


Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached Form 8937, Appendix A

18 Can any resulting loss be recognized? ▶ See attached Form 8937, Appendix A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached Form 8937, Appendix A

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 11/9/18
Print your name ▶ Jeffrey Johnson Title ▶ VP & Director of Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

AmTrust Financial Services, Inc **Form 8937, Appendix A**

On April 2, 2018 (the "Record Date"), each shareholder of the common stock of AmTrust Financial Services, Inc ("AFSI") that was listed as a holder of record became entitled to a cash dividend with respect to its common stock. The cash dividend was paid to each shareholder of the common stock of AFSI on April 16, 2018. On March 29, 2018 ("the Ex-Dividend Date"), the cash dividend resulted in an increase in the Convertible Notes (as defined below) and a deemed distribution under section 301 of the Internal Revenue Code of 1986, as amended (the "Code") by reason of Section 305(b)(2) and 305(c) of the Code. Section 6045B of the Code and the underlying Treasury Regulations (the "Regulations") provide that effective January 1, 2016, if a corporation issues a cash dividend with respect to stock that results in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under Section 305(b)(2) and 305(c) of the Code, an information return (above, Form 8937) must be filed with the Internal Revenue Service ("IRS") describing, among other things, the action and the action's quantitative effect.

The information contained in the attached Form 8937 and this Appendix A thereto is intended to satisfy the requirements of public reporting under Section 6045B of the Code and Sections 1.6045B-1(a)(3) and (b)(4) of the Regulations by AFSI. The information contained in this notice is intended to provide only a general summary of certain U.S. federal income tax consequences of the conversion rate adjustment and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the conversion rate adjustment. You should consult your own tax advisor to determine the particular federal, state, local, or foreign reporting or other tax consequences of the conversion rate adjustment to you.

Line 14 - Description of the Organizational Action:

On the record Date, each shareholder of common stock of AFSI that was listed as a holder of record became entitled to a cash dividend with respect to its common stock. Pursuant to Section 4.04(d) of the indenture, the conversion rate on the 2.75% Convertible Senior Notes Due 2044 (the "Convertible Notes") was increased on the Record Date to take into account the portion of such dividend which was in excess of 0.125 cents per share. Such adjustment to the conversion ratio on the Record Date is treated as a deemed distribution of property to the holders of the Unsecured Convertible Notes to which Section 301 of the Code applies by reason of Sections 305(b)(2) and 305(c).

Line 15 - Quantitative Effect of Organizational Action:

Because there was a cash dividend declared and paid with respect to common stock and a corresponding increase in the conversion rate on the Convertible Notes, such increase in conversion rate of the Convertible Notes constitutes a deemed distribution of common stock to the holders of the Convertible Notes to which Section 301 applies. AFSI expects that it will have sufficient current or accumulated earnings and profits to treat the deemed distribution of property to the holders of the Convertible Notes as a dividend for U.S. federal income tax purposes and increase the basis of the Convertible Notes by the fair market value of the deemed distribution. Therefore, as a result of the increase in the conversion ratio of the Convertible Notes, each holder of the Convertible notes is required to include \$1.23 in gross income as a dividend per \$1,000 face amount of Convertible Notes and increase basis in such Convertible Notes by the same amount.

Line 16 – Calculation of Change in Basis:

Sample Calculation: A holder of a Convertible Note has \$1,000 basis in a \$1,000 Convertible Note. A holder of a Convertible Note will increase its basis in such Convertible Note by \$1.23 as a result of the inclusion of the dividend in gross income for U.S. federal income tax purposes.

Line 17 - Code Sections Upon Which Tax Treatment is Based:

Sections 305(b)(2), 305(c), 301(c), 316 and 301(d) of the Code

Line 18 - Recognition of any Resulting Loss:

This is not a loss transaction.

Line 19 - Reportable Tax Year:

The reportable tax year is 2018 for taxpayer reporting taxable income on a calendar year basis.