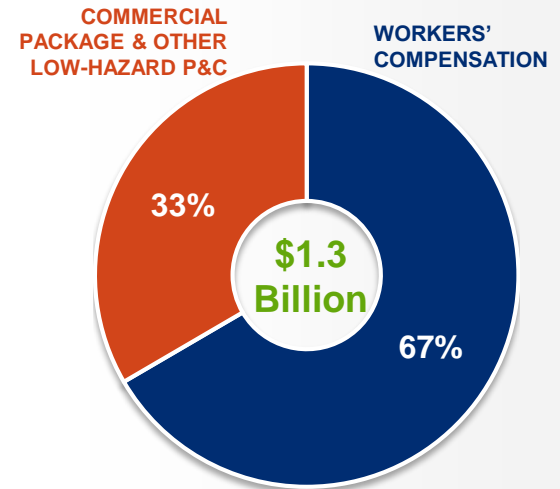
- Workers' Compensation
- Businessowners (BOP)
- Commercial Package (ezPac)
- Commercial Auto (ezAuto)
- Contractors GL/IM (ezArtisan)
- AmTrust Workplace (EPLI)
- Garage (Auto Service Plus)
- Directors & Officers
- Fiduciary Bonds/Professional
- Transportation (Motor Carrier)
- Surety (Contractors & License Bonds)
- Umbrella

## Preferred Industry Classes

- Restaurants
- Hospitality
- Offices/Professional
- Retail
- Community Banks
- Auto Service
- Service Industries
- Light Manufacturing
- Not-for-Profits
- Artisan contractors
- Wholesale operations
- Schools

## MARKET LEADERSHIP

AmTrust ranks **Top 3** workers' comp carrier



SMALL COMMERCIAL BUSINESS  
Q1 2017 Gross Written Premium



# Specialty Risk & Warranty Overview

**We provide specialized business and warranty insurance solutions.**

AmTrust offers a variety of specialty risk products, including payment protection insurance, motor vehicle service contracts, consumer and commercial product coverage. Extensive new client and product diligence, and proactive claims management resulting in real-time pricing adjustments, allows AmTrust to grow profitably. Specialty risk & warranty loss ratio (global) consistently in the 66-67% range.

## Specialty Risk Insurance Coverages

- Automotive
- Consumer electronics and appliances
- Commercial equipment
- Recreational vehicle and power sports
- A large array of products that allows for growth in shifting markets

## Distribution Channels

- Original equipment manufacturers
- Retailers
- Automotive dealers
- Affinity partners
- Direct-to-consumer
- Brokers, third-party administrators, and MGAs
- A variety of channels for product delivery assures flexibility as opportunities develop

## MARKET LEADERSHIP

AmTrust ranks **Top 3** warranty provider in the U.S.



MANAGE MILLIONS OF ACTIVE CONTRACTS

# Methodical Policy Selection in Specialty Risk & Extended Warranty

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## Differentiated Approach to Insuring Specialty Risk and Warranty Coverage Globally

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### **METHODICALLY** select specialty risk categories in the U.S. and internationally

- Specialty Risks in the E.U. are carefully selected niches that are lower exposure, including Italian hospital liability, specialty auto, legal expense, and home warranty

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### **COVER** automotive, consumer electronics appliances, commercial equipment, recreational vehicle & power sports

- Less price sensitive than traditional products
- Cost effective solution for end user

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### **PROACTIVE** claims management

- Allows for real-time pricing adjustments
- Ensures appropriate risk-based pricing
- In-house administration platform provides competitive advantage

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### **ATTRACTIVE** risk profile in global warranty insurance

- Non-catastrophic risk with short tail exposure
- Exposure declines during plan period thru product depreciation
- Not subject to traditional insurance cycles

# AmTrust International



## CAPABILITIES

Building a multinational company that can serve our clients both locally & globally



## EXPANSION

Target businesses that support our niche insurance focus and can benefit from our creative structures and IT



## QUALITY

Access to Lloyd's offers "A+" rated (S&P) product and removes barriers to enter into new markets



## DIVERSIFICATION

Offering a range of insurance products and distribution and service capabilities



## GLOBAL PRESENCE

1,684 employees with offices in 25 countries



## LEVERAGE

Leveraging AmTrust tools and capabilities for operating efficiencies

# AmTrust International Offices and Operations

## GLOBAL OFFICES

- Lima, Peru
- Santa Cruz, Bolivia
- Sao Paulo, Brazil
- Rio de Janeiro, Brazil
- Curacao, Curacao
- Asuncion, Paraguay
- New Jersey, USA
- Dublin, Ireland
- Paris, France
- Lyon, France
- Barcelona, Spain
- Madrid, Spain
- London, England
- Nottingham, England
- Cardiff, Wales
- Chiswick, England
- Leeds, England
- Colchester, England
- Stockholm, Sweden
- Moscow, Russia
- Frankfurt, Germany
- Neu-Isenburg, Germany
- Helsinki, Finland
- Amsterdam, Netherlands
- Luxembourg
- Milan, Italy
- Genoa, Italy
- Naples, Italy
- Antwerp, Belgium
- Istanbul, Turkey
- Mumbai, India
- Kuala Lumpur, Malaysia
- Selangor, Malaysia
- Jakarta, Indonesia
- Shanghai, China
- Ho Chi Minh City, Vietnam
- Singapore

## OPERATIONS

- AmTrust International Underwriters
- AmTrust Europe
- AmTrust at Lloyd's
- Car Care Plan
- Motors Insurance Company
- AmTrust Insurance Services
- AmTrust Insurance Spain
- AmTrust Mobile Solutions
- AmTrust Revive
- Gadget Repair Solutions
- Composite Legal Expenses
- Arc Legal
- AMT Mortgage Insurance
- Nationale Borg

# Technology is Core



## PROPRIETARY SYSTEMS

offer competitively lower processing costs



## SIGNIFICANT CAPACITY

AmTrust software and compute cloud  
Multiple data center nodes



## SINGLE PLATFORM

provides timely and granular analysis of business  
and efficient absorption of acquisitions

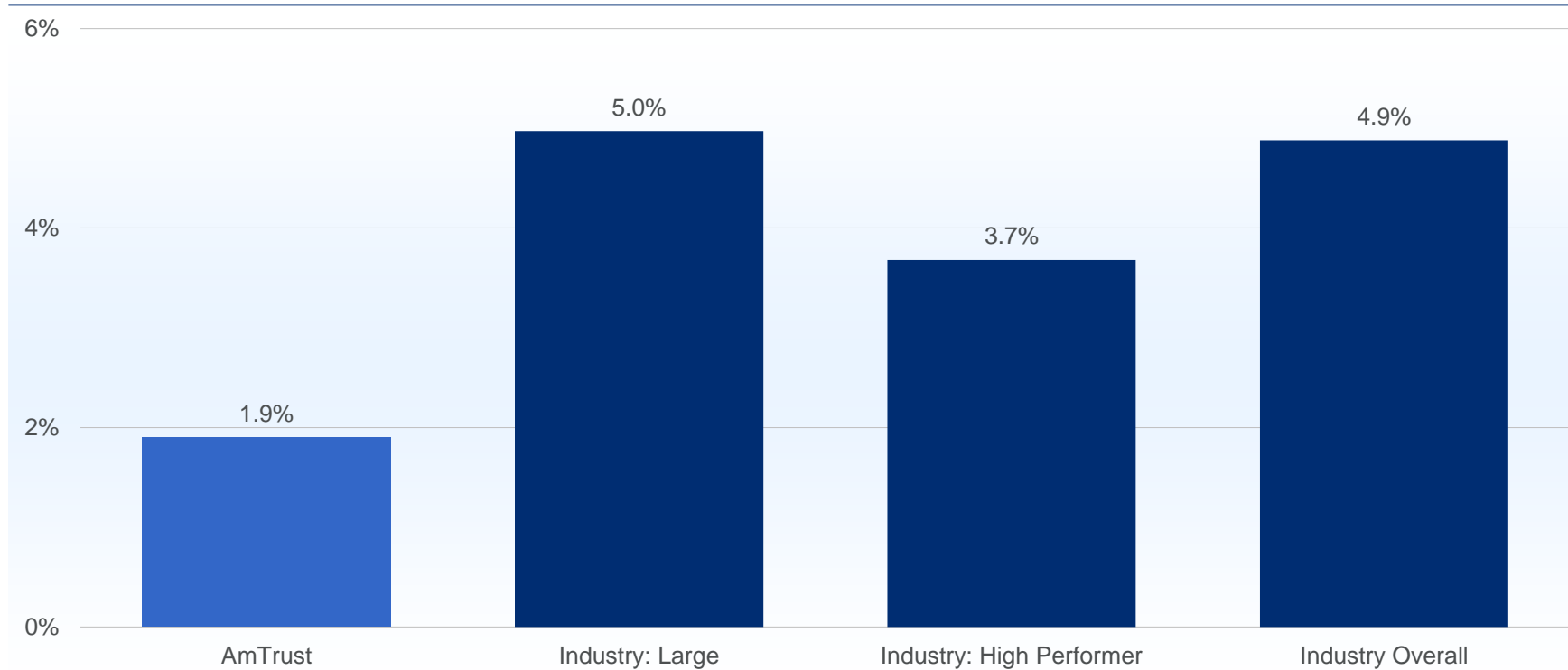


## CUSTOMIZED SYSTEM

creates quick response  
to market opportunities  
and adaptation faster  
rate of innovation

# IT Advantage

## 2016 GROSS EXPENSE IT RATIOS



**We build our own**

**We consolidate to common platforms**

**IT costs well below industry average**

Source: Novarica  
 Note: Industry Large > \$1B

# Strong Insurance Operations and Well Capitalized

- Strong insurance operations
  - ✓ **Small Commercial Business** with enhanced system capabilities and delivering profitable results
  - ✓ **Specialty Risk** with focus on extended warranty while we continue to invest in technology
  - ✓ **Recent acquisitions** such as Republic, Nationale Borg, and ANV are performing according to plan
- Well capitalized to support existing business and organic growth
  - ✓ **Recently raised \$300mm** in common equity through a private placement
  - ✓ Generated over **\$1.2bn of net income in the last three years**, even after the previously announced restatement
  - ✓ A.M. Best maintains a **financial strength rating “A” excellent**
- Focused on enhancing finance organization
  - ✓ **Increase accounting controls** and eliminate recently identified material weaknesses
  - ✓ **Continue to attract talent** and build a best-in-class finance and accounting organization
  - ✓ **Invest in technology** and implement new automation processes to support future growth
  - ✓ **Enhance disclosure** around business and financial performance
- The Karfunkel family remains dedicated to supporting AmTrust
  - ✓ A proven history of supporting its insurance businesses

# Global Finance Strategy and Initiatives

- Implementing a global integrated strategy across the finance operations
  - Simplification of structure
  - Centralization
  - Global automation
  - Enhanced disclosure and communication
  - Implementation of a rigorous financial control paradigm
- Focusing on promoting transparency and greater understanding
  - More detailed financial disclosure and reporting
- Leveraging institutional knowledge and understanding of the business to appropriately scale and set the vision for the finance organization
  - Ensure our finance and accounting expertise better matches the size and scale of our operations
- Formation of a global financial leadership team and steering committee to drive and execute change



# Completed Transition to a “Big Four” Auditor

## We transitioned from BDO to KPMG with the goal of...

- “Big Four” expertise to support expanding global reach
- Financial transparency

## During the course of the 2016 audit we announced...

- 10K filing delay and restatement of previously issued financial statement
- Material weaknesses related to internal controls

## Despite facing challenges, the company...

- Received an Unqualified Audit Opinion
- Produced over \$400mm in net income in each restated year
- Filed Q1 2017 financials on time inclusive of Q1 2016 and Q1 2015 restatements
- Plans to file Q2 and Q3 2016 and 2015 restatements in the near term with a goal towards achieving “current filer” status in the coming year

## OPERATING ROE (%)<sup>(1)</sup>



**Operating ROE above industry average in the years affected by the restatement**

\*Peer group includes American Financial Group, CNA Financial Corp., Hanover Ins. Group, Selective Ins. Group, Employer's Holdings, Inc., and W.R. Berkley Corp. (as reported in each company's financial press releases).

# Subsequent Events

- **Capital Infusion**
  - Raised \$300mm of common equity through a private placement with members of the Karfunkel family
  - Builds confidence with Company's stakeholders
  - Support insurance Company financial strength
- **Sale of National General Ownership Stake**
  - Pre-tax gain of \$76mm
  - Simplify our balance sheet and portfolio composition

# Conclusion

**AmTrust is a global P&C insurer specializing in lower-risk niche opportunities, focused on operating excellence and strategic growth to drive shareholder returns.**

## CONSISTENT VISION

**Dedicated to small business**

Target **lower hazard risk** industry classes

**Expand** in areas that fit our niche insurance focus

Maintain underwriting and actuarial **excellence**

**Service-oriented** claims management

## DIFFERENTIATED MODEL

**Innovative technology** allows AmTrust to operate with a low expense ratio, while being highly responsive and adaptive

**Multi-line, Multi-region** product portfolio reduces volatility and cyclical

## SUSTAINABLE GROWTH

**Growing Financial Capacity**

**Thoughtful Capital Management**

**A Returns-Based Framework for Creating Long-Term Shareholder Value**

# FINANCIAL INFORMATION

# Summary Income Statement

(\$, millions, except per share amounts)	Restated 2014		Restated 2015		2016		Restated YTD 2016		YTD 2017		% Change
Gross Written Premium	\$	6,092.4	\$	6,799.5	\$	7,949.3	\$	1,933.1	\$	2,266.3	17.2%
Net Written Premium	\$	3,941.2	\$	4,261.9	\$	4,851.3	\$	1,220.7	\$	1,344.1	10.1%
Net Earned Premium	\$	3,506.8	\$	4,021.2	\$	4,668.0	\$	1,074.3	\$	1,222.5	13.8%
Service and Fee Income		365.4		428.1		538.0		128.8		137.5	6.7%
Net Investment Income & Realized Gains		148.0		164.4		244.5		57.4		71.9	25.4%
<b>Total Revenues</b>		<b>4,020.2</b>		<b>4,613.8</b>		<b>5,450.5</b>		<b>1,260.5</b>		<b>1,432.0</b>	<b>13.6%</b>
Loss and LAE Expense		2,331.3		2,688.1		3,142.3		715.1		840.3	17.5%
Acquisition Cost and Other Underwriting Expense		870.7		993.5		1,230.2		272.5		328.2	20.5%
Other Expense		422.5		473.3		564.1		129.3		162.9	26.0%
Income before Other Income (Expense), Equity Earnings, Interest Expense & Tax	\$	395.7	\$	458.8	\$	513.9	\$	143.7	\$	100.6	(30.0)%
Income Gains from Life Settlements		12.3		19.8		46.1		10.7		8.6	(19.8)%
Equity In Earnings of Unconsolidated Subsidiary		28.4		25.4		15.6		5.8		4.0	(31.5)%
Non-Controlling Interest		0.4		(6.9)		(19.4)		(4.0)		(11.0)	N/M
Foreign Currency Gain (Loss)		56.4		47.3		(29.3)		(38.2)		(18.0)	N/M
Gain on Acquisition/Sale		6.6		5.8		48.8		9.7		—	N/M
Loss of Extinguishment of Debt		(9.8)		(5.3)		—		—		—	N/M
Net Income attributable to AFSI	\$	415.7	\$	450.7	\$	411.0	\$	92.8	\$	39.2	(57.7)%
Dividends on Preferred Stock		(12.7)		(31.6)		(47.8)		(8.8)		(16.6)	N/M
Operating Earnings <sup>(1)</sup>	\$	429.8	\$	469.5	\$	408.7	\$	122.9	\$	55.7	(54.6)%
Operating Diluted EPS <sup>(1)</sup>	\$	2.70	\$	2.79	\$	2.34	\$	0.69	\$	0.32	(53.6)%
Operating ROE <sup>(1)</sup>		30.2%		24.4%		17.8%		21.6%		9.4%	
Net Loss Ratio		66.5%		66.8%		67.3%		66.6%		68.7%	
Net Expense Ratio		24.8%		24.8%		26.4%		25.3%		26.9%	
Net Combined Ratio		91.3%		91.6%		93.7%		91.9%		95.6%	

(1) Please see the Non-GAAP reconciliation on slide 31 for important information about these Non-GAAP measures.

# Balance Statement Highlights

(\$, millions, except per share amounts)	Restated 2014	Restated 2015	2016	YTD 2017	% Change
Cash and Investments	\$ 5,648.1	\$ 7,211.6	\$ 9,235.7	\$ 9,768.9	5.8%
Reinsurance Recoverable	2,440.7	3,007.4	4,329.5	4,509.5	4.2%
Premiums Receivable, Net	1,892.0	2,236.0	2,802.2	2,946.3	5.1%
Goodwill and Intangible Assets	667.7	800.0	1,243.1	1,251.3	0.7%
Deferred Policy Acquisition Costs	629.3	693.6	928.9	1,026.0	10.5%
Other Assets	2,581.0	3,317.5	4,075.3	4,382.3	7.5%
<b>Total Assets</b>	<b>\$ 13,858.8</b>	<b>\$ 17,266.1</b>	<b>\$ 22,614.7</b>	<b>\$ 23,884.3</b>	<b>5.6%</b>
Loss and LAE Reserve	5,664.2	7,208.4	10,140.7	10,630.2	4.8%
Unearned Premiums	3,449.5	4,014.4	4,880.1	5,199.5	6.5%
Debt	746.0	993.1	1,234.9	1,306.7	5.8%
Other Liabilities	1,927.1	2,148.7	2,892.0	3,234.0	11.8%
<b>Total Liabilities</b>	<b>\$ 11,786.8</b>	<b>\$ 14,364.6</b>	<b>\$ 19,147.7</b>	<b>\$ 20,370.3</b>	<b>6.4%</b>
Redeemable Non-Controlling Interest	0.6	1.2	1.4	1.6	20.9%
AmTrust Financial Shareholders' Equity	1,912.2	2,723.8	3,269.1	3,296.5	0.8%
Non-Controlling Interest	159.2	176.5	196.5	215.9	9.9%
<b>Total Shareholders' Equity</b>	<b>\$ 2,071.4</b>	<b>\$ 2,900.2</b>	<b>\$ 3,465.6</b>	<b>\$ 3,512.3</b>	<b>1.3%</b>
<b>Total Liability and Shareholder's Equity</b>	<b>\$ 13,858.8</b>	<b>\$ 17,266.1</b>	<b>\$ 22,614.7</b>	<b>\$ 23,884.3</b>	<b>5.6%</b>
Book Value Per Share	\$ 10.37	\$ 12.74	\$ 13.81	\$ 13.91	0.7%

# Non-GAAP Reconciliation

(\$, millions, except per share amounts)		Restated 2014	Restated 2015	2016	Restated 1Q16	1Q17
Net income to AFSI common stockholders		\$ 401.8	\$ 418.8	\$ 363.1	\$ 84.0	\$ 22.6
<b>Less</b>	Realized gain on securities	16.4	8.1	36.5	8.0	8.6
	Foreign currency transaction gains/(loss)	56.4	47.3	(29.3)	(38.2)	(18.0)
	Non-cash interest on convertible senior notes	(2.6)	(6.0)	(6.3)	(1.5)	(1.6)
	Loss on extinguishment of debt	(9.8)	(5.3)	—	—	—
	Non-cash amortization of certain intangible assets	(96.4)	(101.8)	(65.4)	(10.6)	(19.1)
	Gain resulting from decrease in ownership percentage of equity investment in unconsolidated subsidiary (related party)	14.7	9.3	—	—	—
	Acquisition gain	—	5.8	48.8	9.7	—
	Gain on sale	6.6	—	—	—	—
	Tax effect of adjustments reflected above <sup>(2)</sup>	(13.2)	(8.1)	(29.8)	(6.2)	(3.0)
<b>Net operating earnings attributable to AmTrust common share<sup>(1)</sup></b>		<b>\$ 429.8</b>	<b>\$ 469.5</b>	<b>\$ 408.7</b>	<b>\$ 122.9</b>	<b>\$ 55.7</b>
Operating diluted earnings per share <sup>(1)</sup>		\$ 2.70	\$ 2.79	\$ 2.34	\$ 0.69	\$ 0.32
Average common shares outstanding – diluted		159.0	168.4	174.5	177.9	172.7
Operating ROE <sup>(1)</sup>		30.2%	24.4%	17.8%	21.6%	9.4%
Average equity		1,424.9	1,926.7	2,298.3	2,279.7	2,369.0

(1) Please see the Non-GAAP reconciliation footnote on slide 32 for important information about these Non-GAAP measures.

(2) Please see the Non-GAAP reconciliation footnote on slide 32 for important information about these Non-GAAP measures.

# Non-GAAP Reconciliation Footnote

(1) Operating earnings (“Operating Earnings”) is defined by the Company as net income attributable to AmTrust common stockholders less realized gain (loss) on investments, non-cash amortization of intangible assets, non-cash interest on convertible senior notes, loss on extinguishment of debt, foreign currency transaction gain (loss), gain resulting from decrease in ownership percentage of equity investment in unconsolidated subsidiary (related party), acquisition gain, and gain on sale, and should not be considered an alternative to net income. Operating diluted earnings per share is defined by the Company as Operating Earnings divided by the weighted average diluted shares outstanding for the period and should not be considered an alternative to diluted earnings per share. Operating return on common equity is defined by the Company as Operating Earnings divided by the average common equity for the period and should not be considered an alternative to return on common equity. The Company believes Operating Earnings, operating diluted earnings per share and operating return on common equity are more relevant measures of the Company's profitability because Operating Earnings, operating diluted earnings per share and operating return on common equity contain the components of net income upon which the Company's management has the most influence and excludes factors outside management's direct control and non-recurring items. The Company's measure of Operating Earnings, operating diluted earnings per share and operating return on common equity, may not be comparable to similarly titled measures used by other companies.

(2) The Company calculated the income tax effect of certain adjustments using the U.S. federal statutory income tax rate of 35%. Specifically, gross realized gain on investments is predominantly U.S. sourced and, therefore, is subject to tax at 35%. In addition, the gain resulting from a decrease in ownership percentage of equity investment in unconsolidated subsidiary (related party) is U.S. sourced income subject to tax at 35%. Gain on sale is U.S. sourced income subject to tax at 35%. Acquisition gain is both U.S. and foreign sourced gain that is ultimately subject to tax at 35%. The Company does not report non-cash amortization of intangible assets, non-cash impairment of goodwill, non-cash interest on convertible senior notes, loss on extinguishment of debt, or foreign currency transaction gain/(loss) net of tax.