

Xchange Group, LLC Acquisition Case Study

December 2020



STONYBROOK CAPITAL

STONYBROOK CAPITAL

The Chanin Building
122 East 42nd Street, Suite 2120
New York, NY 10168
www.stonybrookcapital.com

Joseph Scheerer

CEO

Office (212) 421 8236
Mobile (917) 860 4519
joseph.scheerer@stonybrookcapital.com

Ravi Arps

Partner & Board Member

Office (646) 766 1606
Mobile (860) 301 6595
ravi.arps@stonybrookcapital.com

Thomas Deane

Partner

Mobile (203) 451 4916
Thomas.deane@stonybrookcapital.com

Paul Kneuer

Managing Director

Mobile (973) 419 3781
paul.kneuer@stonybrookcapital.com

Paul Dzielinski

Managing Director, Stonybrook Risk Management

Mobile (203) 526 4895
paul.dzielinski@stonybrookcapital.com

Nicholas Annitto

Analyst

Office (914) 301 3558
Mobile (631) 241 3777
nicholas.annitto@stonybrookcapital.com

Sale of 80% of Xchange Benefits, LLC & Xchange Affinity Underwriting Agency, LLC (collectively “Xchange”) to Ambac Financial Group, Inc. (NYSE: “AMBC”, “Ambac”)

Stonybrook Capital advises Xchange on the acquisition by Ambac

December 2020



Xchange Group LLC

Affinity · Benefits · Consulting · Intermediaries · Specialty · Travel

Acquisition transaction

Ambac

Stonybrook Capital acted as exclusive transaction advisor to Xchange

STONYBROOK CAPITAL
MERCHANT BANKERS TO THE INSURANCE INDUSTRY

Transaction Overview

- **Xchange is a premier, New York based MGU focused on the A&H insurance space**
 - Xchange and its affiliated companies write business through various highly rated carriers, offering products across the A&H space
 - Xchange was formed in 2010 and underwrites, consults, creates products, creates retail distribution, structures risk, transacts reinsurance, and advises on capital deployment
- **Ambac has acquired 80% of Xchange**
 - Xchange management will stay on to continue to grow and drive the strategic direction of the business
 - The transaction aligns with Ambac’s continued efforts to break into the broader insurance space and build a larger platform
- **The transaction enables Xchange to partner with an organization who shares a common vision of growth and expansion throughout the (re)insurance sector**

Stonybrook Capital’s Role

- **Stonybrook served as the exclusive transaction advisor to Xchange**
- **The transaction marks another successful transaction for Stonybrook in the (re)insurance space – exemplifying Stonybrook’s expertise over the entire insurance industry as a whole**
- **The transactions builds on Stonybrook’s expertise in the M&A market and follows three successful M&A transactions for [Anchor](#), [Northeast Coverages](#) and [Sandell Re](#)**
- **Stonybrook’s roles in the transaction included:**
 - Creation of marketing materials that were distributed to potential partners
 - Targeted marketing effort to achieve the best terms for the Company
 - Management of the due diligence process
 - Negotiation of terms and execution

The Leading Specialist Focused on the Insurance Industry

STONYBROOKCAPITAL

Traditional Investment Banks

Reinsurance Brokers

Exclusive Focus on Insurance

Middle Market Expertise

Active and Informed

Emphasis on Client Service

Industry Relationships

Senior Level Attention

Services

Background

Clients

M&A Advisory

Capital Raising

Ventures

Fund Placement

Valuation

Strategic Advisory

Divesting Assets

Market Finding

Notable Stonybrook Transactions

December 2020



Acquisition transaction



Exclusive sell-side
transaction advisor

November 2020



Program Agreement



October 2020



Exclusive buy-side
financial advisor

May 2020



Acquired by



Exclusive sell-side
financial advisor

March 2020



Acquired by



Exclusive sell-side
financial advisor

February 2020



\$45,000,000
Capital Raise

February 2020



Acquires the assets of



Exclusive sell-side
financial advisor

August 2019



\$30,000,000
Capital Raise

July 2019



Announced Sale of
Sandell Re



Exclusive sell-side
financial advisor

May 2019



\$20,000,000
Capital Raise

March 2019



Triangle Surety Agency,
Inc.

Capital raise amount
undisclosed

February 2019



\$10,000,000
Capital Raise

December 2018



\$125,000,000
Capital Raise

October 2018



Sale of Boston Indemnity
Company



Exclusive sell-side
financial advisor

July 2018



\$12,500,000
Capital Raise

December 2017



\$50,000,000
Capital Raise

December 2017



Sale to



Exclusive sell-side
financial advisor

December 2017



Capital raise amount
undisclosed

October 2017

MARK EDWARD PARTNERS

Capital raise amount
undisclosed

September 2017



Conifer
Holdings
Inc.

\$30,000,000
Capital Raise

Legal Disclaimer

Nothing contained within this informational memorandum is an offer to buy or sell securities or an offering of any product, service or fund. An offer to buy or sell securities will only be accompanied by appropriate documents including, but not limited to, a private placement memorandum which will contain, among other things, a listing of possible risk factors associated with the security. The risk factors included in this informational memorandum are not exhaustive and are intended for the purpose of illustrative example only. All representations and warranties are hereby disclaimed. The information contained in this document is intended for general informational purposes only and is not intended to be information sufficient for the making of a business decision. While reasonable efforts have been made to ensure that the information contained in this presentation has been obtained from sources deemed to be reliable, Stonybrook Capital does not guaranty that the information contained herein is accurate or complete and is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this document is provided "as is", with no guarantee of completeness, accuracy, timeliness or of the results obtained from the use of this information, and without warranty or representation of any kind, statutory, express, or implied, oral or written.

In no event will Stonybrook Capital, its related entities, or its members, partners, agents or employees be liable to you or anyone else for any decision made or action taken in reliance on the information in this document or for any consequential, special or similar damages, even if advised of the possibility of such damages. You should conduct your own due diligence with respect to any and all information related to this document and are not entitled to rely solely on the information presented herein. Further, Stonybrook Capital is under no obligation to update the material or information presented herein even if it later becomes aware that such information or material is no longer accurate or true. Recipient assumes all risk in, and Stonybrook Capital will not be liable for any damages arising out of, use of information including, without limitation, business decisions made or inferences drawn by Recipient in reliance on the Information or the fact of the disclosure of the Information.

The information on this document is provided with the understanding that Stonybrook Capital is not engaged in rendering legal, accounting, tax, or other professional advice and services. As such, this document should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers.