

Inter-Atlantic Financial, Inc.

Form PRER14A

August 06, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Inter-Atlantic Financial, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Class B common stock, par value \$0.0001 per share, of Inter-Atlantic Financial, Inc.

(2) Aggregate number of securities to which transaction applies:

11,900,000 shares of Class B common stock of Inter-Atlantic Financial, Inc.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$7.71 per share of Class B common stock, representing the average of the high and low prices of a share of our Common Stock on May 18, 2009.

(4) Proposed maximum aggregate value of transaction:

\$90,129,900

(5) Total fee paid:

\$5,030

- b Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
  
  
  
  
  
  
  
    - (2) Form, Schedule or Registration Statement No.:
  
  
  
  
  
  
  
    - (3) Filing Party:
  
  
  
  
  
  
  
    - (4) Date Filed:
-

**INTER-ATLANTIC FINANCIAL, INC.**  
**400 Madison Ave.**  
**New York, NY 10017**

To the Warrantholders and Stockholders of Inter-Atlantic Financial, Inc.:

You are cordially invited to attend the meetings of the warrant holders and the stockholders of Inter-Atlantic Financial, Inc., or Inter-Atlantic, relating to the proposed acquisition of Patriot Risk Management Inc., or Patriot, which will be held at 10:00 a.m. and 10:30 a.m., respectively, eastern time, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020.

At this important stockholders meeting, stockholders will be asked to consider and vote upon the following proposals:

to adopt, and approve the transactions contemplated by, the Stock Purchase Agreement, dated as of April 23, 2009, among Inter-Atlantic, Patriot and the stockholders of Patriot we call this proposal the acquisition proposal;

to adopt the amendment and restatement of the certificate of incorporation of Inter-Atlantic to:

(1) change the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) remove the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassify the outstanding shares of common stock into shares of Class A common stock, (5) provide for certain dividend rights for holders of Class A common stock, (6) require the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) elect to be governed by Section 203 of the Delaware General Corporation Law, or DGCL we call this proposal the charter amendment proposal;

to elect two Class I directors, three Class II directors and three Class III directors, to Inter-Atlantic's Board of Directors to hold office until each such director's term expires or until their successors are elected and qualified (in the event the acquisition is approved), we call this proposal Director Proposal A, **OR** to elect two Class A directors to Inter-Atlantic's Board of Directors to hold office until the 2012 annual meeting of stockholders and until their successors are elected and qualified (in the event the acquisition is not approved), we call this proposal Director Proposal B;

to adopt Inter-Atlantic's 2009 Stock Incentive Plan (an equity-based incentive compensation plan) we call this proposal the plan proposal; and

to adopt a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are not sufficient votes at the time of the special meeting to adopt the acquisition proposal or the plan proposal we call this proposal the adjournment proposal.

At this important warrant holder meeting, warrant holders will be asked to consider and vote upon the following proposals:

to amend the terms of the warrant agreement governing the Inter-Atlantic warrants exercisable for shares of Inter-Atlantic common stock in order to require the automatic redemption of all of the outstanding Inter-Atlantic warrants, including those held by Inter-Atlantic's sponsors, at a price of \$0.50 per warrant upon the consummation of the business combination proposal we call this proposal the warrant redemption proposal; and

to adopt a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are not sufficient votes at the time of the special meeting to adopt the acquisition proposal or the plan proposal we call this proposal the Warrant holder Adjournment Proposal.

Approval of the warrant redemption proposal requires the affirmative vote of the holders of a majority of the outstanding Inter-Atlantic warrants as of the record date. The approval of the warrant holder adjournment proposal

requires the affirmative vote of the holders of a majority of the outstanding Inter-Atlantic warrants represented in person or by proxy at the special meeting of warrant holders and entitled to vote thereon as of the record date.

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The affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock is required to adopt the acquisition proposal and the charter amendment proposal. The affirmative vote of a majority of the shares of Inter-Atlantic common stock represented in person or by proxy at the meeting is required to adopt the plan proposal and the adjournment proposal. Adoption of the acquisition proposal also requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock issued in its initial public offering.

Adoption by Inter-Atlantic stockholders of the acquisition proposal is conditioned on the adoption of the warrant redemption proposal and the charter amendment proposal but is not conditioned on the adoption of the plan proposal, the director proposal or adjournment proposal. However, the adoption of the charter amendment proposal, the director proposal and the plan proposal is conditioned upon the adoption of the acquisition proposal.

As provided in Inter-Atlantic's certificate of incorporation, each Inter-Atlantic stockholder who holds shares of common stock issued in Inter-Atlantic's initial public offering, which we sometimes call IPO shares, has the right to vote against the acquisition proposal and at the same time demand that Inter-Atlantic convert such stockholder's shares into cash equal to such stockholder's pro rata portion of the trust account which contains a substantial portion of the net proceeds of Inter-Atlantic's initial public offering. These IPO shares will be converted into cash only if the acquisition is completed. If the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation. Inter-Atlantic's shares of common stock are listed on the NYSE Amex under the symbol IAN.

Inter-Atlantic's initial stockholders have agreed, with respect to the acquisition proposal, to vote their 1,875,000 shares of Inter-Atlantic common stock acquired prior to Inter-Atlantic's initial public offering, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, in accordance with the vote of the majority of the IPO shares. The initial stockholders intend to vote all of their shares of Inter-Atlantic common stock

FOR the charter amendment proposal, the plan proposal, the director proposal and the adjournment proposal.

After careful consideration, Inter-Atlantic's Board of Directors has determined that the acquisition proposal is fair to and in the best interests of Inter-Atlantic and its stockholders. Inter-Atlantic's Board of Directors has also determined that the charter amendment proposal, the plan proposal, the director proposal and adjournment proposal are in the best interests of Inter-Atlantic's stockholders. Inter-Atlantic's Board of Directors has determined that the warrant redemption proposal and the warrant adjournment proposal are in the best interests of Inter-Atlantic's warrant holders. Inter-Atlantic's Board of Directors unanimously recommends that you vote or give instruction to vote FOR the adoption of the acquisition proposal, the charter amendment proposal, the plan proposal, the director proposal, the adjournment proposal, the warrant redemption proposal and the warrant adjournment proposal.

Enclosed is a notice of special meetings and proxy statement containing detailed information concerning the acquisition proposal and the transactions contemplated thereby as well as detailed information concerning the charter amendment proposal, the plan proposal, the director proposal, the adjournment proposal, the warrant redemption proposal and the warrant adjournment proposal. Whether or not you plan to attend the special meetings, we urge you to read this material carefully.

I look forward to seeing you at the meeting.

Sincerely,

Andrew S. Lerner

*Chief Executive Officer and Director*

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETINGS, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE IN THE ENVELOPE PROVIDED.**

Neither the Securities and Exchange Commission nor any state securities commission has determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.



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**SEE RISK FACTORS BEGINNING ON PAGE 21 FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE ACQUISITION.**



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**INTER-ATLANTIC FINANCIAL, INC.**  
**400 Madison Avenue**  
**New York, NY 10017**  
**NOTICE OF SPECIAL MEETING OF WARRANTHOLDERS**  
**TO BE HELD ON \_\_\_\_\_, 2009**

TO THE WARRANTHOLDERS OF INTER-ATLANTIC FINANCIAL, INC.:

NOTICE IS HEREBY GIVEN that a special meeting of warrant holders, including any adjournments or postponements thereof, of Inter-Atlantic Financial, Inc., or Inter-Atlantic, a Delaware corporation, will be held at 10:00 a.m., eastern time, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 to consider the below proposals:

- to amend the terms of the warrant agreement governing the Inter-Atlantic warrants exercisable for shares of Inter-Atlantic common stock in order to require the automatic redemption of all of the outstanding Inter-Atlantic warrants, including those held by Inter-Atlantic's sponsors, at a price of \$0.50 per warrant upon the consummation of the business combination proposal we call this proposal the warrant redemption proposal; and
- to adopt a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are not sufficient votes at the time of the special meeting to adopt the acquisition proposal or the plan proposal we call this proposal the warrant holder adjournment proposal.

Inter-Atlantic warrant holders of record at the close of business on \_\_\_\_\_, 2009 will be entitled to receive notice of, and to vote at, the Inter-Atlantic special meeting of warrant holders and any and all adjournments thereof.

This proxy statement is dated \_\_\_\_\_, 2009 and is first being mailed to Inter-Atlantic stockholders on or about \_\_\_\_\_, 2009.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a warrant holder of record of Inter-Atlantic warrants, you may also cast your vote in person at the special meeting. If your warrants are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your warrants. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the warrant redemption proposal and the warrant adjournment proposal.

**Inter-Atlantic's Board of Directors unanimously recommends that you vote FOR the adoption of each proposal listed above.**

**IF THE ACQUISITION IS NOT COMPLETED AND INTER-ATLANTIC DOES NOT COMPLETE AN INITIAL BUSINESS COMBINATION PRIOR TO OCTOBER 9, 2009, YOUR WARRANTS WILL EXPIRE WORTHLESS.**

By Order of the Board of Directors,

Andrew S. Lerner

*Chief Executive Officer and Director*

\_\_\_\_\_, 2009

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**INTER-ATLANTIC FINANCIAL, INC.**  
**400 Madison Avenue**  
**New York, NY 10017**  
**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON \_\_\_\_\_, 2009**

TO THE STOCKHOLDERS OF INTER-ATLANTIC FINANCIAL, INC.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders, including any adjournments or postponements thereof, of Inter-Atlantic Financial, Inc., or Inter-Atlantic, a Delaware corporation, will be held at 10:30 a.m., eastern time, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 to consider the below proposals:

to adopt, and approve the transactions contemplated by, the Stock Purchase Agreement, dated as of April 23, 2009, among Inter-Atlantic, Patriot we call this proposal the acquisition proposal;

to adopt the amendment and restatement of the certificate of incorporation of Inter-Atlantic to:

(1) change the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) remove the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassify the outstanding shares of common stock into shares of Class A common stock, (5) provide for certain dividend rights for holders of Class A common stock, (6) require the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) elect to be governed by Section 203 of the Delaware General Corporation Law, or DGCL we call this proposal the charter amendment proposal;

to elect two Class I directors, three Class II directors and three Class III directors, to Inter-Atlantic's Board of Directors to hold office until each such director's term expires or until their successors are elected and qualified (in the event the acquisition is approved), we call this proposal Director Proposal A, **OR** to elect two Class I directors to Inter-Atlantic's Board of Directors to hold office until the 2012 annual meeting of stockholders and until their successors are elected and qualified (in the event the acquisition is *not* approved), we call this proposal Director Proposal B;

to adopt Inter-Atlantic's 2009 Stock Incentive Plan (an equity-based incentive compensation plan) we call this proposal the plan proposal; and

to adopt a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are not sufficient votes at the time of the special meeting to adopt the acquisition proposal or the plan proposal we call this proposal the adjournment proposal.

Adoption by Inter-Atlantic stockholders of the first proposal listed above, the acquisition proposal, is conditioned on the adoption of the second proposal, but is not conditioned on the adoption of the third, fourth and fifth proposals listed above. However, adoption of the second proposal listed above, the charter amendment proposal, the third proposal listed above, the director proposal, the fourth proposal listed above, the plan proposal, is conditioned upon the adoption of the acquisition proposal. If the holders of more than 2,582,229 shares of common stock issued in Inter-Atlantic's initial public offering (which we sometimes call IPO shares), or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation.

This proxy statement is dated \_\_\_\_\_, 2009 and is first being mailed to Inter-Atlantic stockholders on or about \_\_\_\_\_, 2009.

Inter-Atlantic stockholders of record at the close of business on \_\_\_\_\_, 2009 will be entitled to receive notice of, and to vote at, the Inter-Atlantic special meeting and any and all adjournments thereof.



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Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a stockholder of record of Inter-Atlantic common stock, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the acquisition proposal and the charter amendment proposal.

**Inter-Atlantic's Board of Directors unanimously recommends that you vote FOR the adoption of each proposal listed above.**

By Order of the Board of Directors,

Andrew S. Lerner

*Chief Executive Officer and Director*

\_\_\_\_\_, 2009

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ANNEX

A Stock Purchase Agreement

B Form of Amended and Restated Certificate of Incorporation

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**SUMMARY**

*The proxy statement is a proxy statement for use in the solicitation of proxies. The following discusses in summary form the material terms of the warrant redemption proposal, the warrant adjournment proposal, the acquisition proposal, the charter amendment proposal, the plan proposal, the director proposal and the adjournment proposal. The proposals are described in greater detail elsewhere in this document. You should carefully read this entire document and the other documents to which this document refers you. See *Where You Can Find More Information on page 216.**

**The Warrant Redemption Proposal (page [ ])**

The warrant redemption proposal seeks the approval of a majority of the Inter-Atlantic warrants outstanding to amend the terms of the warrant agreement governing the Inter-Atlantic warrants exercisable for shares of Inter-Atlantic common stock in order to require the automatic redemption of all of the outstanding Inter-Atlantic warrants, including those held by Inter-Atlantic's sponsors, at a price of \$0.50 per warrant upon the consummation of the business combination proposal.

The form of Amendment No. 1 to the Warrant Agreement is attached as Annex D to this proxy statement. You are encouraged to read the amendment in its entirety. See the section *The Warrant Redemption Proposal* on p. [ ]. If the acquisition is not consummated and Inter-Atlantic does not consummate an initial business combination by October 9, 2009, Inter-Atlantic will be required to liquidate and all the Inter-Atlantic warrants will expire worthless.

**The Warrant Adjournment Proposal (page [ ])**

In the event there are not sufficient votes at the time of the special meeting of warrant holders to approve the warrant redemption proposal, Inter-Atlantic's Board of Directors may adjourn the special meeting of warrant holders to a later date or dates, if necessary, to permit further solicitation of proxies. See *The Warrant Adjournment Proposal* on page [ ].

**The Acquisition Proposal**

***The Stock Purchase Agreement (page 80)***

The acquisition proposal seeks the approval of the stockholders of the Stock Purchase Agreement entered into on April 23, 2009 among Inter-Atlantic, Patriot and the stockholders of Patriot. The Stock Purchase Agreement provides for the acquisition of all of the outstanding shares of capital stock of Patriot by Inter-Atlantic for an aggregate purchase price of 6,900,000 newly issued shares of Inter-Atlantic Class B common stock, plus the contingent deferred payments described below. All shares of Inter-Atlantic common stock to be issued to the stockholders of Patriot as purchase price for Patriot's capital stock will be issued without registration under applicable securities laws pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. The contingent deferred payments are as follows: in the event that at any time after the closing but prior the fifth anniversary of the closing date of the transaction, the average closing trading price of Inter-Atlantic common stock on the NYSE Amex (or on another national securities market on which the Company's common stock is then quoted for trading) equals or exceeds the following per share amounts for 20 consecutive trading days: (i) \$12, (ii) \$13, (iii) \$14, (iv) \$15 and (v) \$16, then the consideration payable to the stockholders of Patriot shall be increased by an additional 1,000,000 shares of newly issued Inter-Atlantic Class B common stock upon reaching each of the foregoing per share amounts. Inter-Atlantic and the stockholders of Patriot plan to complete the acquisition promptly after the Inter-Atlantic special meeting, provided that:

- Inter-Atlantic's stockholders have approved the acquisition proposal and the charter amendment proposal;
- holders of not more than 2,582,229, or 29.99% of the shares of common stock issued in Inter-Atlantic's initial public offering, or IPO shares, properly elect to exercise their right to convert their shares into cash; and
- the other conditions specified in the Stock Purchase Agreement have been satisfied or waived.

The Stock Purchase Agreement is included as Annex A to this document. We encourage you to read the Stock Purchase Agreement in its entirety. It is the legal document that governs the acquisition. See *The Patriot Stock Purchase Agreement* on page 80.



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Pursuant to the Stock Purchase Agreement:

The directors and executive officers of Patriot will not transfer, sell, assign, pledge or otherwise dispose of the shares of Inter-Atlantic common stock that they receive at the closing of the acquisition, other than certain permitted transfers to relatives, affiliates, family trusts and the like until the six month anniversary, provided, however, that Messrs. Steven Mariano, Timothy Tompkins, Ronald Formento, Richard Allen, John Del Pizzo and C. Timothy Morris shall not transfer all or any part of, or any interest in, any shares of Inter-Atlantic received by them at the Closing or pursuant to the contingent deferred payment until the first anniversary of the Closing.

Andrew Lerner and Frederick Hammer, current directors of Inter-Atlantic, have the right to designate for election or appointment two (2) members to the Board of Directors of Inter-Atlantic, who shall initially be Messrs. Lerner and Hammer. Patriot shall use its reasonable best efforts to cause such designees to be included in the slate of nominees recommended by the Inter-Atlantic Board to Inter-Atlantic's stockholders for election as directors, and Steven Mariano, Chairman, Chief Executive Officer and President of Patriot, shall vote, and cause his respective affiliates to vote, all shares of Inter-Atlantic common stock owned, held or controlled beneficially or of record by Mr. Mariano and his affiliates, in favor of such designees.

Inter-Atlantic stockholders at the time of closing will become holders of Class A common stock, which Class A common stock is anticipated to receive a dividend of \$0.20 per share per quarter, if and when declared by the Board of Directors. Class A common stock is to receive an aggregate of \$2.40 in dividends, inclusive of any quarterly dividends, on or prior to a change of control transaction or liquidation. The Inter-Atlantic Class B common stock only converts into Class A common stock after the Class A common stock receives \$2.40 per share in aggregate dividends or the share price exceeds an average price of \$11 per share for 20 consecutive trading days, whichever is earlier. It is anticipated that the Inter-Atlantic Class B common stock to be received by current Patriot stockholders will not receive dividends.

The form of Amended and Restated Certificate of Incorporation of Inter-Atlantic, which reflects the amendments included in the charter amendment proposal, is included as Annex B to this document. You are encouraged to read the form of Amended and Restated Certificate of Incorporation in its entirety. It is the legal document that will govern Inter-Atlantic following the acquisition. See *Comparison of Stockholder Rights* on page 214.

**Conditions to the Completion of the Acquisition (page 85)**

Completion of the acquisition is subject to the satisfaction or waiver of specified conditions, including the conditions set forth below. All of these conditions may be waived except for the condition requiring approval of Inter-Atlantic's stockholders and the condition limiting the number of shares of Inter-Atlantic common stock which can elect to exercise their right to convert their shares into cash. Neither Inter-Atlantic nor Patriot has agreed at present to waive any of these conditions.

***Conditions to Inter-Atlantic's obligations***

the representations and warranties of the stockholders of Patriot must be true and correct;  
the stockholders of Patriot must have performed in all material respects all obligations required to be performed by them under the terms of the Stock Purchase Agreement;  
no material adverse effect shall have occurred with respect to Patriot since the date of the Stock Purchase Agreement;  
Inter-Atlantic's stockholders must have approved the transaction; and  
holders of not more than 29.99% of the shares of common stock issued in Inter-Atlantic's initial public offering, or IPO shares, have properly elected to exercise their right to convert their shares into cash.

***Conditions to Patriot's stockholders' obligations***

the representations and warranties of Inter-Atlantic must be true and correct;  
Inter-Atlantic must have performed in all material respects all obligations required to be performed by it under the Stock Purchase Agreement;



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no material adverse effect shall have occurred with respect to Inter-Atlantic since the date of the Stock Purchase Agreement;  
Inter-Atlantic's stockholders must have approved the transaction; and  
holders of not more than 29.99% of the shares of common stock issued in Inter-Atlantic's initial public offering, or IPO shares, have properly elected to exercise their right to convert their shares into cash.  
amendment of the Inter-Atlantic warrants so that these warrants shall be effectively redeemed at closing for no more than \$0.50 per warrant; and  
Inter-Atlantic must have a minimum of \$35,000,000 in cash at closing, net of capped transaction expenses (\$4.5 million for Inter-Atlantic and \$3.225 million for Patriot) as set forth in Section 5.12 of the Stock Purchase Agreement and the payment obligations of Inter-Atlantic relating to the transactions contemplated hereby, including the expenses related to the redemption or modification of the outstanding warrants.

**Termination**

The Stock Purchase Agreement may be terminated at any time prior to the closing of the acquisition, as follows:

- by mutual consent of Inter-Atlantic and the stockholders of Patriot;
- by Inter-Atlantic, on the one hand, or Patriot's stockholders, on the other hand, if the other party has breached any of its covenants or representations and warranties in any material respect; or
- by either party if Inter-Atlantic's stockholders fail to approve the acquisition or if the closing has not occurred by October 9, 2009.

If permitted under applicable law, either Inter-Atlantic or the stockholders of Patriot may waive conditions for their own respective benefit, and consummate the acquisition even though one or more of these conditions have not been met. We cannot assure you that all of the conditions will be satisfied or waived or that the acquisition will occur.

***Inter-Atlantic (page 196)***

Inter-Atlantic is a blank check company organized as a corporation under the laws of the State of Delaware on January 12, 2007. We were formed for the purpose of acquiring, through a merger, a capital stock exchange, asset acquisition, stock purchase or other similar business combination, an unidentified operating business in the financial services industry or a business deriving a majority of its revenues from providing services to financial services companies (including for example, payment processing companies and technology providers).

On October 9, 2007, we completed our initial public offering ( IPO ) of 7,500,000 Units. Each Unit consists of one share of our common stock, par value \$0.0001 per share, (the common stock ) and one warrant entitling the holder to purchase one share of our common stock at an exercise price of \$4.50. The public offering price of each Unit was \$8.00 and we generated gross proceeds of \$60,000,000 in the IPO. On October 16, 2007, we consummated the closing of 1,110,300 Units pursuant to the underwriters' over-allotment option which generated gross proceeds of \$8,882,400. Of the \$68,882,400 in gross proceeds from the IPO and the exercise of the over-allotment option: (i) we deposited \$66,215,928 into a trust account at American Stock Transfer & Trust Company as trustee, which proceeds were invested in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940, and included \$2,755,296 of contingent underwriting discount; (ii) the underwriters received \$2,066,472 as underwriting discount (excluding the contingent underwriting discount); and (iii) we retained approximately \$600,000 for offering expenses and working capital. In addition, we deposited into the trust account \$2,300,000 that we received from the issuance and sale of an aggregate of 2,100,000 warrants to our executive officers and directors and 200,000 warrants to one of our stockholders. Inter-Atlantic's common stock, warrants to purchase common stock and units consisting of one share of common stock and one warrant to purchase common stock are listed on the NYSE Amex under the symbols IAN, IAN.WS and IAN.U, respectively. Other than its initial public offering and the pursuit of a business combination, Inter-Atlantic has not engaged in any business to date. If Inter-Atlantic does not consummate a business combination by October 9, 2009, then, pursuant to its certificate of incorporation, as amended, Inter-Atlantic's officers must take all actions necessary to dissolve and liquidate Inter-Atlantic as soon as reasonably practicable.



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Inter-Atlantic will use the proceeds of its initial public offering held in the trust account, \$68,530,780 as of March 31, 2009 as follows:

The Inter-Atlantic stockholders electing to exercise their conversion rights will receive their pro rata portion of the funds deposited in the trust account; and

The remaining funds in the trust account after the distributions listed above will be released to Inter-Atlantic to be used to fund transaction expenses, dividend payments to holders of Class A common stock, if and when declared by the board of directors, and for working capital purposes, to contribute capital to Guarantee Insurance as necessary and for working capital purposes.

The mailing address of the principal executive office of Inter-Atlantic is 400 Madison Avenue, New York, NY 10017, and its telephone number is (212)581-2000. See Information about Inter-Atlantic on page 196.

***Patriot and its Subsidiaries (page 88)***

Patriot produces, underwrites and administers alternative market and traditional workers compensation insurance plans and provides claims services for insurance companies, segregated portfolio cell captives and reinsurers. Through its wholly owned insurance company subsidiary, Guarantee Insurance, Patriot may also participate in a portion of the insurance underwriting risk. In its insurance services segment, Patriot generates fee income by providing workers compensation claims services as well as agency and underwriting services. Workers compensation claims services include nurse case management, cost containment services and claims administration and adjudication services. Workers compensation agency and underwriting services include general agency services and specialty underwriting, policy administration and captive management services. Claims services and agency and underwriting services are performed for the benefit of Guarantee Insurance, segregated portfolio captives, Guarantee Insurance's traditional business quota share reinsurers under the Patriot Risk Services brand and for the benefit of other insurance companies under their brand, which Patriot refers to as business process outsourcing. In its insurance segment, Patriot generates underwriting income and investment income by providing alternative market workers compensation risk transfer solutions and traditional workers compensation insurance coverage.

Patriot provides insurance services, alternative market workers compensation risk transfer solutions and traditional workers compensation insurance coverage in Florida, where Guarantee Insurance writes a majority of its business, 22 other states and the District of Columbia. Patriot believes that its insurance services capabilities, specialized alternative market product knowledge and its hybrid business model allow it to achieve attractive returns through a range of industry pricing cycles and provide a substantial competitive advantage in areas that are underserved by competitors, who are generally insurance service providers or insurance carriers. Although Patriot currently focuses its business in the Midwest and Southeast, it believes that there are opportunities to market its insurance services, alternative market workers compensation risk transfer solutions and traditional workers compensation insurance coverage in other areas of the United States.

The mailing address of Patriot's principal executive offices is 401 East Las Olas Boulevard, Suite 1540 Fort Lauderdale, Florida 33301, and its telephone number is (954) 670-2900. See Information about Patriot on page 88.

***Charter Amendment Proposal (page 62)***

Inter-Atlantic is proposing to adopt the amendment and restatement of the certificate of incorporation of Inter-Atlantic to: (1) change the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) remove the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassify the outstanding shares of common stock into shares of Class A common stock, (5) provide for certain dividend rights for holders of Class A common stock, (6) require the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) elect to be governed by Section 203 of the Delaware General Corporation Law, or DGCL. See The Charter Amendment Proposal on page 62.

***Director Proposal (page 64)***

Inter-Atlantic is proposing that its stockholders elect two Class I directors, three Class II directors and three Class III directors, to Inter-Atlantic's Board of Directors to hold office until each such director's term expires or until their successors are elected and qualified (in the event the acquisition is approved), or Director Proposal A, **OR** elect two Class A directors to Inter-Atlantic's Board of Directors to hold office until the 2012 annual meeting of stockholders and until their successors are elected and qualified (in the event the acquisition is *not* approved), or Director Proposal B. See The Director Proposal on page 64.



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**Plan Proposal (page 70)**

Inter-Atlantic is proposing that its stockholders adopt Inter-Atlantic's 2009 Stock Incentive Plan. Inter-Atlantic believes that the awards available under the 2009 Stock Incentive Plan will assist Inter-Atlantic in attracting, retaining and motivating employees and officers or those who will become employees or officers of Inter-Atlantic and/or its subsidiaries (including Patriot), and aligning the interests of those individuals with the interests of Inter-Atlantic's shareholders. The 2009 Stock Incentive Plan is included as Annex C to this document. We encourage you to read the 2009 Stock Incentive Plan in its entirety. It is the legal document that governs the plan. See The 2009 Stock Incentive Plan on page 70.

**Adjournment Proposal (page 79)**

In the event there are not sufficient votes at the time of the special meeting to approve the acquisition proposal, Inter-Atlantic's Board of Directors may submit a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies. See The Adjournment Proposal on page 79.

**Special Meeting of Inter-Atlantic's Warrantheolders and Stockholders [(page 48)]**

The special meeting of the warrant holders and the stockholders of Inter-Atlantic will be held at 10:00 a.m. and 10:30 a.m., Eastern Time, respectively, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020.

**Voting Power; Record Date (page 48)**

You will be entitled to vote or direct votes to be cast at the special meeting of warrant holders and the special meeting of stockholders, respectively, if you owned Inter-Atlantic warrants and shares of Inter-Atlantic common stock at the close of business on \_\_\_\_\_, 2009, which is the record date for the special meetings. For the special meeting of warrant holders you will have one vote for each share of Inter-Atlantic common stock underlying your Inter-Atlantic warrants, and for the special meeting of stockholders you will have one vote for each share of Inter-Atlantic common stock you owned at the close of business on the record date. Inter-Atlantic warrants do not have voting rights with respect to the Inter-Atlantic special meeting of stockholders.

**Vote Required to Adopt the Warrant Redemption Proposal**

Approval of the warrant redemption proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants outstanding as of the record date. Adoption of the acquisition proposal is conditioned upon the adoption of the warrant redemption proposal but is not conditioned on the adoption of the warrant adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their Inter-Atlantic warrants, representing an aggregate of approximately [\_\_\_\_\_] % of the outstanding Inter-Atlantic warrants, FOR the warrant redemption proposal.

**Vote Required to Adopt the Warrant Adjournment Proposal**

Approval of the warrant holder adjournment proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants represented in person or by proxy at the special meeting of warrant holders and entitled to vote thereon as of the record date. Adoption of the warrant adjournment proposal is not conditioned upon the adoption of the warrant redemption proposal.

Inter-Atlantic's initial stockholders have agreed to vote their Inter-Atlantic warrants, representing an aggregate of approximately [\_\_\_\_\_] % of the outstanding Inter-Atlantic warrants, FOR the adoption of the warrant adjournment proposal.

**Vote Required to Adopt the Acquisition Proposal (page 50)**

The affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock is required to adopt the acquisition proposal. Adoption of the acquisition proposal also requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock issued in its initial public offering. Adoption of the acquisition proposal is not conditioned upon the adoption of the plan proposal, the director proposal or the adjournment proposal. If the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation. See Conversion Rights below.



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At the close of business on May 20, 2009, there were 10,485,300 shares of Inter-Atlantic common stock outstanding, 8,610,300 of which were issued in Inter-Atlantic's initial public offering.

With respect to the acquisition proposal, Inter-Atlantic's initial stockholders have agreed to vote their 1,875,000 shares of Inter-Atlantic common stock acquired prior to Inter-Atlantic's initial public offering, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, in accordance with the vote of the majority of the shares of Inter-Atlantic common stock issued in its initial public offering.

### **Conversion Rights (page 50)**

As provided in Inter-Atlantic's certificate of incorporation, holders of IPO shares may, if the stockholder votes against the acquisition proposal, demand that Inter-Atlantic convert their shares into cash. **This demand must be made on the proxy card at the same time that the stockholder votes against the acquisition proposal.** If so demanded, upon consummation of the acquisition, Inter-Atlantic will convert each share of common stock into a pro rata portion of the trust account in which a substantial portion of the net proceeds of Inter-Atlantic's initial public offering are held. Based on the amount of cash held in the trust account at June 24, 2009, you will be entitled to convert each share of common stock that you hold into approximately \$7.96. If you exercise your conversion rights, then you will be exchanging your shares of Inter-Atlantic's common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the closing date of the acquisition and then tender your stock certificate to Inter-Atlantic. If the acquisition is not completed, then these shares will not be converted into cash. Warrants are unaffected by the exercise of conversion rights.

The acquisition will not be consummated if the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, exercise their conversion rights.

**Prior to exercising conversion rights, Inter-Atlantic stockholders should verify the market price of Inter-Atlantic's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights.** Inter-Atlantic's shares of common stock are listed on the NYSE Amex under the symbol IAN.

### **Vote Required to Adopt the Charter Amendment Proposal (page 51)**

Adoption of the charter amendment proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the charter amendment proposal is conditioned upon the adoption of the acquisition proposal but is not conditioned on adoption of the director proposal, the plan proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, **FOR** the charter amendment proposal.

### **Vote Required to Adopt the Director Proposal (page 51)**

Adoption of the director proposal requires a plurality of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the director proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal but is not conditioned on adoption of the plan proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, **FOR** the director proposal.

### **Vote Required to Adopt the Plan Proposal (page 51)**

Adoption of the plan proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the plan proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal but is not conditioned on adoption of the director proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, **FOR** the plan proposal.



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### **Vote Required to Adopt the Adjournment Proposal (page 51)**

Adoption of the adjournment proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the adjournment proposal is not conditioned upon the adoption of the acquisition proposal, the charter amendment proposal, the director proposal or the plan proposal.

Inter-Atlantic's initial stockholders have agreed to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR the adoption of the adjournment proposal.

### **Appraisal or Dissenters Rights (page 59)**

No appraisal or dissenters rights are available under the Delaware General Corporation Law for the stockholders of Inter-Atlantic in connection with the acquisition proposal.

### **Proxies (page 52)**

Proxies may be solicited by mail, telephone or in person.

If you grant a proxy, you may still vote your shares in person if you revoke your proxy before the special meeting.

### **Stock Ownership (page 210)**

At the close of business on the record date, Andrew S. Lerner, Stephen B. Galasso, D. James Daras, Brett G. Baris, Robert M. Lichten, Frederick S. Hammer, Samuel J. Weinhoff, Michael P. Esposito Jr., P. Carter Rise and Matthew Vertin, together with their affiliates, beneficially owned 1,875,000 shares of Inter-Atlantic common stock, or approximately 17.9% of the outstanding shares of Inter-Atlantic common stock. Such number does not include 2,300,000 shares of common stock issuable upon exercise of warrants held by those individuals and their affiliates. These 1,875,000 shares have a market value of approximately \$14,512,500 based on Inter-Atlantic's closing common stock price of \$7.74 per share on May 15, 2009. Those persons have agreed, with respect to the acquisition proposal, to vote their shares of common stock acquired by them prior to the initial public offering in accordance with the vote of the majority of the shares issued in connection with Inter-Atlantic's initial public offering. For more information on beneficial ownership of Inter-Atlantic's common stock by executive officers, directors and 5% stockholders, see page 203.

### **Inter-Atlantic's Board of Directors Recommendation**

After careful consideration, the Board of Directors of Inter-Atlantic has determined that the warrant redemption proposal and the warrant adjournment proposal is fair and in the best interests of Inter-Atlantic and its stockholders. The Board of Directors has also determined that the acquisition proposal is fair to and in the best interests of Inter-Atlantic and its stockholders. The Board of Directors of Inter-Atlantic has also determined that the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal are in the best interests of Inter-Atlantic's stockholders. **Inter-Atlantic's Board of Directors unanimously recommends that you vote or give instruction to vote FOR the adoption of the warrant redemption proposal, the warrant adjournment proposal, the acquisition proposal, the charter amendment proposal, the plan proposal, the director proposal and the adjournment proposal.**

### **Interests of Inter-Atlantic Directors and Officers in the Acquisition (page 61)**

When you consider the recommendation of Inter-Atlantic's Board of Directors that you vote in favor of adoption of the acquisition proposal, you should keep in mind that certain of Inter-Atlantic's executive officers and members of Inter-Atlantic's Board, and certain of their affiliates, have interests in the acquisition that are different from, or in addition to, your interest as a stockholder. These interests include, among other things:

If the acquisition is not approved and Inter-Atlantic is therefore required to liquidate, the shares of common stock beneficially owned by Inter-Atlantic's executive officers and directors and their affiliates that were acquired prior to Inter-Atlantic's initial public offering may be worthless because no portion of the net proceeds of Inter-Atlantic's initial public offering that may be distributed upon liquidation of Inter-Atlantic will be allocated to such shares. Similarly, the warrants to purchase Inter-Atlantic common stock held by Inter-Atlantic's executive officers and directors and their affiliates may become worthless if the acquisition is not approved and Inter-Atlantic fails to consummate an alternative transaction within the time allotted pursuant to its certificate of incorporation. In addition, certain

Inter-Atlantic executive officers and directors and their affiliates may not be reimbursed for certain acquisition and other expenses;

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After the completion of the acquisition, it is expected that two of Inter-Atlantic's current directors, Andrew Lerner and Frederick Hammer, will continue to serve on Inter-Atlantic's Board of Directors. Messrs. Lerner and Hammer, as directors of Inter-Atlantic, will, following the acquisition, be compensated in such manner, and in such amounts, as Inter-Atlantic's Board of Directors may determine to be appropriate. No agreements or plans with respect to such compensation have been entered into, adopted or otherwise agreed upon by Inter-Atlantic; and  
Certain of Inter-Atlantic's executive officers and directors have agreed in writing that, if Inter-Atlantic liquidates prior to the consummation of a business combination, they may be personally liable to pay debts and obligations to vendors or other entities that are owed money by Inter-Atlantic for services rendered or products sold to Inter-Atlantic in excess of amounts not held in the trust account.

**Interests of Patriot Directors and Officers in the Acquisition (page 61)**

You should understand that some of the current directors and officers of Patriot have interests in the acquisition that are different from, or in addition to, your interest as a stockholder. In particular:

Steven Mariano has personally guaranteed borrowings by Patriot to third party lenders;  
Each of the executive officers of Patriot, including Steven Mariano, the Chief Executive Officer, Michael Grandstaff, Charles Schuver, Timothy Ermatinger, Richard Turner and Theodore Bryant are expected to remain in their present positions with Patriot and each such individual has entered into an employment agreement with Patriot in anticipation of Patriot becoming a public company; and  
Each of the executive officers of Patriot, including Steven Mariano, the Chief Executive Officer, Michael Grandstaff, Charles Schuver, Timothy Ermatinger, Richard Turner and Theodore Bryant are expected to receive stock option grants in connection with Patriot becoming a public company.

**Comparison of Stockholders Rights (page 220)**

In connection with the completion of the acquisition, Inter-Atlantic's certificate of incorporation will be amended and restated to incorporate those amendments approved at the special meeting. See the section "Comparison of Stockholders Rights" starting on page 220.

**United States Federal Income Tax Consequences of the Acquisition (page 59)**

The U.S. Federal income tax consequences of the warrant redemption proposal and the acquisition of Patriot are discussed in the section entitled "United States Federal Income Tax Consequences of the Acquisition" on page 59.

**Regulatory Matters (page 132)**

The acquisition and the transactions contemplated by the Stock Purchase Agreement are not subject to any Federal, state or provincial regulatory requirement or approval; other than certain regulatory requirements of the Florida Office of Insurance Regulation.

**Risk Factors (page 26)**

**In evaluating the acquisition proposal, the acquisition proposal, the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal, you should carefully read this proxy statement and specifically consider the matters discussed under the heading "Risk Factors."**

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**QUESTIONS AND ANSWERS ABOUT THE PROPOSALS FOR THE WARRANTHOLDERS AND STOCKHOLDERS**

**Q. What is being voted on?**

A. There are two proposals that warrant holders are being asked to vote on. There are five proposals that stockholders are being asked to vote on. The first proposal for warrant holders is the proposal to amend the terms of the warrant agreement governing the Inter-Atlantic warrants exercisable for shares of Inter-Atlantic common stock in order to require the automatic redemption of all of the outstanding Inter-Atlantic warrants, including those held by Inter-Atlantic's sponsors, at a price of \$0.50 per warrant upon the consummation of the business combination proposal. We refer to this first proposal as the warrant redemption proposal. See page [\_\_\_\_\_].

The second proposal allows the adjournment of the special meeting of warrant holders to a later date if necessary to permit further solicitation of proxies in the event that there are not sufficient votes at the time of the special meeting to approve the warrant redemption proposal. We refer to this second proposal as the warrant adjournment proposal. See page [\_\_\_\_\_].

The first proposal for the stockholders is to adopt, and approve the transactions contemplated by, the Stock Purchase Agreement providing for the acquisition of Patriot Risk Management, Inc., which we refer to as Patriot. We refer to this first proposal as the acquisition proposal. See page 46.

The second proposal is to adopt the amendment and restatement of the certificate of incorporation of Inter-Atlantic to: (1) change the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) remove the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassify the outstanding shares of common stock into shares of Class A common stock, (5) provide for certain dividend rights for holders of Class A common stock, (6) require the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) elect to be governed by Section 203 of the Delaware General Corporation Law, or DGCL we call this proposal the charter amendment proposal. See page 55.

The third proposal is to elect two Class I directors, three Class II directors and three Class III directors, to Inter-Atlantic's Board of Directors to hold office until each such director's term expires or until



their successors are elected and qualified (in the event the acquisition is approved), we call this proposal Director Proposal A, **OR** to elect two Class A directors to Inter-Atlantic's Board of Directors to hold office until the 2012 annual meeting of stockholders and until their successors are elected and qualified (in the event the acquisition is *not* approved), we call this proposal Director Proposal B. See page 57.

The fourth proposal is to adopt Inter-Atlantic's 2009 Stock Incentive Plan, which is an equity-based compensation plan. We refer to this fourth proposal as the plan proposal. See page 63.

The fifth proposal allows the adjournment of the special meeting to a later date if necessary to permit further solicitation of proxies in the event that there are not sufficient votes at the time of the special meeting to approve the acquisition proposal and the plan proposal. We refer to this fifth proposal as the adjournment proposal. See page 72.

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**Q. Why is Inter-Atlantic proposing the acquisition proposal?**

A. Inter-Atlantic was organized to effect a business combination with an operating business. Under the terms of its certificate of incorporation, prior to completing a business combination, Inter-Atlantic must submit the transaction to its stockholders for approval. Having negotiated the terms of a business combination with Patriot, Inter-Atlantic is now submitting the transaction to its stockholders for their approval.

**Q. Why is Inter-Atlantic proposing the warrant redemption proposal?**

A. Inter-Atlantic's warrant holders are being asked to approve the warrant redemption proposal because the approval of the warrant redemption proposal is a condition to consummation of the acquisition. In addition, Inter-Atlantic's board of directors believes that the elimination of the warrants from the Inter-Atlantic's capital structure will increase Inter-Atlantic's strategic opportunities and attractiveness to future investors.

**Q. Why is Inter-Atlantic proposing the charter amendment proposal?**

A. Inter-Atlantic believes it is prudent to adopt the amendment and restatement of the certificate of incorporation of Inter-Atlantic to: (1) change the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) remove the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassify the outstanding shares of common stock into shares of Class A common stock, (5) provide for certain dividend rights for holders of Class A common stock, (6) require the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) elect to be governed by Section 203 of the Delaware General Corporation Law, or DGCL. We call this proposal the charter amendment proposal. See page 55.

**Q. Why is Inter-Atlantic proposing the director proposal?**

A. The director proposal involves the election of two Class I directors, three Class II directors and three Class III directors to Inter-Atlantic's Board of Directors to hold office until such directors terms expire or until their successors are elected and qualified (in the event the acquisition is approved), referred to as Director Proposal A, OR the election of two Class A directors to Inter-Atlantic's Board of Directors to hold office until the 2012 annual meeting of stockholders and until their successors are elected and qualified (in the event the acquisition is not approved), referred to as Director Proposal B. See page 60. The Stock Purchase Agreement provides that following the acquisition, the Board of Directors will consist of six directors nominated by Patriot and two directors nominated by Inter-Atlantic. Therefore, it is a condition under the Stock Purchase Agreement that

Director Proposal A be approved. See page 57.

**Q. Why is Inter-Atlantic proposing the plan proposal?**

A. Inter-Atlantic believes that the awards available under the 2009 Stock Incentive Plan will assist Inter-Atlantic in attracting, retaining and motivating employees and officers or those who will become employees or officers of Inter-Atlantic and/or its subsidiaries (including Patriot), and to align the interests of those individuals and Inter-Atlantic's stockholders. See page 63.

**Q. Why is Inter-Atlantic proposing the adjournment proposal?**

A. In the event there are not sufficient votes at the time of the special meeting to approve the acquisition proposal, Inter-Atlantic's Board of Directors may submit a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies. See page 72.

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**Q. What vote is required in order to adopt the warrant redemption proposal?**

A. Adoption of the warrant redemption proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants outstanding as of the record date. See page [\_\_\_\_\_].

**Q. What vote is required in order to adopt the warrant adjournment proposal?**

A. The adoption of the warrant holder adjournment proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants represented in person or by proxy at the special meeting of warrant holders and entitled to vote thereon as of the record date. See page [\_\_\_\_\_].

**Q. What vote is required in order to adopt the acquisition proposal?**

A. Adoption of the acquisition proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the acquisition proposal also requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock issued in its initial public offering. If the holders of more than 2,582,229 shares of common stock issued in Inter-Atlantic's initial public offering (which we sometimes call IPO shares), or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation. See page 48. Adoption of the acquisition proposal is conditioned upon adoption of the charter amendment proposal but is not conditioned upon the plan proposal, the director proposal and the adoption of the adjournment proposal. See page 55.

**Q. Do I have the right to convert my shares into cash?**

A. If you hold IPO shares, then you have the right to vote against the acquisition proposal and demand that Inter-Atlantic convert your shares into your pro rata portion of the trust account in which a substantial portion of the net proceeds of Inter-Atlantic's initial public offering are held if the acquisition is consummated. If the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation. We sometimes refer to the right to vote against the acquisition and demand conversion of your shares into your pro rata portion of the trust account as conversion rights. See page 6.

**Q. If I have conversion rights, how do I exercise them?**

A. If you wish to exercise your conversion rights, you must vote against the acquisition and at the same time demand that Inter-Atlantic convert your shares into cash as well as deliver your shares to [\_\_\_\_\_] by [\_\_\_\_], 2009. If, notwithstanding your vote, the acquisition is completed, then you would be entitled to receive your pro rata share of the trust account in which a substantial portion of the net proceeds of Inter-Atlantic's initial public offering are held. Based on the amount of cash held in the trust account at June 24, 2009, you would be entitled to convert each share that you hold into approximately \$7.96. If you exercise your conversion rights, then you will be exchanging your

shares for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the closing date of the acquisition and then tender your stock certificate to Inter-Atlantic. If the acquisition is not completed, then your shares will not be converted to cash at this time. See page 6.

**Prior to exercising conversion rights, Inter-Atlantic stockholders should verify the market price of Inter-Atlantic's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights.** Inter-Atlantic's shares of common stock are listed on the NYSE Amex under the symbol IAN.

**Q. What vote is required to adopt the charter amendment proposal?**

A. Adoption of the charter amendment proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the charter amendment proposal is conditioned upon the adoption of the acquisition proposal, but is not conditioned on adoption of the director proposal, the plan proposal or the adjournment proposal. See page 55.

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**Q. What vote is required to adopt the director proposal?**

A. Adoption of the director proposal requires a plurality of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the director proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal but is not conditioned on adoption of the plan proposal or the adjournment proposal. See page 57.

**Q. What vote is required to adopt the plan proposal?**

A. Adoption of the plan proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic common stock represented in person or by proxy at the meeting. Adoption of the plan proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal, but is not conditioned on adoption of the director proposal or the adjournment proposal. See page 63.

**Q. What vote is required to adopt the adjournment proposal?**

A. Adoption of the adjournment proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic common stock represented in person or by proxy at the meeting. Adoption of the adjournment proposal is not conditioned upon the adoption of the acquisition proposal, the charter amendment proposal, the director proposal or the plan proposal. See page 72.

**Q. What is Inter-Atlantic acquiring in the acquisition?**

A. Inter-Atlantic will acquire all of the issued and outstanding capital stock of Patriot, a Delaware corporation based in Fort Lauderdale, Florida. Patriot is a workers' compensation risk management company that provides alternative market and traditional workers' compensation products and services. See page 73.

**Q. What is Inter-Atlantic paying for Patriot?**

A. Inter-Atlantic has agreed to buy all of Patriot's issued and outstanding stock for 6,900,000 newly issued shares of Inter-Atlantic Class B common stock. Patriot's stockholders have the opportunity to receive up to an additional 5,000,000 shares of Inter-Atlantic's common stock (which we sometimes refer to as the contingent deferred payment) based on the future trading price of Inter-Atlantic's Class A common stock. See page 73.

**Q. What will stockholders receive in the acquisition?**

A. Stockholders will not receive any cash or other property in the acquisition, but instead will continue to hold shares of Inter-Atlantic common stock, which will be re-classified as Class A common stock following the acquisition. As a result of the acquisition, Inter-Atlantic will own all of the outstanding stock of Patriot.

**Q. Is Inter-Atlantic issuing any shares of common stock in the acquisition?**

A. Yes. At the closing of the acquisition of Patriot, Inter-Atlantic will issue an aggregate of 6,900,000 shares of Inter-Atlantic Class B common stock to the stockholders of Patriot. Following the closing, Inter-Atlantic may issue up to an additional 5,000,000 shares of its Class B common stock to Patriot's stockholders based on the future trading price of Inter-Atlantic's common stock. See page 73.

**Q. What happens to the funds deposited in the trust account after consummation of the acquisition?**

A. Upon consummation of the acquisition:

The Inter-Atlantic stockholders electing to exercise their conversion rights will receive their pro rata portion of the funds deposited in the trust account; and

The remaining funds in the trust account after the distributions listed above will be released to Inter-Atlantic to be used for transaction expenses, dividend payments to holders of Class A common stock, if and when declared by the Board of Directors, and working capital purposes.

**Q. What will the structure of the company be after the acquisition?**

A. As a result of the acquisition, Patriot will become a wholly-owned subsidiary of Inter-Atlantic. See page 73.

**Q. Who will manage the acquired company?**

A. Patriot and Inter-Atlantic will be managed by Patriot's existing management. See page 51.

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**Q. What happens if the acquisition is not consummated?**

A. If the acquisition is not consummated, and Inter-Atlantic does not consummate another business combination by October 9, 2009, the trust account in which a substantial portion of the net proceeds of Inter-Atlantic's initial public offering are held will be liquidated. In any liquidation, the amount held in the trust account will be distributed pro rata to Inter-Atlantic's common stockholders. If the acquisition is not consummated, and Inter-Atlantic does not consummate another business combination by October 9, 2009, the Inter-Atlantic warrants will expire worthless.

**Q. When do you expect the acquisition to be completed?**

A. It is currently anticipated that the acquisition will be completed, or closed, promptly following the Inter-Atlantic special meeting to be held on \_\_\_\_\_, 2009.

**Q. If I am not going to attend the Inter-Atlantic special meeting of warrant holders or stockholders in person, should I return my proxy card instead?**

A. Yes. After carefully reading and considering the information contained in this document, please fill out and sign your proxy card. Then return the enclosed proxy card in the return envelope as soon as possible, so that your shares may be represented at the Inter-Atlantic special meeting of warrant holders or stockholders. See page 42.

**Q. What will happen if a warrant holder or a stockholder abstains from voting or fails to vote?**

A. An abstention or failure to vote will have the same effect as a vote against the acquisition proposal, but will not have the effect of converting your shares into your pro rata portion of the trust account in which a substantial portion of the net proceeds of Inter-Atlantic's initial public offering are held, unless you vote against the acquisition proposal, make an affirmative election to convert shares of common stock on the proxy card and deliver your shares to [\_\_\_\_\_] by [\_\_\_\_], 2009. An abstention or failure to vote will also have the same effect as a vote against the charter amendment proposal. To exercise your conversion rights, you must vote against the acquisition proposal, affirmatively elect to convert your shares by checking the appropriate box, or directing your broker to check the appropriate box, on the proxy card and ensure that the proxy card is delivered to Inter-Atlantic's Chief Executive Officer prior to the Inter-Atlantic special meeting and ensure that your shares are delivered to [\_\_\_\_\_] by [\_\_\_\_], 2009. See page 42.

An abstention or failure to vote for the warrant redemption proposal will have the same effect as a vote against the warrant redemption proposal.

**Q. What do I do if I want to change my vote?**

A. Send a later-dated, signed proxy card to Inter-Atlantic's Chief Executive Officer prior to the date of the special meeting of warrant holders or the special meeting of stockholders or attend the special meeting of warrant holders or the special meeting of stockholders in person, revoke your proxy and vote. You also may revoke your proxy by sending a notice of revocation to Inter-Atlantic's Chief Executive Officer at the address of Inter-Atlantic's corporate



headquarters. See page 42.

- Q. If my warrants or shares are held in street name by my broker, will my broker vote my shares for me?**
- A. No. Your broker can vote your warrants or shares only if you provide instructions on how to vote. You should instruct your broker to vote your warrants or shares, following the directions provided by your broker. For shareholders to exercise their conversion rights, they must vote against the acquisition proposal, affirmatively elect to convert their shares by directing their broker to check the appropriate box on the proxy card and ensure that the proxy card is delivered to Inter-Atlantic's Chief Executive Officer prior to the Inter-Atlantic special meeting of stockholders and ensure that their shares are delivered to [\_\_\_\_\_] by [\_\_\_\_], 2009. See page 42.

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**Q. Who will pay for this proxy solicitation?**

A. Inter-Atlantic has retained Morrow & Co., LLC to aid in the solicitation of proxies. Morrow & Co., LLC will receive a fee of approximately \$[\_\_\_\_\_], as long as the acquisition proposal obtains the requisite approvals, as well as reimbursement for certain costs and out of pocket expenses incurred by them in connection with their services, all of which will be paid by Inter-Atlantic. In addition, officers and directors of Inter-Atlantic may solicit proxies by mail, telephone, telegraph and personal interview, for which no additional compensation will be paid, though they may be reimbursed for their out-of-pocket expenses. Inter-Atlantic will bear the cost of preparing, assembling and mailing the enclosed form of proxy, this Proxy Statement and other material which may be sent to warrant holders or stockholders in connection with this solicitation. Inter-Atlantic may reimburse brokerage firms and other nominee holders for their reasonable expenses in sending proxies and proxy material to the beneficial owners of our shares. See page 45.

**Q. Who can help answer my questions?**

A. If you have questions about the solicitation of proxies, you may write, e-mail or call Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902; email: [Inter-Atlantic.info@morrowco.com](mailto:Inter-Atlantic.info@morrowco.com). Stockholders, banks and brokerage firms, please call 800-607-0088.

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**FORWARD-LOOKING STATEMENTS**

Some of the statements in this document may include forward-looking statements. These statements reflect the current views of our senior management with respect to future events and our financial performance. These statements include forward-looking statements with respect to our business, Patriot's business and the insurance industry in general. Statements that include the words expect, intend, plan, believe, project, estimate, may, should, anticipate, statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the following:

- greater frequency or severity of claims and loss activity, including as a result of natural or man-made catastrophic events, than Patriot's underwriting, reserving or investment practices anticipate based on historical experience or industry data;
- increased competition on the basis of insurance coverage availability, claims management, loss control services, payment terms, premium rates, policy terms, types of insurance offered, overall financial strength, financial ratings and reputation;
- regulatory risks, including further rate decreases in Florida and other states where Patriot writes business;
- the cyclical nature of the workers' compensation insurance industry;
- negative developments in the workers' compensation insurance industry;
- decreased level of business activity of Patriot's policyholders;
- decreased demand for Patriot's insurance;
- adverse developments regarding our legacy asbestos and environmental claims arising from policies written or assumed by Guarantee Insurance prior to 1983;
- changes in the availability, cost or quality of reinsurance and the failure of Patriot's reinsurers to pay claims in a timely manner or at all;
- changes in regulations or laws applicable to us or Patriot, Patriot's policyholders or the agencies that sell Patriot's insurance;
- changes in rating agency policies or practices;
- changes in legal theories of liability under Patriot's insurance policies;
- developments in capital markets that adversely affect the performance of our or Patriot's investments;
- loss of the services of any of Patriot's senior management or other key employees;
- the effects of U.S. involvement in hostilities with other countries and large-scale acts of terrorism, or the threat of hostilities or terrorist acts; and
- changes in general economic conditions, including inflation and other factors.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this document, including in particular the risks described under "Risk Factors" beginning on page 19 of this document. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Any forward-looking statements you read in this document reflect Inter-Atlantic's and Patriot's views as of the date of this document with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to Inter-Atlantic's and Patriot's operations, growth strategy and liquidity.

Before you grant your proxy or instruct how your vote should be cast you should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in this document could have a material adverse effect on Inter-Atlantic or Patriot.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION**

The following income statement data for the three months ended March 31, 2009 and 2008 and balance sheet data as of March 31, 2009 were derived from Patriot's unaudited consolidated financial statements included elsewhere in this document. The income statement data for the years ended December 31, 2008, 2007 and 2006 and balance sheet data as of December 31, 2008 and 2007 were derived from Patriot's audited consolidated financial statements included elsewhere in this document. The income statement data for the years ended December 31, 2005 and 2004 and balance sheet data as of December 31, 2006, 2005 and 2004 were derived from Patriot's audited consolidated financial statements that are not included in this document. These historical results are not necessarily indicative of results to be expected in any future period. You should read the following summary financial information together with the other information contained in this document, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included elsewhere.

	<b>Three Months Ended June 30,</b>		<b>Years Ended December 31</b>				
	<b>2009</b>	<b>2008</b>	<b>In thousands, except per share data</b>				
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Income Statement Data</b>							
Gross premiums written	\$ 39,189	\$ 50,596	\$ 117,563	\$ 85,810	\$ 62,372	\$ 47,576	\$ 30,911
Ceded premiums written	18,092	32,655	71,725	54,894	42,986	23,617	22,702
Net premiums written	21,097	17,941	45,838	30,961	19,386	23,959	8,209
<b>Revenues</b>							
Net premiums earned	11,773	8,705	49,220	24,613	21,053	21,336	2,948
Insurance services income	1,725	1,624	5,657	7,175	4,369	6,429	5,952
Net investment income	472	413	2,028	1,326	1,321	1,077	233
Net realized gains (losses) on investments	620		(1,037)	(5)	(1,346)	(2,298)	(4,632)
Total revenues	14,590	10,742	55,868	32,961	28,203	24,484	4,978
<b>Expenses</b>							
Net losses and loss adjustment expenses	6,606	5,600	28,716	15,182	17,839	12,022	2,616
Net policy acquisition and underwriting expenses	3,250	1,186	13,535	6,023	3,834	3,168	2,016
Other operating expenses	1,977	2,198	10,930	8,519	9,704	6,378	4,989
Interest expense	362	395	1,437	1,290	1,109	1,129	555
Total expenses	12,195	9,379	54,618	31,014	32,486	22,697	10,176
Other income			1,469		796		110
Loss from write-off of deferred equity offering costs (1)			(3,486)				
Gain on early extinguishment of debt (2)					6,586		
	2,395	1,363	(767)	1,947	3,099	1,787	(5,088)

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Income (loss) before income tax expense benefit							
Income tax expense (benefit)	830	439	(643)	(432)	1,489	687	(751)
Net income (loss)	\$ 1,565	\$ 924	\$ (124)	\$ 2,379	\$ 1,610	\$ 1,100	\$ (4,337)
<b>Earnings Per Share</b>							
Basic	\$ 1.15	\$ .68	\$ (.09)	\$ 1.77	\$ 1.16	.88	NM(3)
Diluted	1.14	.68	(0.09)	1.76	1.15	.87	NM(3)
<b>Weighted Average Common Shares Outstanding:</b>							
Basic	1,361	1,361	1,361	1,342	1,392	1,251	NM(3)
Diluted	1,369	1,366	1,361	1,351	1,398	1,258	NM(3)
Return on average equity(4)	79.8%	60.5%	(2.0)%	58.5%	107.0%	NM(3)	NM(3)
<b>Selected Insurance Ratios(5)</b>							
Net loss ratio	56.1%	64.3%	57.5%	61.7%	84.7%	56.3%	NM(3)
Net expense ratio	27.6%	13.6%	27.1%	24.5%	18.2%	14.8%	NM(3)
Net combined ratio	83.7%	77.9%	84.6%	86.2%	102.9%	71.1%	NM(3)

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	<b>March 31, 2009</b>	<b>2008</b>	<b>2007</b>	<b>December 31, 2006</b>	<b>2005</b>	<b>2004</b>
	<b>In thousands</b>					
<b>Balance Sheet Data</b>						
Investments	\$ 50,476	\$ 55,089	\$ 56,816	\$ 32,543	\$ 20,955	\$ 16,446
Cash and Cash equivalents	3,262	8,333	4,946	17,841	20,420	3,965
Amounts recoverable from reinsurers	49,552	42,134	47,519	41,531	22,955	10,978
Premiums receivable, net	76,210	58,826	36,748	19,450	21,943	19,244
Prepaid reinsurance premiums	39,216	33,731	14,963	7,466	4,402	14,925
Other assets	13,989	13,179	14,248	11,838	9,563	8,957
<b>Total assets</b>	<b>\$ 232,705</b>	<b>\$ 211,292</b>	<b>\$ 175,237</b>	<b>\$ 130,669</b>	<b>\$ 100,238</b>	<b>\$ 74,515</b>
Reserves for losses and loss adjustment expenses	\$ 82,354	74,550	69,881	65,953	39,478	19,885
Unearned and advanced premium reserves	59,448	44,613	29,160	15,643	13,214	20,185
Reinsurance funds withheld and balances payable	42,752	47,449	44,073	26,787	25,195	15,697
Debt and accrued interest	22,022	22,592	16,907	11,741	11,995	10,379
Other liabilities	17,586	14,951	9,780	7,851	10,040	8,324
<b>Total liabilities</b>	<b>224,162</b>	<b>204,155</b>	<b>169,801</b>	<b>127,975</b>	<b>99,922</b>	<b>74,470</b>
Stockholders' equity	8,543	7,137	5,436	2,694	316	45
<b>Total liabilities and stockholders' equity</b>	<b>\$ 232,705</b>	<b>\$ 211,292</b>	<b>\$ 175,237</b>	<b>\$ 130,669</b>	<b>\$ 100,238</b>	<b>\$ 74,515</b>

(1) In 2008, Patriot wrote off approximately \$3.5 million of deferred equity offering costs incurred in connection with its efforts to consummate an initial public offering.

(2) In 2006, Guarantee Insurance entered into a settlement and

termination agreement with the former owner of Guarantee Insurance that allowed for an early extinguishment of debt in the amount of \$8.8 million in exchange for \$2.2 million in cash and release of the indemnification agreement previously entered into by the parties. As a result, Patriot recognized a gain on the early extinguishment of debt on a pre-tax basis of \$6.6 million. Patriot also recognized other income in connection with the forgiveness of accrued interest associated with the early extinguishment of debt on a pre-tax basis of \$796,000.

- (3) Patriot does not believe this metric is meaningful for the period indicated.
- (4) Return on average equity

is calculated by dividing net income by average stockholders equity as of the beginning and end of the period.

- (5) The net loss ratio is calculated by dividing net losses and loss adjustment expenses by net earned premiums. The net expense ratio is calculated by dividing net policy acquisition and underwriting expenses (which are comprised of gross policy acquisition costs and other gross expenses incurred in Patriot s insurance operations, net of ceding commissions earned from its reinsurers) by net earned premiums. The net combined ratio is the sum of the net loss ratio and the net expense ratio.



**Table of Contents****SELECTED HISTORICAL CONDENSED FINANCIAL INFORMATION**

The following income statement data for the three months ended March 31, 2009 and 2008 and balance sheet data as of March 31, 2009 were derived from Inter-Atlantic's unaudited condensed financial statements included elsewhere in this document. The income statement data for the year ended December 31, 2008 and the period from January 12, 2007 (inception) through December 31, 2007 and balance sheet data as of December 31, 2008 and 2007 were derived from Inter-Atlantic's audited condensed financial statements audited by Rothstein Kass & Co., P.C., independent registered public accountants, which are included elsewhere in this proxy statement. These historical results are not necessarily indicative of results to be expected in any future period. You should read the following summary financial information together with the other information contained in this document, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included elsewhere.

	<b>Three months ended</b>		<b>Year Ended</b>	<b>Period from</b>
	<b>March 31,</b>		<b>December 31,</b>	<b>January 12,</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>(inception)</b>
				<b>December</b>
				<b>31,</b>
				<b>2007</b>
<b>Income Statement Data</b>				
Revenue	\$	\$	\$	\$
Formation, transaction and administrative costs	148,072	124,013	446,683	156,678
Loss from operations	(148,072)	(124,013)	(446,683)	(156,678)
Interest income	42,251	411,730	1,049,804	601,393
Income (loss) before provision for income taxes	(105,821)	287,717	603,121	444,715
Provision for income taxes (income tax benefit)	(13,913)	111,250	280,000	178,000
Net income (loss)	\$ (91,908)	\$ 176,467	\$ 323,121	\$ 266,715
Maximum number of shares subject to possible conversion:				
Approximate weighted average number of shares	2,582,000	2,582,000	2,582,000	2,582,000
Approximate weighted average number of common shares outstanding (not subject to possible conversion):				
Basic	7,903,000	7,903,000	7,903,000	3,290,000
Diluted	11,881,000	11,657,000	11,698,000	4,168,000

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Income (loss) per common share not subject  
to possible conversion:

Basic	\$	(0.01)	\$	0.02	\$	0.04	\$	0.08
Diluted	\$	(0.01)	\$	0.02	\$	0.03	\$	0.06

Income (loss) per common share subject to  
possible conversion:

Basic	\$		\$		\$		\$	
Diluted	\$		\$		\$		\$	

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	<b>March 31, 2009</b>	<b>December 31, 2008</b>		<b>2007</b>
<b>Balance Sheet Data</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 35,419	\$ 32,248	\$	6,967
Prepaid insurance		29,250		146,250
Prepaid income taxes		51,061		
Total current assets	35,419	112,559		153,217
<b>Other Assets</b>				
Investments held in Trust Account	68,530,780	68,525,418		68,725,471
Deferred tax asset	267,000	211,000		70,000
Total other assets	68,797,780	68,736,418		68,795,471
Total assets	\$ 68,833,199	\$ 68,848,977		\$ 68,948,688
<b>Current Liabilities</b>				
Accrued expenses	\$ 97,315	\$ 20,833	\$	35,250
Accrued offering costs				146,755
Income taxes payable	11,985			248,000
Delaware franchise tax payable	20,563	32,900		46,560
Total current liabilities	129,863	53,733		476,565
<b>Long Term Liabilities</b>				
Deferred underwriters fee	1,928,707	1,928,707		1,928,707
Common stock, subject to possible conversion, 2,582,229 shares at conversion value, approximately \$7.96 per share	20,547,927	20,547,927		20,547,927
Total liabilities	22,606,497	22,530,367		22,953,199
<b>Stockholders Equity</b>				
Preferred stock, \$.0001 par value; 1,000,000 shares authorized; non issued				
Common stock, \$.0001 par value; 49,000,000 shares authorized; 10,485,300 issued and outstanding	1,049	1,049		1,049
Additional paid-in capital	45,727,725	45,727,725		45,727,725
Retained earnings	497,928	589,836		266,715
Total stockholders equity	46,226,702	46,318,610		45,995,489
Total liabilities and stockholders equity	\$ 68,833,199	\$ 68,848,977		\$ 68,948,688

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF INTER-ATLANTIC AND PATRIOT**

The following selected unaudited pro forma condensed combined financial information is intended to provide you with a picture of what Inter-Atlantic's business might have looked like had Patriot and Inter-Atlantic actually been combined. The combined financial information may have been different had Patriot and Inter-Atlantic actually been combined. You should not rely on the selected unaudited pro forma condensed combined financial information as being indicative of the historical results that would have occurred had the acquisition occurred or the future results that may be achieved after the acquisition. The following selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined pro forma financial statements and related notes thereto starting on page 177 in this proxy statement. The acquisition will be accounted for as a reverse acquisition, equivalent to a recapitalization through the issuance of stock by Inter-Atlantic for the net monetary assets of Patriot. This determination was made based on management's evaluation of the facts and circumstances associated with the acquisition, including factors such as continuity of Patriot's management, continuity of Patriot's operations and business plan, a larger Patriot representation on the Board of Directors, ownership of the combined company and potential changes to ownership, and affiliations and ownership levels of minority stockholder groups. The net monetary assets of Inter-Atlantic will be recorded as of the acquisition date, at their respective historical cost, which is considered to be the equivalent of fair value. No goodwill or other intangible assets will be recorded as a result of the acquisition.

The unaudited pro forma condensed combined financial information reflects the following circumstances that may affect whether the closing of the acquisition occurs: (1) that no holders of IPO shares exercise their right to have their shares redeemed upon the consummation of the acquisition, and (2) that holders of 29.99% the IPO shares elect to have their shares redeemed upon the consummation of the acquisition at the redemption value of approximately \$7.96 per share, based on the amount held in the Inter-Atlantic trust account, at March 31, 2009. The basis of presentation described in (2) results from the possibility that holders of up to a maximum of 29.99% of the IPO shares may elect to have their shares redeemed at the redemption value of approximately \$7.96 per share, or a total of \$20,547,927 as of March 31, 2009.

Patriot (Surviving Corporation) Unaudited Pro Forma Condensed Combined Financial Information:

	<b>Assuming Maximum</b>		<b>Assuming Maximum</b>	
	<b>Assuming No Conversions<sup>(1)</sup></b>	<b>Assuming Allowable Conversions<sup>(2)</sup></b>	<b>Assuming No Conversions<sup>(1)</sup></b>	<b>Assuming Allowable Conversions<sup>(2)</sup></b>
	<b>Three months Ended March 31, 2009</b>		<b>Twelve Months Ended December 31, 2008</b>	
	(in thousands)			
<b>Statement of Operations data</b>				
Revenue	\$ 14,623	\$ 14,611	\$ 56,699	\$ 56,382
Net income	1,580	1,572	381	171
Weighted average shares outstanding:				
Basic	14,803	14,803	14,803	14,803
Diluted	18,781	18,781	18,598	18,598
Net income per share Basic	\$ .11	\$ .11	\$ .03	\$ .01
Diluted	.08	.08	.02	.01
	<b>March 31, 2009</b>		<b>December 31, 2008</b>	
	(in thousands)			

**Balance Sheet data**

Total assets	\$ 287,289	\$ 266,732	\$ 265,841	\$ 245,083
Debt and accrued interest	20,621	20,621	21,065	21,065
Total liabilities	243,438	222,890	223,229	202,681
Shareholders' equity	43,851	43,842	42,612	42,402

**Notes**

- (1) Assumes that no Inter-Atlantic public stockholders seek conversion of their Inter-Atlantic stock in exchange for their pro rata share of the trust account.
- (2) Assumes that 2,582,229 shares (29.99%) of Inter-Atlantic common stock held by public stockholders were redeemed in exchange for their pro rata share of the trust account.

**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE INFORMATION**

The following table sets forth selected historical share ownership information of Patriot and Inter-Atlantic and unaudited pro forma combined per share ownership information after giving effect to the acquisition described in the Stock Purchase Agreement, assuming both no conversions and maximum conversions of the trust account by holders of IPO shares. We are providing this information to aid you in your analysis of the financial aspects of the acquisition. The historical information should be read in conjunction with selected summary historical financial information included elsewhere in this proxy statement and the historical consolidated and combined financial statements of Patriot and Inter-Atlantic and the related notes thereto included elsewhere in this proxy statement. The unaudited pro forma per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement.

The unaudited pro forma consolidated per share loss information does not purport to represent what the actual results of operations of Patriot and Inter-Atlantic would have been had the companies been combined or to project Patriot or Inter-Atlantic's results of operations that may be achieved after the acquisition. The unaudited pro forma book value per share information below does not purport to represent what the value of Patriot and Inter-Atlantic would have been had the companies been combined nor book value per share for any future date or period.

	<b>Inter-Atlantic Stockholders (Class A common stock)</b>	<b>Patriot Stockholders (Class B common stock)</b> (in thousands)	<b>Pro Forma Combined (Class A and Class B common stock)</b>
<b>Number of basic common shares of Inter-Atlantic stock outstanding upon consummation of the acquisition</b>			
Assuming no conversions			
Shares	10,485	6,900	17,385
Percentage	60.3%	39.7%	100.0%
Assuming maximum allowable conversions			
Shares	7,903	6,900	14,803
Percentage	53.4%	46.6%	100.0%
	<b>Inter-Atlantic</b>	<b>Patriot</b>	<b>Pro Forma Combined</b>
<b>Net income (loss) per basic common share assuming no conversions, historical</b>			
Three months ended March 31, 2009	\$ (.01)	\$ 1.15	
Year ended December 31, 2008	.04	(0.09)	
<b>Book value per basic common share, historical:</b>			
March 31, 2009 assuming no conversions	\$ 4.41	\$ 7.46	
March 31, 2009 assuming maximum conversions	5.85	5.24	
<b>Net income per basic common share, pro forma:</b>			
Three months ended Marc 31, 2009			
Assuming no conversions			\$ .11
Assuming maximum allowable conversions			.11
Year ended December 31, 2009			

Assuming no conversions	\$	.03
Assuming maximum allowable conversions		.01

**Book value per basic common share pro forma:**

March 31, 2009

Assuming no conversions	\$	2.52
Assuming maximum allowable conversions		2.52

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Note Historical per share amounts for Patriot and Inter-Atlantic were determined based upon the actual weighted average shares outstanding for the year end and interim periods and combined pro forma per share amounts for Inter-Atlantic and Patriot were determined based upon the assumed number of shares to be outstanding under the two different levels of conversion rights.

Because the Company's Class B common stock is automatically convertible to Class A common stock on a one-for-one basis upon the earlier of (i) payment of \$2.40 aggregate dividends to Class A shareholders or (ii) Class A shares trade above \$11 per share for an



average of 20 consecutive trading days, pro forma combined weighted average shares outstanding are presented under the if-converted method pursuant to SFAS No. 128, *Earnings Per Share*.

- (1) Historical per share amounts for Patriot and Inter-Atlantic were determined based upon the actual weighted average shares outstanding for the year end and interim periods and combined pro forma per share amounts for Inter-Atlantic and Patriot were determined based upon the assumed number of shares to be outstanding under the two different levels of conversion rights.
- (2) Operations of Patriot are for its years ended December 31, 2008 and 2007.
- (3)

Operations of Inter-Atlantic are for the period from inception (January 12, 2007) to December 31, 2008.

- (4) Historical book value per share for Patriot was computed based on the book value of Patriot divided by the issued and outstanding shares of Patriot common stock.
- (5) Historical book value per share for Inter-Atlantic was computed based on the book value of Inter-Atlantic at December 31, 2008 plus common stock subject to possible conversion, plus deferred interest divided by the issued and outstanding shares of Inter-Atlantic common stock at December 31, 2008.

**Table of Contents****PER SHARE MARKET PRICE INFORMATION**

The shares of Inter-Atlantic common stock, warrants and units are currently quoted on the NYSE Amex under the symbols IAN, IAN.WS and IAN.U, respectively. On April 23, 2009, the last day for which information was available prior to the date of the public announcement of the signing of the Stock Purchase Agreement, the last quoted sale prices of IAN, IAN.WS and IAN.U were \$7.72, \$0.031 and \$7.70, respectively. On May 15, 2009, the last quoted sale prices of IAN, IAN.WS and IAN.U were \$7.74, \$0.035 and \$7.71, respectively. Each unit of Inter-Atlantic consists of one share of Inter-Atlantic common stock and one redeemable common stock purchase warrants.

There is no established public trading market for the shares of common stock of Patriot because it is a private company.

The following table sets forth, for the calendar quarter indicated; the quarterly high and low bid information of Inter-Atlantic's common stock, warrants and units as reported on the NYSE Amex. The quotations listed below reflect interdealer prices, without retail markup, markdown or commission and may not necessarily represent actual transactions:

<b>Quarter Ended</b>	<b>Common Stock*</b>		<b>Warrants*</b>		<b>Units**</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2007</b>						
Fourth Quarter	7.34	7.25	0.95	0.84	8.25	8.00
<b>2008</b>						
First Quarter	7.48	7.26	0.87	0.30	8.10	7.57
Second Quarter	7.57	7.29	0.40	0.28	7.89	7.45
Third Quarter	7.62	7.27	0.35	0.25	7.76	7.60
Fourth Quarter	7.35	7.05	0.20	0.02	7.59	7.10
<b>2009</b>						
First Quarter	7.80	7.35	0.08	0.02	7.70	7.33
Second Quarter (through May 15, 2009)	7.79	7.65	0.14	0.02	7.72	7.64

\* Commencing  
October 23,  
2007

\*\* Commencing  
October 2, 2007

**Table of Contents****RISK FACTORS**

In addition to the other information included and incorporated by reference in this document, Inter-Atlantic stockholders should consider the matters described below in determining whether to approve the acquisition proposal and approve the issuance of Inter-Atlantic common stock in the transaction, the adoption of the 2009 Stock Incentive Plan and the increase in the number of authorized shares of Inter-Atlantic. Described below are these risk factors which could result in a significant or material adverse effect on our business, financial condition and results of operations. If this were to happen, the price of our shares could decline significantly and you could lose all or part of your investment.

**Risks Related to Patriot's Business**

***Patriot's business, financial condition and results of operations may be adversely affected if its actual losses and loss adjustment expenses exceed its estimated loss and loss adjustment expense reserves.***

Patriot maintains reserves for estimated losses and loss adjustment expenses. Loss and loss adjustment expense reserves represent an estimate of amounts needed to pay and administer claims with respect to insured events that have occurred, including events that have occurred but have not yet been reported to Patriot. Such reserves are estimates and are therefore inherently uncertain. Judgment is required to determine the degree to which historical payment and claim settlement patterns should be considered in establishing loss and loss adjustment expense reserves. The interpretation of historical data can be impacted by external forces, such as legislative changes, economic fluctuations and legal trends.

Patriot's net reserves for losses and loss adjustment expenses at December 31, 2007, 2006, 2005 and 2004 were \$26.6 million, \$24.8 million, \$17.4 million and \$11.8 million, respectively. At December 31, 2008, Patriot's re-estimated reserves for those four years were \$27.9 million, \$21.3 million, \$16.7 million and \$11.4 million, respectively. Accordingly, at December 31, 2008 Patriot's reserves for the years ending December 31, 2007, 2006, 2005 and 2004 showed a net cumulative redundancy (deficiency) of approximately \$(1.3) million, \$3.6 million, 697,000 and \$429,000, respectively. Patriot's historical claims data is limited and not fully developed, and, accordingly, it currently relies principally on industry data in establishing its reserves. Key assumptions that Patriot utilizes to estimate its reserves include industry frequency and severity trends and health care cost and utilization patterns. There can be no assurance that Patriot's reserves will be adequate in the future. If there are unfavorable changes in its assumptions, Patriot's reserves may need to be increased.

It is difficult to estimate reserves for workers' compensation claims, because workers' compensation claims are often paid over a long period of time, and there are no policy limits on liability for claim amounts. Accordingly, Patriot's reserves may prove to be inadequate to cover its actual losses. Patriot reviews its reserves each quarter. Patriot may adjust its loss reserves based on the results of these reviews, and these adjustments could be significant. If Patriot changes its estimates, these changes would result in adjustments to its reserves and its losses and loss adjustment expenses incurred in the period in which the estimates are changed. If the estimate is increased, Patriot's pre-tax income for the period in which it makes the change will decrease by a corresponding amount.

Additionally, Patriot has certain exposures related to legacy commercial general liability claims, including asbestos and environmental liability claims, and there can be no assurance that Patriot's loss and loss adjustment expense reserves for these claims are adequate. See Patriot has legacy commercial general liability claims, including asbestos and environmental liability claims.

***If Patriot does not properly price its insurance policies, its business, financial condition and results of operations will be adversely affected; Patriot does not set prices for its policies in Florida or the other administered pricing states where it writes premiums.***

If Patriot's premium rates are too low, its results of operations and its profitability will be adversely affected, and if Patriot's premium rates are too high, its competitiveness may be reduced and it may generate lower revenues.

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In general, the premium rates for its insurance policies are established by Patriot (in states other than administered pricing states, as discussed below) when coverage is initiated and, therefore, before all of the underlying costs are known. Like other workers' compensation insurance companies and insurance holding companies, Patriot relies on estimates and assumptions in setting its premium rates. Establishing adequate rates is necessary to generate sufficient revenue, together with investment income, to operate profitably. If Patriot fails to accurately assess the risks that it assumes, it may fail to charge adequate premium rates. For example, when underwriting coverage on a new policy, Patriot estimates future claims expense based, in part, on prior claims information provided by the policyholder's previous insurance carriers. If this prior claims information is not accurate or not indicative of future claims experience, Patriot may under-price its policy by using claims estimates that are too low. As a result, Patriot's actual costs for providing insurance coverage to its policyholders may be significantly higher than its premiums. In order to set premium rates accurately, Patriot must:

- collect and properly analyze a substantial volume of data;
- develop, test and apply appropriate rating formulae;
- closely monitor and timely recognize changes in trends; and
- make assumptions regarding both the frequency and severity of losses with reasonable accuracy.

Patriot must also price its insurance policies appropriately for each jurisdiction. The assumptions Patriot makes regarding its premium rates in states in which it currently writes policies may not be appropriate for new geographic markets into which it may expand. Patriot's ability to establish appropriate premium rates in new markets is subject to a number of risks and uncertainties, principally:

- insufficient reliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions, especially in markets in which it has less experience;
- its inability to implement appropriate rating formulae or other pricing methodologies;
- regulatory constraints on rate increases;
- costs of ongoing medical treatment;
- its inability to accurately estimate retention, investment yields and the duration of its liability for losses and loss adjustment expenses; and
- unanticipated court decisions, legislation or regulatory action.

For the years ended December 31, 2008 and 2007, Patriot wrote approximately 67% and 70%, of its direct premiums written, respectively, in four administered pricing states—Florida, New York, Indiana and New Jersey. In administered pricing states, insurance rates are set by the state insurance regulators and are adjusted periodically. Rate competition generally is not permitted in these states. Therefore, rather than setting rates for the policies, Patriot's underwriting efforts in these states for its traditional business relate primarily to the selection of the policies it chooses to write at the premium rates that have been set. Effective October 1, 2008, New York is no longer an administered pricing state. In August 2008, the NCCI submitted a rate filing effective January 1, 2009 calling for a Florida statewide rate decrease of 14.1%. In October 2008, the Florida Supreme Court eliminated statutory caps on claimant attorney fees which were implemented under a comprehensive Florida workers' compensation reform bill on October 1, 2003. The NCCI estimated that the full impact of this ruling will be an increase in overall Florida workers' compensation system costs of 18.6%, and that it would take two years for the full impact to be realized. Accordingly, in November 2008, the NCCI submitted a rate filing effective March 1, 2009 calling for a Florida statewide rate increase of 8.9%. Additionally, the NCCI proposed that the rate increase apply to all policies in effect on March 1, 2009 on a pro rata basis through the remainder of the terms of these policies.

In October 2007, the NCCI submitted an amended filing calling for a Florida statewide rate decrease of 18.4%, which was approved by the Florida OIR on October 31, 2007 and was effective January 1, 2008. In October 2006, the Florida OIR approved an average statewide rate decrease of 15.7%, effective January 1, 2007.

If a state insurance regulator lowers premium rates, Patriot will be less profitable, and it may choose not to write policies in that state. Patriot has responded to these rate decreases by expanding its alternative market business in Florida, strengthening its collateral on that business where appropriate, and increasing consent-to-rate (a limited

program under which the Florida OIR allows insurers to charge a rate that exceeds the state-established rate when deemed necessary by the insurer) on renewal policies on Florida traditional business. In addition, Patriot has the ability to offer different kinds of policies in administered pricing states, including retrospectively rated policies and dividend policies, for which an insured can receive a return of a portion of the premium paid if the insured's claims experience is favorable. Patriot expects an increase in Florida experience modifications, which permit it to increase the premium charge based on a policyholder's loss history. Patriot anticipates that its ability to adjust to these market changes will create opportunities as its competitors with higher expense ratios find the Florida market less desirable. However, there can be no assurance that state mandated insurance rates in administered pricing states will enable Patriot to generate appropriate underwriting margins. Furthermore, there can be no assurance that alternative kinds of policies in administered pricing states will continue to be permitted or will enable Patriot to generate appropriate underwriting margins.

**Table of Contents*****Patriot's geographic concentration ties its performance to business, economic and regulatory conditions in Florida and certain other states.***

In 2008, Patriot wrote insurance in 22 states and the District of Columbia. For the years ended December 31, 2008 and 2007, approximately 46% and 59% of Patriot's total direct premiums written, respectively, were concentrated in Florida.

For the year ended December 31, 2008, approximately 30% of Patriot's traditional business direct premiums written were concentrated in Florida, and approximately 14%, 12% and 9% were concentrated in New Jersey, Missouri and Indiana, respectively. No other state accounted for more than 7% of its traditional business direct premiums written for the year ended December 31, 2008. For the year ended December 31, 2007, approximately 41% of Patriot's traditional business direct premiums written were concentrated in Florida, and approximately 17%, 12% and 11% were concentrated in Missouri, Indiana and Arkansas, respectively. No other state accounted for more than 5% of its traditional business direct premiums written for the year ended December 31, 2007.

For the year ended December 31, 2008 approximately 70% of Patriot's alternative market business direct premiums written were concentrated in Florida, and approximately 9% and 6% were concentrated in Georgia and New York, respectively. No other state accounted for more than 5% of its alternative market business direct premiums written for the year ended December 31, 2008. For the year ended December 31, 2007, approximately 84% of Patriot's alternative market business direct premiums written were concentrated in Florida. No other state accounted for more than 5% of its alternative market business direct premiums written for the year ended December 31, 2007.

Unfavorable business, economic or regulatory conditions in the states where Patriot conducts the majority of its traditional and alternative market business could have a significant adverse impact on its business, financial condition and results of operations. In Florida, the state in which it writes the majority of its premium, and also in Indiana, New York and New Jersey, insurance regulators establish the premium rates Patriot charges. In these states, insurance regulators may set rates below those that Patriot requires to maintain profitability.

Because its business is concentrated in Florida and certain other states, Patriot may be exposed to economic and regulatory risks that are greater than the risks it would face if its business were spread more evenly by state. Patriot's workers' compensation insurance operations are affected by the economic health of the states in which it operates. Premium growth is dependent upon payroll growth, which, in turn, is affected by economic conditions. Furthermore, losses and loss adjustment expenses can increase in weak economic conditions because it is more difficult to return injured workers to work when employers are otherwise reducing payrolls. Florida is exposed to severe natural perils, such as hurricanes. If Florida were to experience a natural peril of the magnitude of Hurricane Katrina or other catastrophic event, the result could be a disruption of the entire local economy and the loss of jobs, which could have a material adverse effect on Patriot's business, financial condition and results of operations. Patriot could also be adversely affected by any material change in Florida law or regulation or any Florida court decision affecting workers' compensation carriers generally. Unfavorable changes in economic conditions affecting the states in which it writes business could adversely affect Patriot's business, financial condition and results of operations.

***The workers' compensation insurance industry is cyclical in nature, which may affect Patriot's overall financial performance.***

Historically, the workers' compensation insurance market has undergone cyclical periods of price competition and excess underwriting capacity (known as a soft market), followed by periods of high premium rates and shortages of underwriting capacity (known as a hard market). Although an individual insurance company's financial performance is dependent on its own specific business characteristics, the profitability of most workers' compensation insurance companies tends to follow this cyclical market pattern. Beginning in 2000 and accelerating in 2001, the workers' compensation insurance industry experienced a hardening market, featuring increasing premium rates and more conservative risk selection. Patriot believes these trends slowed beginning in 2004, and also believes that the current workers' compensation insurance market has been transitioning to a more competitive market environment in which underwriting capacity and price competition may increase. Additional underwriting capacity, and the resulting increased competition for premium, is the result of insurance companies expanding the types or amounts of business they write, or of companies seeking to maintain or increase market share at the expense of underwriting discipline. In its traditional workers' compensation business, Patriot experienced increased price competition in 2007 and 2008 in

certain markets, and these cyclical patterns, the actions of its competitors and general economic factors could cause Patriot's revenues and net income to fluctuate, which may cause the price of our common stock to be volatile. Because this cyclical nature is due in large part to the actions of Patriot's competitors and general economic factors beyond our control, Patriot cannot predict with certainty the timing or duration of changes in the market cycle.



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***Because it has a limited operating history, Patriot's future operating results and financial condition are more likely to vary from expectations.***

Patriot commenced operations in 2004 after acquiring Guarantee Insurance, and it formed PRS Group Inc. in 2005. As a relatively new company, Patriot has a limited operating history on which you can evaluate its performance and base an estimate of Patriot's future earning prospects. In addition, Patriot's business plan contemplates that it will expand into new geographic areas and provide claims administration, general agency and general underwriting services to other insurance companies and self-insured employers on a private label basis. Patriot cannot assure you that it will obtain the regulatory approvals necessary for it to conduct business as planned or that any approval granted will not be subject to conditions that restrict its operations. In addition, we cannot assure you that we will have, or be able to raise, the funds necessary to capitalize Patriot's subsidiaries in order to further grow its business. Accordingly, Patriot's future results of operations or financial condition may vary significantly from expectations.

***Patriot's insurance services fee income and insurance services net income is currently almost wholly dependent on Guarantee Insurance's premium levels.***

Because Patriot's insurance services fee income and insurance services net income is generated from Guarantee Insurance, the segregated portfolio captives and its quota share reinsurers, it is currently almost wholly dependent on Guarantee Insurance's premium levels. If Guarantee Insurance premium levels decrease, Patriot would experience a corresponding decrease in consolidated insurance services fee income and insurance services net income. There can be no assurance that Guarantee Insurance premium levels will not decrease.

***Patriot's consolidated insurance services fee income is currently almost wholly dependent on Guarantee Insurance's risk retention levels.***

Because insurance services fee income earned by PRS from Guarantee Insurance attributable to the portion of the insurance risk that Guarantee Insurance retains is eliminated upon consolidation, Patriot's consolidated insurance services income is currently dependent on Guarantee Insurance's risk retention levels. If Guarantee Insurance increases its risk retention levels, Patriot's consolidated insurance services fee income will decrease, in which case it would also experience a corresponding decrease in its consolidated losses and loss adjustment expenses and net policy acquisition and underwriting expenses. Guarantee Insurance's risk retention levels, measured by the ratio of net premiums earned to gross premiums earned, were approximately 50% and 33% for the years ended December 31, 2008 and 2007, respectively. Guarantee Insurance entered into additional quota share agreements effective December 31, 2008 and January 1, 2009 which will reduce its risk retention levels in 2009. There can be no assurance as to Patriot's overall risk retention levels in the future.

***Patriot needs to obtain additional licenses to allow us to provide insurance services to third parties.***

As part of its business plan, Patriot expects to expand its fee-generating insurance services by offering reinsurance brokerage, policy and claims administration, general agency and general underwriting services to other regional and national insurance companies and self-insured employers. Patriot also plans to explore strategic acquisitions of policy and claims administrators, general agencies and general underwriters. In order to expand these services, Patriot will need to obtain additional licenses to allow it to provide certain of these services to third parties. Patriot has two general agency property and casualty licenses in Florida. It will need additional licenses to expand these services in other states. However, there can be no assurance that it will be successful in expanding these fee-generating services or obtaining the necessary licenses. Patriot's failure to expand these services would have a material adverse effect on its business plan.

***Patriot has legacy commercial general liability claims, including asbestos and environmental liability claims.***

Patriot has legacy commercial general liability claims, including asbestos and environmental liability claims, arising out of the sale of general liability insurance and participations in reinsurance assumed through underwriting management organizations, commonly referred to as pools. Patriot ceased offering direct liability coverage in 1983 and ceased participations in reinsurance pools after 1982. In addition to the general uncertainties encountered in estimating workers' compensation loss and loss adjustment expense reserves described above, there are significant additional uncertainties in estimating the amount of Patriot's potential losses from asbestos and environmental claims. Generally, reserves for asbestos and environmental claims cannot be estimated with traditional loss reserving techniques that rely on historical accident year development factors due to the uncertainties surrounding asbestos and

environmental liability claims. Among the uncertainties impacting the estimation of such losses are:  
potentially long waiting periods between exposure and emergence of any bodily injury or property damage;  
difficulty in identifying sources of environmental or asbestos contamination;

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difficulty in properly allocating responsibility and liability for environmental or asbestos damage;  
 changes in underlying laws and judicial interpretation of those laws;  
 potential for an environmental or asbestos claim to involve many insurance providers over many policy periods;  
 long reporting delays from insureds to insurance companies;  
 historical data concerning asbestos and environmental losses being more limited than historical information on other types of claims;  
 questions concerning interpretation and application of insurance coverage; and  
 uncertainty regarding the number and identity of insureds with potential asbestos or environmental exposure.

These factors generally render traditional actuarial methods less effective at estimating reserves for asbestos and environmental losses than reserves on other types of losses. As of December 31, 2008, Patriot had established gross reserves of approximately \$6.8 million and net reserves, net of reinsurance recoverable on unpaid losses and loss adjustment expenses, of approximately \$3.0 million for legacy asbestos and environmental claims, which include 30 direct claims and Patriot's participation in two reinsurance pools and its estimate for the impact of unreported claims. As of March 31, 2009, one of the pools in which it is a participant (which accounts for approximately 80% of these net reserves at December 31, 2008) had 1,659 open claims. Of these, 1 claim carries reserves of more than \$100,000. In this pool, Patriot reinsured the risks of other insurers and then ceded a portion (generally 80%) of these reinsurance risks to other reinsurers, which it refers to as participating pool reinsurers. Under this structure, Patriot remains obligated for the total liability under each reinsurance contract to the extent any of the participating pool reinsurers fails to pay its share. Over time, Patriot's net liabilities under these reinsurance contracts have increased from approximately 20% to approximately 50% of the pooled risks, due to the insolvency of some participating pool reinsurers. In the second pool (which accounts for approximately 20% of its net reserves for legacy asbestos and environmental claims at December 31, 2008), Patriot is one of a number of participating pool reinsurers, and its liability is based on the percentage share of the pool obligations it reinsures. Patriot reviews its loss and loss adjustment expense reserves for our asbestos and environmental claims based on historical experience, current developments and actuarial reports for the pools, and this review entails a detailed analysis of its direct and assumed exposure.

In addition, as of December 31, 2008, Patriot had established gross reserves of approximately \$3.6 million and net reserves, net of reinsurance recoverable on unpaid losses and loss adjustment expenses, of \$1.5 million for legacy commercial general liability claims.

For the year ended December 31, 2008, Patriot's incurred losses and loss adjustment expenses associated with adverse development of reserves for legacy claims were approximately \$709,000. For the year ended December 31, 2007, Patriot recognized a reduction of incurred losses and loss adjustment expenses attributable to favorable development of reserves for legacy claims of approximately \$1.3 million. For the years ended December 31, 2006 and 2005, incurred losses and loss adjustment expenses associated with adverse development of reserves for legacy asbestos and environmental and commercial general liability claims were \$516,000 and \$421,000, respectively.

Patriot plans to continue to monitor industry trends and its own experience in order to determine the adequacy of its environmental and asbestos reserves. However, there can be no assurance that the reserves it has established are adequate.

***If Patriot cannot sustain its relationships with independent agencies, it may be unable to operate profitably.***

Patriot markets and sells its insurance products and services primarily through direct contracts with more than 440 independent, non-exclusive agencies. Patriot's products are marketed by independent wholesale and retail agencies, some of which account for a large portion of its revenues. Other insurance companies compete with Patriot for the services and allegiance of these agents. These agents may choose to direct business to Patriot's competitors, or may direct less desirable business to it. Patriot's business relationships are generally governed by agreements with agents that may be terminated on short notice. For the year ended December 31, 2008, approximately 14% of Patriot's total direct premiums written were derived from the agent whose single account with it in 2008 was Progressive Employer Services, Inc., (PES) its then largest policyholder. The policy with PES was cancelled in October 2008. For the year ended December 31, 2008, approximately 9% and 7% of Patriot's total direct premiums written were derived from

various offices of Appalachian Underwriters, Inc. and the Insurance Office of America, Inc., respectively. No other agent accounted for more than 4% of Patriot's direct premiums written. As a result, Patriot's continued profitability depends, in part, on the marketing efforts of its independent agencies and on its ability to offer workers' compensation insurance that meet the requirements and preferences of its independent agencies and their customers. A significant decrease in business from, or the entire loss of, Patriot's largest agent or several of its other large agents, would have a material adverse effect on Patriot's business, financial condition and results of operations.

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***Patriot has filed a lawsuit against its former largest customer regarding amounts it contends are due and owing and are in dispute. This customer is controlled by an individual who was one of Patriot's stockholders as of December 31, 2008. The loss of this customer could adversely affect Patriot, and amounts recognized by Patriot that it contends are due and owing and are in dispute may not be realized.***

For the year ended December 31, 2007, approximately 15% of Patriot's direct premiums written were attributable to one customer, Progressive Employer Services, Inc., or PES. The policy was cancelled in 2008 for non-payment of premium and duplicate coverage. PES is a company controlled by Steven Herrig, an individual who, as of December 31, 2008, beneficially owned shares of Patriot through Westwind Holding Company, LLC, or Westwind, a company controlled by Mr. Herrig. Westwind's stock ownership represented approximately 15.8% of the Company's outstanding common stock as of December 31, 2008. Most of PES's employees are located in Florida, where workers compensation insurance premium rates are established by the state. Premiums receivable from PES totaled approximately \$8.3 million as of December 31, 2008. This amount is comprised of approximately \$1.1 million for billed but unpaid premium audits for the 2006 policy year, approximately \$2.0 million for a billed but unpaid experience rate modification as determined by NCCI, approximately \$300,000 for billed but unpaid premium installments for the 2008 policy year and approximately \$4.9 million of estimated but unbilled premium audits for the 2007 and 2008 policy years.

Patriot has filed a lawsuit against PES to collect these and additional amounts it believes are due and owing. Patriot has the right to access certain collateral pledged by Westwind to offset against premium and other amounts owed by PES and Westwind to Guarantee, including funds held under reinsurance treaties, which totaled approximately \$3.3 million as of December 31, 2008. Additionally, in March 2009, Patriot exercised a call option on all of its outstanding common stock owned by Westwind to partially satisfy the amounts it contends are due and owing. On May 11, 2009, Westwind filed a complaint in Florida State Court related to the exercise of the call option claiming breach of contract and conversion, seeking damages of \$2.2 million and other damages as determined by the court. There can be no assurance that Patriot will prevail in the lawsuit or that premiums receivable from PES will be fully realized. PES has contended that Patriot has failed to arrange for the issuance of a dividend from Guarantee Insurance to PES from the segregated portfolio cell controlled by it in the amount of \$3.9 million and that it has failed to provide PES with certain information. Moreover, PES may bring claims against Patriot alleging that its conduct has damaged them. As the litigation continues Patriot and PES may identify additional amounts in dispute.

***If Patriot does not obtain reinsurance from traditional reinsurers or segregated portfolio captives on favorable terms, its business, financial condition and results of operations could be adversely affected.***

Patriot purchases reinsurance to manage its risk and exposure to losses. Reinsurance is an arrangement in which an insurance company, called the ceding company, transfers insurance risk by sharing premiums with another insurance or reinsurance company, called the reinsurer. In return, the reinsurer assumes insurance risk from the ceding company. Patriot participates in quota share and excess of loss reinsurance arrangements. Under its quota share reinsurance agreement effective July 1, 2008, Patriot ceded 50% of all net retained liabilities arising from all traditional business premiums written, excluding certain states, for all losses up to \$500,000 per occurrence, subject to various restrictions and exclusions. Effective January 1, 2009, coverage from one of the reinsurers under this quota share agreement, which comprised 37.5% of the total 50.0% coverage, expired, the participation of the other quota share reinsurer was increased from 12.5% to 25.0% and previously excluded states were added to the coverage. Patriot entered into an additional quota share agreement pursuant to which it ceded 37.83% of its gross unearned premium reserves as of December 31, 2008. Additionally, effective January 1, 2009, Patriot entered into a quota share agreement pursuant to which it will cede 68% all net retained liabilities arising from all traditional business premiums written in Florida, Georgia and New Jersey for all losses up to \$500,000 per occurrence, subject to various restrictions and exclusions. Patriot does not have any other quota share reinsurance arrangements for its traditional business.

The excess of loss reinsurance for both Patriot's traditional and alternative market business under its 2008/2009 reinsurance program covers, subject to certain restrictions and exclusions, losses that exceed \$1.0 million per occurrence up to \$9.0 million per occurrence, with coverage of up to an additional \$10.0 million per occurrence for certain losses involving injuries to several employees. However, effective July 1, 2008, the first layer of this excess of loss reinsurance for Patriot's traditional business (\$4.0 million excess of a \$1.0 million retention) is subject to an

annual deductible of \$1.0 million such that this reinsurance only applies to losses in excess of \$1.0 million per occurrence after July 1, 2008 to the extent that such losses exceed \$1.0 million in the aggregate. See Information About Patriot Business Reinsurance.

The availability, amount and cost of reinsurance are subject to market conditions and Patriot's experience with insured losses. There can be no assurance that Patriot's reinsurance agreements can be renewed or replaced prior to expiration upon terms as satisfactory as those currently in effect. If it is unable to renew or replace any of its quota share or excess of loss reinsurance agreements, Patriot's net liability on individual risks would increase, it would have greater exposure to catastrophic losses, its underwriting results would be subject to greater variability, and its underwriting capacity would be reduced. Any reduction or other changes in Patriot's reinsurance arrangements could materially adversely affect its business, financial condition and results of operations.

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Patriot reinsures on a quota share basis a substantial portion of its underwriting risk on our alternative market business to segregated portfolio captives in which its policyholders or other parties have an economic interest. Generally, Patriot cedes between 50% and 90% of the premium and losses under such an alternative market policy to a segregated portfolio captive, up to \$1 million per occurrence subject to various restrictions and exclusions, including an aggregate limit on the captive's reinsurance obligations. For the year ended December 31, 2008, Patriot ceded approximately 88% of its segregated portfolio captive alternative market gross premiums written under quota share reinsurance agreements with the segregated portfolio captives. For the years ended December 31, 2007, 2006 and 2005, Patriot ceded 82%, 87% and 78% of its segregated portfolio captive alternative market gross premiums written under quota share reinsurance agreements with the segregated portfolio captives, respectively. On its segregated portfolio captive alternative market business, any losses in excess of the aggregate limit are borne by Patriot. If it sets this aggregate limit too low with the result that a substantial amount of losses are borne by Patriot, its business, financial condition and results of operations would be adversely affected.

***If Patriot is not able to recover amounts due from its reinsurers, its business, financial condition and results of operations would be adversely affected.***

Reinsurance does not discharge Patriot's obligations under its insurance policies. Patriot remains liable to its policyholders even if it is unable to make recoveries that it believe it is entitled to receive under its reinsurance contracts. As a result, Patriot is subject to credit risk with respect to its reinsurers. Losses are recovered from Patriot's reinsurers as claims are paid. With respect to long-term workers' compensation claims, the creditworthiness of its reinsurers may change before it recovers amounts to which it is entitled. If a reinsurer is unable to meet any of its obligations to Patriot, it would be responsible for all claims and claim settlement expenses for which it would have otherwise received payment from the reinsurer.

As of December 31, 2008, Patriot had \$42.1 million of gross exposures to reinsurers, comprised of reinsurance recoverables on paid and unpaid losses and loss adjustment expenses. Furthermore, as of December 31, 2008, Patriot had \$26.1 million of net exposure to reinsurers—\$23.5 million from reinsurers licensed in Florida, which it refers to as authorized reinsurers, and \$2.6 million from reinsurers not licensed in Florida, which it refers to as unauthorized reinsurers. If Patriot is unable to collect amounts recoverable from its reinsurers, its business, financial condition and results of operations would be adversely affected.

***Because Patriot is subject to extensive state regulation, legislative changes may adversely impact its business.***

Patriot is subject to extensive regulation by the Florida OIR, and the insurance regulatory agencies of other states in which it is licensed and, to a lesser extent, federal regulation. State agencies have broad regulatory powers designed primarily to protect policyholders and their employees, and not our stockholders. Regulations vary from state to state, but typically address:

- standards of solvency, including risk-based capital measurements;
- restrictions on the nature, quality and concentration of investments;
- restrictions on the terms of insurance policies;
- restrictions on the way premium rates are established and the premium rates charged;
- procedures for adjusting claims, which can affect the ultimate amount for which a claim is settled;
- standards for appointing general agencies;
- limitations on transactions with affiliates;
- restrictions on mergers and acquisitions;
- medical privacy standards;
- restrictions on the ability of insurance companies to pay dividends;
- establishment of reserves for unearned premiums, losses and other purposes;

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licensing requirements and approvals that affect Patriot's ability to do business;  
certain required methods of accounting; and  
potential assessments for state guaranty funds, second injury funds and other mandatory pooling  
arrangements.

Patriot may be unable to comply fully with the wide variety of applicable laws and regulations that are frequently undergoing revision. In addition, Patriot follows practices based on its interpretations of laws and regulations that it believes are generally followed by the insurance industry. These practices may be different from interpretations of insurance regulatory agencies. As a result, insurance regulatory agencies could preclude Patriot from conducting some or all of its activities or otherwise penalize or fine it. Moreover, in order to enforce applicable laws and regulations or to protect policyholders, insurance regulatory agencies have relatively broad discretion to impose a variety of sanctions, including examinations, corrective orders, suspension, revocation or denial of licenses and the takeover of insurance companies. As a result, if Patriot fails to comply with applicable laws or regulations, insurance regulatory agencies could preclude it from conducting some or all of its activities or otherwise penalize it. The extensive regulation of Patriot's business may increase the cost of its insurance and may limit its ability to obtain premium rate increases or to take other actions to increase its profitability. For example, as a result of a financial examination by the Florida OIR in 2006 for the year ended December 31, 2004, Guarantee Insurance was fined \$40,000 for various violations including failure to maintain a minimum statutory policyholders surplus. Also, as a result of writing premiums in South Carolina in an inadvertent breach of its agreement with the South Carolina Department of Insurance not to write any new business in South Carolina without the Department's consent, it may be required to pay a fine or face other disciplinary action.

Guarantee Insurance is subject to periodic examinations by state insurance departments in the states in which it is licensed. In March 2008, the Florida OIR completed its financial examination of Guarantee Insurance as of and for the year ended December 31, 2006. In its examination report, the Florida OIR made a number of findings relating to Guarantee Insurance's failure to comply with corrective comments made in earlier examination reports by the Florida OIR as of the year ended December 31, 2004 and by the South Carolina Department of Insurance as of the year ended December 31, 2005. The Florida OIR also made a number of proposed adjustments to the statutory financial statements of Guarantee Insurance for the year ended December 31, 2006, attributable to, among other things, corrections of accounting errors and an upward adjustment in Guarantee Insurance's reserves for unpaid losses and loss adjustment expenses. These proposed adjustments, which resulted in a \$119,000 net decrease in Guarantee Insurance's reported policyholders surplus, did not cause Guarantee Insurance to be in violation of a consent order issued by the Florida OIR in 2006 in connection with the redomestication of Guarantee Insurance from South Carolina to Florida that requires Guarantee Insurance to maintain a minimum statutory policyholders surplus of the greater of \$9.0 million or 10% of total liabilities excluding taxes, expenses and other obligations due or accrued, and Guarantee Insurance was not required to file an amended 2006 annual statement with the Florida OIR reflecting these adjustments.

In connection with the Florida OIR examination report for the year ended December 31, 2006, the Florida OIR issued a consent order requiring Guarantee Insurance to pay a penalty of \$50,000, pay \$25,000 to cover administrative costs and undergo an examination prior to June 1, 2008 to verify that it has addressed all of the matters raised in the examination report. In addition, the consent order requires Guarantee Insurance to hold annual shareholder meetings, maintain complete and accurate minutes of all stockholder and board of director meetings, implement additional controls and review procedures for its reinsurance accounting, perform accurate and timely reconciliations for certain accounts, establish additional procedures in accordance with Florida OIR information technology specialist recommendations, correctly report all annual statement amounts, continue to maintain adequate loss and loss adjustment reserves and continue to maintain a minimum statutory policyholders surplus of the greater of \$9.0 million or 10% of total liabilities excluding taxes, expenses and other obligations due or accrued. The consent order required Guarantee Insurance to provide documentation of compliance with these requirements. In 2008, the Florida OIR engaged a consultant to perform a target examination of Guarantee Insurance to assess its compliance with these requirements. The consultant's target examination field work was completed in August 2008, and the Florida OIR issued its report on the target examination, concluding that, with certain immaterial exceptions, Guarantee Insurance was in compliance with all of the findings from the examination report for the year ended December 31, 2006.



State laws require insurance companies to maintain minimum surplus balances and place limits on the amount of insurance a company may write based on the amount of that company's surplus. These limitations may restrict the rate at which our insurance operations can grow.

State laws also require insurance companies to establish reserves for payments of policyholder liabilities and impose restrictions on the kinds of assets in which insurance companies may invest. These restrictions may require Guarantee Insurance to invest in assets more conservatively than it would if we were not subject to state law restrictions and may prevent it from obtaining as high a return on its assets as it might otherwise be able to realize.

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State regulation of insurance company financial transactions and financial condition are based on statutory accounting principles, or SAP. State insurance regulators closely monitor the financial condition of insurance companies reflected in SAP financial statements and can impose significant operating restrictions on an insurance company that becomes financially impaired. Regulators generally have the power to impose restrictions or conditions on the following kinds of activities of a financially impaired insurance company: transfer or disposition of assets, withdrawal of funds from bank accounts, extension of credit or advancement of loans and investment of funds.

Many states have laws and regulations that limit an insurer's ability to withdraw from a particular market. For example, states may limit an insurer's ability to cancel or not renew policies. Furthermore, certain states prohibit an insurer from withdrawing from one or more lines of business in the state, except pursuant to a plan that is approved by the state insurance department. The state insurance department may disapprove a plan that may lead to market disruption. Laws and regulations that limit cancellation and non-renewal and that subject program withdrawals to prior approval requirements may restrict Patriot's ability to exit unprofitable markets.

Licensing laws and regulations vary from state to state. In all states, the applicable licensing laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally such authorities are vested with relatively broad and general discretion as to the granting, renewing and revoking of licenses and approvals. Licenses may be denied or revoked for various reasons, including the violation of regulations and conviction of crimes. Possible sanctions which may be imposed by regulatory authorities include the suspension of individual employees, limitations on engaging in a particular business for specified periods of time, revocation of licenses, censures, redress to clients and fines.

In some instances, Patriot follows practices based on interpretations of laws and regulations generally followed by the industry, which may prove to be different from the interpretations of regulatory authorities.

***Guarantee Insurance is currently not rated by A.M. Best Company, the largest and longest-established company devoted to issuing in-depth reports and financial strength ratings about insurance organizations. Without an A.M. Best Company rating, its business, financial condition and results of operations may be adversely affected.***

A.M. Best Company rates insurance companies based on their financial strength and their ability to pay claims, factors that are relevant to agents and policyholders. Guarantee Insurance has never been rated by any nationally recognized, independent rating agency. The absence of a rating assigned by A.M. Best Company to Guarantee Insurance may become material to Patriot's ability to maintain and expand its business. Ratings from A.M. Best Company and other rating agencies are used by some insurance buyers, agents and brokers as an indicator of financial strength and security.

***Patriot is more vulnerable to negative developments in the workers' compensation insurance industry than companies writing other lines of insurance.***

Although it provides insurance services to Guarantee Insurance and other insurance companies through PRS, a substantial part of Patriot's business is workers' compensation insurance. Patriot has no current plans to focus its efforts on offering other lines of insurance. As a result, negative developments in the economic, competitive or regulatory conditions affecting the workers' compensation insurance industry could have a material adverse effect on Patriot's business, financial condition and results of operations. Negative developments in the workers' compensation insurance industry could have a greater effect on Patriot than on more diversified insurance companies that also sell other lines of insurance.

***Significant new partnership opportunities involving fronting relationships or distribution and insurance services relationships with other carriers or acquisitions could result in operating difficulties and other harmful consequences. Acquisitions could also result in dilution.***

In 2009, Patriot began partnering with other insurance companies to gain access to workers' compensation insurance business in certain additional states. These partnerships may involve fronting relationships, where Patriot assumes a portion of the underwriting risk, or distribution and insurance services relationships, where Patriot does not assume any underwriting risk but earn commissions for writing business and insurance services income for providing underwriting, policy and claims administration, nurse case management and cost containment services and, in certain cases, services to segregated portfolio cell captives. Developing the technology infrastructure necessary to facilitate these new relationships will require substantial time and effort on Patriot's part, and the integration and management of

these relationships may divert management time and focus from operating its current business.

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In addition, Patriot's experience acquiring companies has been limited to its acquisition of Guarantee Insurance. Patriot has evaluated, and expects to continue to evaluate, a wide array of potential strategic transactions. From time to time, Patriot may engage in discussions regarding potential acquisitions. The costs and benefits of future acquisitions are uncertain. Any of these transactions could be material to its business, financial condition and results of operations. In addition, the process of integrating the operations of an acquired company may create unforeseen operating difficulties and expenditures and is risky. The areas where Patriot may face risks include:

- the need to implement or remediate controls, procedures and policies appropriate for a public company at companies that, prior to the acquisition, lacked these controls, procedures and policies;
- diversion of management time and focus from operating its business to acquisition integration challenges;
- cultural challenges associated with integrating employees from the acquired company into its organization;
- retaining employees from the businesses it acquires; and
- the need to integrate each company's accounting, management information, human resource and other administrative systems to permit effective management.

***Patriot operates in a highly competitive industry, and others may have greater financial resources to compete effectively.***

The market for workers' compensation insurance products and risk management services is highly competitive. Competition in Patriot's business is based on many factors, including pricing (with respect to insurance products, either through premiums charged or policyholder dividends), services provided, underwriting practices, financial ratings assigned by independent rating agencies, capitalization levels, quality of care management services, speed of claims payments, reputation, perceived financial strength, effective loss prevention, ability to reduce claims expenses and general experience. In some cases, Patriot's competitors offer lower priced products and services. If its competitors offer more competitive prices, payment plans, services or commissions to independent agencies, Patriot could lose market share or have to reduce its prices in order to maintain market share, which would adversely affect its profitability. Patriot's competitors are insurance companies, self-insurance funds, state insurance pools and workers compensation insurance service providers, many of which are significantly larger and possess considerably greater financial, marketing, management and other resources. Consequently, they can offer a broader range of products, provide their services nationwide and capitalize on lower expenses to offer more competitive pricing.

With respect to its insurance services business, Patriot believes PRS Group's principal competitors in the nurse case management and cost containment services market are CorVel Corporation, GENEX Services, Inc. and various other smaller providers. In the general agency market, Patriot believes it competes with numerous national wholesale agents and brokers.

With respect to its alternative market insurance business, Patriot believes its principal competitors are American International Group, Inc., Liberty Mutual Insurance Company and Hartford Insurance Company, as well as smaller regional carriers, although it believes that these companies generally target customers with annual premiums of more than \$5 million, whereas Patriot's target market generally is customers with annual premiums of \$3 million or less. With respect to its traditional insurance business, Patriot's main competitors in the principal states in which it operates vary from state to state but are usually those companies that offer a full range of services in underwriting, loss prevention and claims. In Florida, which represented approximately 46% and 59% of its total direct written premium for the years ended December 31, 2008 and 2007, respectively, Patriot believes its principal competitors are American International Group, Inc., Liberty Mutual Insurance Company, Employers Insurance Group and Zenith Insurance Company. In the other South and Southeast states, which represented approximately 18% and 11% of Patriot's total direct written premium for the years ended December 31, 2008 and 2007, respectively, it believes its principal competitors are American International Group, Inc., CNA Financial Corporation, The Travelers Companies, Inc., Liberty Mutual Insurance Company and other national and regional carriers. In Midwest states, which represented approximately 18% and 19% of Patriot's total direct written premium for the years ended December 31, 2008 and 2007, respectively, it believes its principal competitors are American International Group, Inc., Accident Fund Insurance Company of America, Liberty Mutual Insurance Company and numerous other smaller regional carriers. In

Northeast and Mid-Atlantic states, which represented approximately 17% and 9% of Patriot's total direct written premium for the years ended December 31, 2008 and 2007, respectively, it believes its principal competitors are American International Group, Inc., Liberty Mutual Insurance Company, Hartford Fire & Casualty Insurance Company, New Jersey Manufacturers Group, Inc. and numerous other smaller regional carriers.

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State insurance regulations require maintenance of minimum levels of surplus and of ratios of net premiums written to surplus. Accordingly, competitors with more surplus than Patriot possesses have the potential to expand in its markets more quickly and to a greater extent than it can. Additionally, greater financial resources permit a carrier to gain market share through more competitive pricing, even if that pricing results in reduced underwriting margins or an underwriting loss. Many of Patriot's competitors are multi-line carriers that can price the workers' compensation insurance that they offer at a loss in order to obtain other lines of business at a profit. If Patriot is unable to compete effectively, its business, financial condition and results of operations could be materially adversely affected. ***An inability to effectively manage the growth of its operations could make it difficult for Patriot to compete and affect its ability to operate profitably.***

Patriot's continuing growth strategy includes expanding in our existing markets, opportunistically acquiring insurance services companies, entering new geographic markets and further developing its agency relationships. Patriot's growth strategy is subject to various risks, including risks associated with its ability to:

- identify profitable new geographic markets for entry;
- attract and retain qualified personnel for expanded operations;
- identify potential acquisition targets and successfully acquire them;
- expand existing and develop new agency relationships;
- identify, recruit and integrate new independent agencies; and
- augment its internal monitoring and control systems as it expands its business.

***The effects of emerging claim and coverage issues on Patriot's business are uncertain.***

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect Patriot's business by either extending coverage beyond its underwriting intent or by increasing the number or size of claims. In some instances, these changes may not become apparent until after Patriot has issued insurance policies that are affected by the changes. As a result, the full extent of Patriot's liability under an insurance policy may not be known until many years after the policy is issued. For example, medical costs associated with permanent and partial disabilities may increase more rapidly or be higher than Patriot currently expects. Changes of this nature may expose Patriot to higher claims than it anticipated when it wrote the underlying policy. As of December 31, 2008, approximately 0.4%, 2%, 2% and 6% of Patriot's total reported claims for accident years 2004, 2005, 2006 and 2007, respectively, remained open.

As more fully described under Information About Patriot's Business - Legal Proceedings, Patriot is involved in certain litigation matters. Litigation is subject to inherent uncertainties, and if there were an outcome unfavorable to Patriot, its business, financial condition and results of operations could be materially adversely affected.

***If Patriot is unable to realize its investment objectives, its business, financial condition and results of operations may be adversely affected.***

Investment income is an important component of Patriot's net income. As of March 31, 2009 and December 31, 2008, Patriot's investment portfolio, including cash and cash equivalents, had a carrying value of \$53.7 million and \$63.4 million, respectively. For the three months ended March 31, 2009 and the year ended December 31, 2008, Patriot had net investment income of \$472,000 and \$2.0 million, respectively. Its investment portfolio is managed by an independent asset manager pursuant to investment guidelines approved by Guarantee Insurance's board of directors. Although these guidelines stress diversification and capital preservation, Patriot's investments are subject to a variety of risks, including risks related to general economic conditions, interest rate fluctuations and market volatility. For example, in 2007 credit markets were significantly impacted by sub-prime mortgage losses, increased mortgage defaults and worldwide market dislocations. More recently, the financial markets have experienced substantial and unprecedented volatility as a result of further dislocations in the credit markets, including the bankruptcy of Lehman Brothers Holdings Inc. In 2008, Patriot recognized an other-than-temporary-impairment charge of approximately \$350,000 related to investments in certain bonds issued by Lehman Brothers Holdings, Inc., which filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court, and approximately \$875,000 related to investments in certain common stocks purchased in 2005.



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In addition, Patriot's investment portfolio includes asset-backed and mortgage-backed securities. As of December 31, 2008, asset-backed and mortgage-backed securities constituted approximately 25% of its invested assets, including cash and cash equivalents. As with other fixed income investments, the fair market value of these securities fluctuates depending on market and other general economic conditions and the interest rate environment. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. Changes in interest rates could have an adverse effect on the value of Patriot's investment portfolio and future investment income. For example, changes in interest rates can expose Patriot to prepayment risks on asset-backed and mortgage-backed securities included in its investment portfolio. When interest rates fall, asset-backed and mortgage-backed securities are prepaid more quickly than expected and the holder must reinvest the proceeds at lower interest rates. In periods of increasing interest rates, asset-backed and mortgage-backed securities are prepaid more slowly, which may require Patriot to receive interest payments that are below the interest rates then prevailing for longer than expected.

Patriot also seeks to manage its investment portfolio such that the security maturities provide adequate liquidity relative to its expected claims payout pattern. However, the duration of Patriot's insurance liabilities may differ from Patriot's expectations. If it needs to liquidate invested assets prematurely in order to satisfy its claim obligations and the fair value of such assets is below original cost, Patriot may recognize realized losses on investments, which could have a material adverse effect on its business, financial condition and results of operations.

Additionally, Patriot's fixed maturity securities were reclassified as available for sale at December 31, 2007, and, accordingly, are now carried at market value. Decreases in the value of our fixed securities may have a material adverse affect on Patriot's business, financial condition and results of operations.

General economic conditions may be adversely affected by a variety of factors, including U.S. involvement in hostilities with other countries, large-scale acts of terrorism and the threat of hostilities or terrorist acts. These and other factors affect the capital markets and, consequently, the value of Patriot's investment portfolio and its investment income. Any significant decline in Patriot's investment income would adversely affect its revenues, results of operations and financial position.

***Patriot's business is dependent on the efforts of its senior management and other key employees because of their industry expertise, knowledge of its markets and relationships with the independent agencies that sell its insurance.***

Patriot believes its success will depend in substantial part upon its ability to attract and retain qualified executive officers, experienced underwriting talent and other skilled employees who are knowledgeable about its business. Patriot relies substantially upon the services of its executive management team and other key employees. The key executive officers and employees upon whom Patriot relies are Steven M. Mariano, Chairman of the Board, President and Chief Executive Officer; Michael W. Grandstaff, Senior Vice President and Chief Financial Officer; Charles K. Schuver, Senior Vice President and Chief Underwriting Officer of Guarantee Insurance; Timothy J. Ermatinger, Chief Executive Officer of PRS Group, Inc.; Richard G. Turner, Senior Vice President; Dean D. Watters, Vice President Business Development; and Theodore G. Bryant, Senior Vice President, Counsel and Secretary. Patriot entered into employment agreements with each of these officers (other than Mr. Watters) in 2008. Although Patriot is not aware of any planned departures or retirements, if it were to lose the services of members of its senior management team, Patriot's business, financial condition and results of operations could be adversely affected. Patriot does not currently maintain key man life insurance policies with respect to its employees.

***Assessments for state guaranty funds and second injury funds and other mandatory pooling arrangements may reduce Patriot's profitability.***

Most states require insurance companies licensed to do business in their state to participate in guaranty funds, which require the insurance companies to bear a portion of the unfunded obligations of impaired, insolvent or failed insurance companies. These obligations are funded by assessments, which are expected to continue in the future. State guaranty associations levy assessments, up to prescribed limits, on all member insurance companies in the state based on their proportionate share of premiums written in the lines of business in which the impaired, insolvent or failed insurance companies are engaged. See Information About Patriot Business Regulation. Accordingly, the assessments levied on Patriot may increase as it increases its premiums written. Some states also have laws that establish second injury funds to reimburse insurers and employers for claims paid to injured employees for aggravation of prior



conditions or injuries. These funds are supported by assessments based on premiums or paid losses. For the years ended December 31, 2008 and 2007, Patriot's gross expenses incurred in connection with assessments for state guaranty funds and second injury funds were \$4.1 million and \$3.4 million, respectively. Patriot's alternative market customers reimburse it for their pro rata share of any such amounts that it is assessed with respect to premiums written for such customers.

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In addition, as a condition to conducting business in some states, insurance companies are required to participate in residual market programs to provide insurance to those employers who cannot procure coverage from an insurance carrier on a negotiated basis. Insurance companies generally can fulfill their residual market obligations by, among other things, participating in a reinsurance pool where the results of all policies provided through the pool are shared by the participating insurance companies. Although it prices its insurance to account for obligations it may have under these pooling arrangements, Patriot may not be successful in estimating its liability for these obligations. It is possible that losses from its participation in these pools may exceed the premiums Patriot receives from the pools.

Accordingly, mandatory pooling arrangements may cause a decrease in Patriot's profits. Patriot currently participates in the NCCI national workers' compensation insurance pool. Net underwriting income (losses) associated with this mandatory pooling arrangement for the years ended December 31, 2008 and 2007 were approximately \$(98,000) and \$159,000, respectively. As Patriot writes policies in new states that have mandatory pooling arrangements, it will be required to participate in additional pooling arrangements. Furthermore, the impairment, insolvency or failure of other insurance companies in these pooling arrangements would likely increase Patriot's liability under these pooling arrangements. The effect of assessments or changes in assessments could reduce Patriot's profitability in any given period or limit its ability to grow our business.

***The outcome of recent insurance industry investigations and regulatory proposals could adversely affect Patriot's business, financial condition and results of operations.***

The United States insurance industry has in recent years become the focus of investigations and increased scrutiny by regulatory and law enforcement authorities, as well as class action attorneys and the general public, relating to allegations of improper special payments, price-fixing, bid-rigging, improper accounting practices and other alleged misconduct, including payments made by insurers to brokers and the practices surrounding the placement of insurance business. Formal and informal inquiries have been made of a large segment of the industry, and a number of companies in the insurance industry have received or may receive subpoenas, requests for information from regulatory agencies or other inquiries relating to these and similar matters. For example, on September 28, 2007, Patriot received a Subpoena from the New Jersey Office of the Insurance Fraud Prosecutor regarding insurance policies issued to one of its policyholders. Patriot has responded to the subpoena and expects no further action. These efforts have resulted and are expected to result in both enforcement actions and proposals for new state and federal regulation. Some states have adopted new disclosure requirements in connection with the placement of insurance business. It is difficult to predict the outcome of these investigations, whether they will expand into other areas not yet contemplated, whether activities and practices currently thought to be lawful will be characterized as unlawful, what form any additional laws or regulations will have when finally adopted and the impact, if any, of increased regulatory and law enforcement action and litigation on Patriot's business, financial condition and results of operations.

Recently, as a result of complaints related to claims handling practices by insurers in the wake of the 2005 hurricanes that struck the Gulf Coast states, Congress has examined a possible repeal of the McCarran-Ferguson Act, which exempts the insurance industry from federal anti-trust laws. There can be no assurance that the McCarran-Ferguson Act will not be repealed, or that any such repeal, if enacted, would not have a material adverse effect on Patriot's business, financial condition and results of operations.

***Patriot may have exposure to losses from terrorism for which it is required by law to provide coverage.***

When writing workers' compensation insurance policies, Patriot is required by law to provide workers' compensation benefits for losses arising from acts of terrorism. The impact of any terrorist act is unpredictable, and the ultimate impact on Patriot's business would depend upon the nature, extent, location and timing of such an act as well as the availability of any reinsurance that it purchases for terrorism losses and of any assistance for the payment of such losses provided by the Federal government pursuant to the Terrorism Risk Insurance Act of 2002, or TRIA.

TRIA provides co-assistance to commercial property and casualty insurers for payment of losses from an act of terrorism which is declared by the U.S. Secretary of Treasury to be a certified act of terrorism. Assistance under the TRIA program is subject to other limitations and restrictions. Such assistance is only available for losses from a certified act of terrorism if aggregate insurance industry losses from the act exceed \$100 million. As originally enacted, TRIA only applied to acts of terrorism committed on behalf of foreign persons or interests. However, recent legislation extending the program through December 31, 2014 removed this restriction so that TRIA now applies to

both domestic and foreign terrorism occurring in the U.S. Under the TRIA program, the federal government covers 85% of the losses from covered certified acts of terrorism in excess of a deductible amount. This deductible is calculated as 20% of an affiliated insurance group's prior year premiums on commercial lines policies (with certain exceptions, such as commercial auto insurance policies) covering risks in the United States. Patriot estimates that its deductible would be approximately \$23.5 million for 2009. Because TRIA does not cover 100% of its exposure to terrorism losses and there are substantial limitations and restrictions on the protection against terrorism losses provided to it by its reinsurance, the risk of severe losses to Patriot from acts of terrorism remains. Accordingly, events constituting acts of terrorism may not be covered by, or may exceed the capacity of, its reinsurance and TRIA protections and could adversely affect Patriot's business, financial condition and results of operations. The federal terrorism risk assistance provided by TRIA will expire at the end of 2014, and it is not currently clear whether that assistance will be renewed. Any renewal may be on substantially less favorable terms.

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**Risks Related to the Acquisition**

***The trading price of our common stock may decline after the closing of the acquisition.***

The trading price of our common stock may decline after the closing of the acquisition for many reasons, some of which are beyond our control, including, among others:

- our results of operations;
- changes in expectations as to our future results of operations, including financial estimates and projections by securities analysts and investors;
- results of operations that vary from those expected by securities analysts and investors;
- developments in the healthcare or insurance industries;
- changes in laws and regulations;
- announcements of claims against us by third parties;
- future sales of our common stock;
- lack of liquidity available to our stockholders;
- rising levels of claims costs, including medical and prescription drug costs, that we cannot anticipate at the time we establish our premium rates;
- fluctuations in interest rates, inflationary pressures and other changes in the investment environment that affect returns on invested assets;
- changes in the frequency or severity of claims;
- the financial stability of our reinsurers and changes in the level of reinsurance capacity and our capital and surplus;
- new types of claims and new or changing judicial interpretations relating to the scope of liabilities of insurance companies;
- volatile and unpredictable developments, including man-made, weather-related and other natural catastrophes or terrorist attacks; and
- price competition.

In addition, the stock market in general has experienced significant volatility that often has been unrelated to the operating performance of companies whose shares are traded. These market fluctuations could adversely affect the trading price of our common stock, regardless of our actual operating performance. As a result, the trading price of our common stock may be less than the per-share redemption value of approximately \$7.96.

***Patriot's independent registered public accounting firm has in the past identified certain deficiencies in internal controls that it considered to be control deficiencies and material weaknesses. If Patriot fails to remediate these internal control deficiencies and material weaknesses and maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results subsequent to the acquisition.***

During their audit of Patriot's financial statements for the year ended December 31, 2006, BDO Seidman, LLP, its independent registered public accounting firm (independent auditors), identified certain deficiencies in internal controls that they considered to be control deficiencies and material weaknesses. Specifically, Patriot's independent auditors identified material weaknesses relating to: (1) a lack of independent reconciliation regarding the schedule of premiums receivable, and (2) problems regarding the files maintained for reinsurance agreements, making it difficult to determine which agreement was in force and which versions of the various agreements are in force.

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In response, Patriot initiated corrective actions to remediate these control deficiencies and material weaknesses, including the implementation of timely account reconciliations, formal purchasing policies, accurate premium tax accruals, the appropriate segregation of accounting duties, a formal impairment analysis for intangible assets, proper accounting for equity-based compensation in accordance with SFAS No. 123(R) and enhanced reinsurance documentation and risk transfer analysis. Patriot's independent auditors did not identify any material weaknesses during their audit of its 2008 and 2007 financial statements. However, it is possible that Patriot or its independent auditors may identify additional significant deficiencies or material weaknesses in Patriot's internal control over financial reporting in the future. Any failure or difficulties in implementing and maintaining these controls could cause Patriot to fail to meet periodic reporting obligations or result in material misstatements in Patriot's financial statements. The existence of a material weakness could result in errors to our financial statements requiring a restatement of our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, which could lead to a decline in our stock price.

We plan to evaluate Patriot's internal control systems to allow management to report on, and our independent auditors to assess, our internal controls over financial reporting subsequent to the acquisition. We plan to perform the system and process evaluation and testing, and any necessary remediation, of Patriot's internal control system required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act subsequent to the acquisition. Complying with these laws and regulations will require the time and attention of our board of directors and management and will increase our expenses. However, because we do not believe there will be sufficient time to complete our system and process evaluation and testing, and any necessary remediation, by December 31, 2009, we plan to comply with the management certification and auditor attestation requirements of Section 303 of the Sarbanes-Oxley Act by December 31, 2010. Furthermore, upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board rules and regulations that remain unremediated. In addition, complying with these laws and regulations will require the time and attention of our Board of Directors and management and will increase our expenses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the report by us of a material weakness may cause investors to lose confidence in our financial statements and the trading price of our common stock may decline. If we fail to remediate any material weakness, our financial statements may be inaccurate, our access to the capital markets may be restricted and the trading price of our common stock may decline. ***Due to the concentration of our capital stock ownership with Patriot's founder, Chairman, President and Chief Executive Officer, Steven M. Mariano, he may be able to influence stockholder decisions, which may conflict with your interests as a stockholder.***

Immediately upon completion of the acquisition, Steven M. Mariano, Patriots founder, Chairman, President and Chief Executive Officer, directly and through trusts that he controls, will beneficially own shares representing approximately 33.3% of the voting power of our common stock. As a result of his ownership position, Mr. Mariano will have the ability to significantly influence matters requiring stockholder approval, including, without limitation, the election or removal of directors, mergers, acquisitions, changes of control of our company and sales of all or substantially all of our assets. Your interests as a stockholder may conflict with his interests, and the trading price of shares of our common stock could be adversely affected.

***Provisions in our executive officers' employment agreements and provisions in our certificate of incorporation and bylaws and under the laws of the State of Delaware and the State of Florida could impede an attempt to replace or remove our directors or otherwise effect a change of control of Patriot Risk Management, which could diminish the price of our common stock.***

We have entered into employment agreements with our executive officers. These agreements provide for substantial payments upon a change in control. These payments may deter any transaction that would result in a change in control. See Executive Compensation Employment Agreements.

Our charter and bylaws contain provisions that may entrench directors and make it more difficult for stockholders to replace directors even if the stockholders consider it beneficial to do so. In particular, stockholders are required to provide us with advance notice of stockholder nominations and proposals to be brought before any annual meeting of stockholders, which could discourage or deter a third party from conducting a solicitation of proxies to elect its own slate of directors or to introduce a proposal. In addition, our charter eliminates our stockholders' ability to act without a meeting.

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These provisions could delay or prevent a change of control that a stockholder might consider favorable. For example, these provisions may prevent a stockholder from receiving the benefit from any premium over the market price of our common stock offered by a bidder in a potential takeover. Even in the absence of an attempt to effect a change in management or a takeover attempt, these provisions may materially adversely affect the prevailing market price of our common stock if they are viewed as discouraging changes in management and takeover attempts in the future.

Further, our amended and restated certificate of incorporation and our amended and restated bylaws provide that the number of directors shall be fixed from time to time by our board of directors, provided that the board shall consist of at least three and no more than thirteen members. Our board of directors is divided into three classes with the number of directors in each class being as nearly equal as possible. Each director serves a three-year term. The classification and term of office for each of our directors is noted in the table listing our directors and executive officers under

Management Directors, Executive Officers and Key Employees. These provisions make it more difficult for stockholders to replace directors, which may materially adversely affect the prevailing market price of our common stock if they are viewed as discouraging changes in management and takeover attempts in the future.

In addition, Section 203 of the Delaware General Corporation Law may limit the ability of an interested stockholder to engage in business combinations with us. An interested stockholder is defined to include persons owning 15% or more of any class of our outstanding voting stock. See Description of Capital Stock Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws.

Florida insurance law prohibits any person from acquiring 5% or more of our outstanding voting securities or those of any of our insurance subsidiaries without the prior approval of the Florida OIR. However, a party may acquire less than 10% of our voting securities without prior approval if the party files a disclaimer of affiliation and control. Any person wishing to acquire control of us or of any substantial portion of our outstanding shares would first be required to obtain the approval of the Florida OIR or file such a disclaimer. In addition, any transaction that would constitute a change of control of Guarantee Insurance, including a change of control of Patriot, may require pre-notification in other states in which Guarantee Insurance operates. Obtaining these approvals may result in the material delay of, or may deter, any such transaction.

***Inter-Atlantic's or Patriot's officers and directors may purchase additional shares in the open market, which may result in the approval of the acquisition which would not have been approved had such officers and directors not purchased such additional shares.***

The ability of our officers and directors and their affiliates to acquire Inter-Atlantic's common stock in the open market or in privately negotiated transactions, vote such acquired shares in favor of the acquisition and effectively reduce the number of shares that other public shareholders may elect to redeem into a pro rata portion of the trust account may allow us to consummate the acquisition that otherwise would not have been approved. In addition, because Inter-Atlantic's officers and directors would have purchased their securities at a lower average cost than the public stockholders, some of our officers and directors could profit from the acquisition even if it would be unprofitable for our other public stockholders.

***Inter-Atlantic did not obtain an opinion from an unaffiliated third party as to the fair market value of Patriot or that the price it is paying for the business is fair to its stockholders.***

Inter-Atlantic's charter documents do not require Inter-Atlantic's Board of Directors to obtain an opinion from an unaffiliated third party that Patriot has a total fair market value in excess of 80% of Inter-Atlantic's net assets (excluding the amount held in the trust account representing a portion of the underwriters' discount) or that the price that Inter-Atlantic is paying for Patriot is fair to the Inter-Atlantic stockholders. The Inter-Atlantic Board of Directors, in valuing Patriot and approving the acquisition, determined based on the information provided or developed during the due diligence process that they had sufficient information and expertise to determine that Patriot's fair market value exceeded 80% of Inter-Atlantic's net assets and that the consideration to be issued in the acquisition is fair to the Inter-Atlantic stockholders. Accordingly, in considering to approve the acquisition, the Inter-Atlantic stockholders will be relying on the determination made by the Inter-Atlantic Board of Directors.

**Risks to Inter-Atlantic Stockholders**

***Inter-Atlantic may not be able to consummate the acquisition, or another business combination, within the required time frame, in which case Inter-Atlantic would be forced to liquidate.***

Inter-Atlantic must complete a business combination with a fair market value of at least 80% of its net assets at the time of acquisition by October 9, 2009. If Inter-Atlantic fails to consummate the acquisition within the required time frame, it will be forced to liquidate.



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***If Inter-Atlantic is forced to liquidate before a business combination, its public stockholders are expected to receive approximately \$7.96 per share upon distribution of the trust account, and its warrants will expire worthless.***

If Inter-Atlantic is unable to complete the acquisition or another business combination and is forced to liquidate its assets, the per share liquidation value is expected to be approximately \$7.96, which is less than \$8.00 because of the expenses related to its initial public offering, its operating expenses and the costs of performing due diligence for the acquisition, negotiating the stock purchase agreement and otherwise seeking a business combination. Furthermore, Inter-Atlantic's warrants will expire worthless if it liquidates before the completion of a business combination.

***There will be a substantial number of shares of Inter-Atlantic's common stock available for resale in the future that may be dilutive to Inter-Atlantic's current stockholders and may cause a decrease in the market price of Inter-Atlantic's common stock.***

The consideration to be issued in the acquisition to Patriot's stockholders will be comprised of 6,900,000 shares of Inter-Atlantic common stock, with the possibility of up to an additional 5,000,000 additional shares of Inter-Atlantic common stock depending on the trading price of Inter-Atlantic's common stock after the closing of the acquisition. None of these shares are initially being registered for resale. The Patriot stockholders who will receive substantially all of the shares of Inter-Atlantic common stock issued in the acquisition have agreed that their shares cannot be sold publicly for a period of 12 months following the closing. In addition, warrants to purchase 10,910,300 shares of common stock issued in connection with Inter-Atlantic's initial public offering and private placement will become exercisable at the closing of the acquisition as described under Description of Inter-Atlantic's Securities Warrants on page 212, unless such warrants are redeemed. All of the common stock of Inter-Atlantic issuable upon exercise of the warrants will be available for resale upon exercise. In addition, 1,875,000 shares of Inter-Atlantic common stock purchased by its initial stockholders prior to the initial public offering will be held in escrow for a period of 12 months following the closing, at which time they will be released from escrow and be eligible for resale in the public market subject to compliance with applicable law, and Inter-Atlantic's initial stockholders are entitled to demand that Inter-Atlantic register the resale of their shares of common stock at any time after the date on which their shares are released from escrow. Lastly, if the plan proposal is approved, there will be an additional 3 million shares reserved for future issuance in connection with employee compensation awards which may be resold in the public market pursuant to a registration statement on Form S-8. The presence of this additional number of shares of common stock eligible for trading in the public market may have an adverse effect on the market price of Inter-Atlantic's common stock.

***Inter-Atlantic's directors may have certain conflicts in determining to recommend the acquisition proposal since certain of their interests, and certain interests of their affiliates, are different from, or in addition to, your interests as a stockholder.***

Members of Inter-Atlantic's Board of Directors have interests in the acquisition that are different from, or in addition to, your interests as a stockholder, including the fact that the shares of common stock owned by them, or their affiliates, would become worthless if the acquisition is not approved and Inter-Atlantic otherwise fails to consummate a business combination prior to its liquidation date. Such shares, as of May 15, 2009, had a market value of approximately \$14,512,500. Similarly, the warrants owned by such officers, directors and a stockholder to purchase 2,300,000 shares of common stock would expire worthless. In addition, if the acquisition is approved, it is expected that two of Inter-Atlantic's directors will continue to serve as such, and be compensated in such capacity. Moreover, if the acquisition is not consummated, certain of Inter-Atlantic's directors and officers have agreed in writing to be liable for certain of its potential liabilities in excess of Inter-Atlantic's available cash. You should take these potential conflicts into account when considering the recommendation of Inter-Atlantic's Board of Directors to vote in favor of the acquisition proposal.

***If the acquisition's benefits do not meet the expectations of financial or industry analysts, the market price of Inter-Atlantic's common stock may decline.***

The market price of Inter-Atlantic's common stock may decline as a result of the acquisition if:

- Inter-Atlantic does not achieve the perceived benefits of the acquisition as rapidly as, or to the extent anticipated by, financial or industry analysts; or
- the effect of the acquisition on Inter-Atlantic's financial results is not consistent with the expectations of financial or industry analysts.

Accordingly, investors may experience a loss as a result of a decreasing stock price and Inter-Atlantic may not be able to raise future capital, if necessary, in the equity markets.

**Table of Contents*****Inter-Atlantic may issue shares of its common stock and preferred stock to complete a future business combination, which would reduce the equity interest of Inter-Atlantic's stockholders.***

Inter-Atlantic's certificate of incorporation authorizes the issuance of up to 49,000,000 shares of common stock, par value \$.0001 per share, and 1,000,000 shares of preferred stock, par value \$.0001 per share. Inter-Atlantic currently has 27,554,400 authorized but unissued shares of Inter-Atlantic's common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of Inter-Atlantic's outstanding warrants and unit purchase options) and all of the 1,000,000 shares of preferred stock available for issuance. Under the terms of the Stock Purchase Agreement, the stockholders of Patriot are entitled to receive 6,900,000 shares of Inter-Atlantic common stock at the closing of the acquisition, with the possibility of receiving up to a total of 5,000,000 additional shares of Inter-Atlantic common stock depending on the future trading price of Inter-Atlantic's common stock after the closing. Although Inter-Atlantic currently has no other commitments to issue any additional shares of its common or preferred stock, Inter-Atlantic may in the future determine to issue additional shares of its common or preferred stock. The issuance of additional shares of Inter-Atlantic's common stock or preferred stock may significantly reduce the equity interest of stockholders and may adversely affect prevailing market prices for Inter-Atlantic's common stock.

***If Inter-Atlantic's stockholders exercise their right to convert their shares into cash, Inter-Atlantic's working capital would be reduced and may limit Patriot's growth and operations.***

Pursuant to Inter-Atlantic's certificate of incorporation, holders of shares issued in Inter-Atlantic's initial public offering may vote against the merger and demand that Inter-Atlantic convert their shares into a pro rata share of the trust account where a substantial portion of the net proceeds of the initial public offering are held. Inter-Atlantic will not consummate the acquisition of Patriot if holders of more than 2,582,229 shares of common stock issued in Inter-Atlantic's initial public offering exercise these conversion rights. To the extent the acquisition is consummated and holders have demanded to convert their shares, there will be a corresponding reduction in the amount of funds available to Inter-Atlantic and Patriot following the acquisition. As of March 31, 2009, assuming the acquisition proposal is adopted, the maximum amount of funds that could be disbursed to the Inter-Atlantic stockholders upon exercise of their conversion rights is approximately \$20,548,000.

***If third parties bring claims against Inter-Atlantic, the proceeds held in trust could be reduced and the per-share liquidation price received by stockholders from the trust account as part of the stockholder-approved plan of dissolution and liquidation will be less than \$7.96 per share.***

Inter-Atlantic's placing of funds in trust may not protect those funds from third party claims against Inter-Atlantic. Although Inter-Atlantic is obligated to have all significant vendors, prospective target businesses or other entities with which we execute agreements waive any and all right, title, interest or claim of any kind in or to any monies held in our trust account for the benefit of our public stockholders, there is no guarantee that if they execute such agreements that they would be prevented from bringing claims against our trust account including but not limited to fraudulent inducement, breach of fiduciary responsibility and other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in our trust account. The determination of which vendors will be deemed significant will be made by our management but will include any investment bankers, legal advisors and accounting firms we hire in connection with a business combination.

Accordingly, any creditor's claims against the trust account will take priority over the claims of our public stockholders and the per-share liquidation price could be less than the \$7.96 per share held in our trust account. If we are unable to complete a business combination and are forced to dissolve and liquidate, Messrs. Lerner, Daras, Baris, Hammer and Lichten will be personally liable to ensure that the proceeds in our trust account are not reduced by the claims of various vendors, prospective target businesses or other entities that are owed money by us for any reason, including for services rendered or products sold to us, to the extent necessary to ensure that such claims do not reduce the amount in our trust account in order to preserve a \$7.96 per-share liquidation price. We cannot assure you that these directors and executive officers will be able to satisfy those obligations. These indemnifying officers and directors have agreed to indemnify us for any and all claims to the extent necessary to ensure that the proceeds in the trust account are not reduced by the claims of vendors, service providers and prospective target businesses.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to claims of third parties with priority over the claims of our public stockholders. To the extent bankruptcy claims deplete our trust account, we cannot assure you we will be able to return to our public stockholders the liquidation amounts due them.

**Table of Contents*****Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.***

Our certificate of incorporation provides that we will continue in existence only until October 9, 2009. If we have not completed a business combination by such date and amended this provision in connection therewith, pursuant to the Delaware General Corporation Law, our corporate existence will cease except for the purposes of winding up our affairs and liquidating. Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to make liquidating distributions to our stockholders within 10 business days after the 24 month period and, therefore, we do not intend to comply with those procedures. Because we will not be complying with these procedures, we are required, pursuant to Section 281(b) of the Delaware General Corporation Law, to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. However, because we are a blank check company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as accountants, lawyers, investment bankers) or potential target businesses. As described above, we intend to have all significant vendors, service providers and prospective target businesses execute agreements with us waiving any and all right, title, interest or claim of any kind in or to any monies held in our trust account. Based on representations made to us by our indemnifying officers and directors, we currently believe that they have substantial means to fund any shortfall in our trust account to satisfy their foreseeable indemnification obligations, but we have not asked them to reserve for such eventuality. The indemnification obligations may be substantially greater than our indemnifying officers and directors currently foresee or expect. Their financial resources may also deteriorate in the future. Hence, we cannot assure you that our officers and directors will be able to satisfy those obligations. In addition, because we will not be complying with Section 280, our public stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any such liability of our stockholders will likely extend beyond the third anniversary of such dissolution. Accordingly, we cannot assure you that third parties will not seek to recover from our public stockholders amounts owed to them by us.

***An effective registration statement may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise his, her or its warrants and causing such warrants to be practically worthless.***

No warrant will be exercisable and Inter-Atlantic will not be obligated to issue shares of its common stock unless at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrant is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, Inter-Atlantic has agreed to use its best efforts to meet these conditions and to maintain a current prospectus relating to the common stock issuable upon exercise of the warrants until the expiration of the warrants. However, Inter-Atlantic cannot assure you that it will be able to do so, and if Inter-Atlantic does not maintain a current prospectus related to the common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants and Inter-Atlantic will not be required to settle any such warrant exercise. If the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, the warrants may have no value, the market for the warrants may be limited and the warrants may expire worthless.

***Inter-Atlantic's securities may be delisted from the NYSE Amex which could limit investors' ability to effect transactions in Inter-Atlantic's securities and subject Inter-Atlantic to additional trading restrictions.***

Inter-Atlantic's securities are listed on the NYSE Amex, a national securities exchange, or the Exchange. On February 10, 2009, Inter-Atlantic received notice from the staff of the Exchange that it is not considered to be in compliance with Section 704 of the Exchange's Company Guide in that it did not hold an annual meeting of its stockholders during 2008. In order to maintain the listing of its common stock on the Exchange, Inter-Atlantic was required to submit a plan by March 10, 2009, advising the Exchange of the actions it had taken, or will take, that will bring it into compliance by August 11, 2009. Inter-Atlantic submitted a plan to the Exchange on March 10, 2009. On May 4, 2009, Inter-Atlantic received a notice from the Exchange that its plan of compliance was accepted. Accordingly, Inter-Atlantic was then able to continue its listing during the time up to August 11, 2009, the compliance deadline set by the Exchange, but during that time it will be subject to periodic review by the Exchange to determine whether it is making progress consistent with the plan. Subsequently, the Exchange has advised Inter-Atlantic that it has until October 9, 2009 to hold an annual meeting; however, the Exchange has advised Inter-Atlantic that it will need to apply for continued listing of the combined Inter-Atlantic/Patriot entity. It is possible that Inter-Atlantic will not satisfy the necessary continued listing requirements, including the requirement to have 400 shareholders. If Inter-Atlantic does not satisfy the continuing listing standards at closing, the Exchange may move to delist Inter-Atlantic's securities; provided, that Inter-Atlantic will have at least a 45 day period following the closing of the proposed business combination to become compliant with the Exchange's continuing listing standards.

**Risks if the Adjournment Proposal is not Approved**

*If the adjournment proposal is not approved, and an insufficient number of votes have been obtained to approve the acquisition proposal, the charter amendment proposal, the director proposal and the plan proposal, Inter-Atlantic's Board of Directors will not have the ability to adjourn the special meeting to a later date in order to solicit further votes, and, therefore, the acquisition proposal, the charter amendment proposal, the director proposal and the plan proposal will not be approved.*

Inter-Atlantic's Board of Directors is seeking approval to adjourn the special meeting to a later date if, at the special meeting, there are insufficient votes to approve the acquisition proposal, the charter amendment proposal and director proposal. If the adjournment proposal is not approved, Inter-Atlantic's Board of Directors will not have the ability to adjourn the special meeting to a later date and, therefore, will not have more time to solicit votes to approve the acquisition proposal, director proposal and plan proposal. In such case, the acquisition proposal, the charter amendment proposal, director proposal and plan proposal will not be approved. Since approval of the acquisition by Inter-Atlantic's stockholders is a condition to completion of the acquisition, the acquisition would not be completed.

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**THE INTER-ATLANTIC SPECIAL MEETING OF WARRANTHOLDERS**

**Inter-Atlantic Special Meeting of Warrantholders**

We are furnishing this document to you as part of the solicitation of proxies by Inter-Atlantic's Board of Directors for use at the special meeting of warrant holders called to consider and vote upon the warrant redemption proposal and the warrant adjournment proposal. This document provides you with the information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

**Date, Time and Place**

We will hold the special meeting at 10:00 a.m., eastern time, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York, to vote on the adoption of the warrant redemption proposal and the warrant adjournment proposal.

**Purpose of the Special Meeting**

At the special meeting, we are asking holders of Inter-Atlantic common stock to:

- adopt the warrant redemption proposal; and
- adopt the warrant adjournment proposal.

Inter-Atlantic's Board of Directors:

- unanimously recommends that Inter-Atlantic common stockholders vote **FOR** the warrant redemption proposal; and
- unanimously recommends that Inter-Atlantic common stockholders vote **FOR** the warrant adjournment proposal.

Adoption by Inter-Atlantic stockholders of the acquisition proposal is conditioned on the adoption of the warrant redemption proposal but is not conditioned on the adoption of the adjournment proposal.

**Record Date; Who is Entitled to Vote**

The record date for the special meeting is \_\_\_\_\_, 2009. Record holders of Inter-Atlantic warrants at the close of business on the record date are entitled to vote or have their votes cast at the special meeting. On the record date, there were [\_\_\_\_\_] outstanding Inter-Atlantic warrants.

Each Inter-Atlantic warrant is entitled to one vote for each share of common stock underlying the warrants you owned at the close of business on the record date.

The initial stockholders intend to vote all of the Inter-Atlantic warrants **FOR** the warrant redemption proposal and the warrant adjournment proposal.

**Voting Your Warrants**

Each Inter-Atlantic warrant that you own in your name entitles you to one vote for each share of common stock underlying the warrants. Your proxy card shows the number of Inter-Atlantic warrants that you own.

Street name holders should follow the instructions provided to them from their broker, bank or other nominee as to how to execute their vote.

There are two ways to vote your Inter-Atlantic warrants at the special meeting:

You can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your warrants as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your warrants, your warrants will be voted as recommended by Inter-Atlantic's Board **FOR** the adoption of the warrant redemption proposal and the warrant adjournment proposal.

You can attend the special meeting and vote in person. We will give you a ballot when you arrive. However, if your warrants are held in the name of your broker, bank or another nominee, you must get a legal proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your warrants

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**IF YOU DO NOT VOTE YOUR INTER-ATLANTIC WARRANTS IN ANY OF THE WAYS DESCRIBED ABOVE, IT WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE WARRANT REDEMPTION PROPOSAL.**

**Outstanding Warrants**

The closing price as reported by NYSE Amex of Inter-Atlantic's warrants on [\_\_\_\_], 2009 (the record date for the Inter-Atlantic Special Meeting of Warrantholders) was \$[\_\_\_\_]. Prior to voting on the Warrant Redemption Proposal, warrant holders should verify the market price of Inter-Atlantic's warrants as they may receive higher proceeds from the sale of their warrants in the public market than from the redemption of the warrants pursuant to the Warrant Redemption if the market price per warrant is higher than the redemption price of \$0.50 per warrant.

Inter-Atlantic cannot assure its warrant holders that they will be able to sell their warrants in the open market, even if the market price per warrant is higher than the redemption price stated above, as there may not be sufficient liquidity in the warrants when warrant holders wish to sell their warrants.

Upon redemption of the warrants, warrant holders will be exchanging warrants for cash and will no longer own those warrants. Warrant holders will be entitled to receive cash for these warrants only if you deliver your warrant certificate (either physically or electronically) to the Company's transfer agent in accordance with the procedures outlined in the section The Warrant Redemption Proposal.

**Who Can Answer Your Questions About Voting Your Warrants**

If you have questions, you may write, e-mail or call Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902; email: Inter-Atlantic.info@morrowco.com. Stockholders, banks and brokerage firms, please call 800-607-0088.

**No Additional Matters May Be Presented at the Special Meeting**

This special meeting has been called only to consider the adoption of the warrant redemption proposal and the adjournment proposal. Under Inter-Atlantic's by-laws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the special meeting, if they are not included in the notice of the meeting.

In addition, representatives of Inter-Atlantic's accountants are not expected to be present at the special meeting and accordingly will not make any statement or be available to respond to any questions.

**Revoking Your Proxy**

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

You may send another proxy card with a later date;

You may notify Andrew Lerner, Inter-Atlantic's Chief Executive Officer, in writing before the special meeting that you have revoked your proxy; and

You may attend the special meeting, revoke your proxy, and vote in person.

**Vote Required to Adopt the Warrant Redemption Proposal**

Approval of the warrant redemption proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants outstanding as of the record date. Adoption of the acquisition proposal is conditioned upon the adoption of the warrant redemption proposal but is not conditioned on the adoption of the warrant adjournment proposal.



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Inter-Atlantic's initial stockholders intend to vote their Inter-Atlantic warrants, representing an aggregate of approximately [\_\_\_\_\_] % of the outstanding Inter-Atlantic warrants, FOR the warrant redemption proposal.

**Vote Required to Adopt the Warrant Adjournment Proposal**

Approval of the warrant holder adjournment proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants represented in person or by proxy at the special meeting of warrant holders and entitled to vote thereon as of the record date. Adoption of the warrant adjournment proposal is not conditioned upon the adoption of the warrant redemption proposal.

Inter-Atlantic's initial stockholders have agreed to vote their Inter-Atlantic warrants, representing an aggregate of approximately [\_\_\_\_\_] % of the outstanding Inter-Atlantic warrants, FOR the adoption of the warrant adjournment proposal.

**Abstention**

If you abstain from voting or do not vote, either in person or by proxy or by voting instruction, it will have the same effect as a vote against the adoption of the warrant redemption proposal.

**Broker Non-Votes**

If your broker holds your shares in its name and you do not give the broker voting instructions, under the rules of the NASD, your broker may not vote your shares on the warrant redemption proposal and warrant the adjournment proposal. If you do not give your broker voting instructions and the broker does not vote your shares, this is referred to as a broker non-vote. Abstentions or broker non-votes have the same effect as a vote against the warrant redemption proposal.

**Solicitation Costs**

Inter-Atlantic will bear all expenses incurred in connection with the solicitation of proxies. Inter-Atlantic will, upon request, reimburse brokerage firms and other nominee holders for their reasonable expenses incurred in forwarding the proxy solicitation materials to the beneficial owners of our shares. Our officers and directors may solicit proxies by mail, personal contact, letter, telephone, telegram, facsimile or other electronic means. They will not receive any additional compensation for those activities, but they may be reimbursed for their out-pocket-expenses. In addition, we have hired Morrow & Co., LLC to solicit proxies on our behalf. The cost of soliciting proxies on our behalf will be approximately \$[\_\_\_\_\_] plus expenses.

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**THE INTER-ATLANTIC SPECIAL MEETING OF STOCKHOLDERS**

**Inter-Atlantic Special Meeting of Stockholders**

We are furnishing this document to you as part of the solicitation of proxies by Inter-Atlantic's Board of Directors for use at the special meeting of Stockholders called to consider and vote upon the acquisition proposal, the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal. This document provides you with the information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

**Date, Time and Place**

We will hold the special meeting at 10:30 a.m., eastern time, on \_\_\_\_\_, 2009, at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York, to vote on the adoption of the acquisition proposal, the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal.

**Purpose of the Special Meeting**

At the special meeting, we are asking holders of Inter-Atlantic common stock to:

- adopt the acquisition proposal;
- adopt the charter amendment proposal;
- adopt the director proposal;
- adopt the plan proposal; and
- adopt the adjournment proposal.

Inter-Atlantic's Board of Directors:

- unanimously recommends that Inter-Atlantic common stockholders vote FOR the acquisition proposal;
- unanimously recommends that Inter-Atlantic common stockholders vote FOR the charter amendment proposal;
- unanimously recommends that Inter-Atlantic common stockholders vote FOR Director Proposal A;
- unanimously recommends that Inter-Atlantic common stockholders vote FOR the plan proposal; and
- unanimously recommends that Inter-Atlantic common stockholders vote FOR the adjournment proposal.

Adoption by Inter-Atlantic stockholders of the acquisition proposal is conditioned on the adoption of the charter amendment proposal but is not conditioned on the adoption of the plan proposal, the director proposal, the charter amendment proposal or the adjournment proposal. However, the adoption of the charter amendment proposal, the director proposal and the plan proposal is conditioned upon the adoption of the acquisition proposal.

**Record Date; Who is Entitled to Vote**

The record date for the special meeting is \_\_\_\_\_, 2009. Record holders of Inter-Atlantic common stock at the close of business on the record date are entitled to vote or have their votes cast at the special meeting. On the record date, there were 10,485,300 outstanding shares of Inter-Atlantic common stock.

Each share of Inter-Atlantic common stock is entitled to one vote at the special meeting.

Inter-Atlantic's initial stockholders have agreed, with respect to the acquisition proposal, to vote their 1,875,000 shares of Inter-Atlantic common stock acquired prior to Inter-Atlantic's initial public offering, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, in accordance with the vote of the majority of the shares of Inter-Atlantic common stock issued in its initial public offering. The initial stockholders intend to vote all of their shares of Inter-Atlantic common stock FOR the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal.

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Inter-Atlantic's issued and outstanding warrants do not have voting rights and record holders of Inter-Atlantic warrants will not be entitled to vote at the special meeting.

### **Voting Your Shares**

Each share of Inter-Atlantic common stock that you own in your name entitles you to one vote. Your proxy card shows the number of shares of Inter-Atlantic common stock that you own.

Street name holders should follow the instructions provided to them from their broker, bank or other nominee as to how to execute their vote.

There are two ways to vote your shares of Inter-Atlantic common stock at the special meeting:

You can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by Inter-Atlantic's Board FOR the adoption of the acquisition proposal, the charter amendment proposal, the plan proposal, the director proposal and the adjournment proposal.

You can attend the special meeting and vote in person. We will give you a ballot when you arrive.

However, if your shares are held in the name of your broker, bank or another nominee, you must get a legal proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

**IF YOU DO NOT VOTE YOUR SHARES OF INTER-ATLANTIC COMMON STOCK IN ANY OF THE WAYS DESCRIBED ABOVE, IT WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE ACQUISITION PROPOSAL, THE CHARTER AMENDMENT PROPOSAL AND THE DIRECTOR PROPOSAL BUT WILL NOT HAVE THE EFFECT OF A DEMAND FOR CONVERSION OF YOUR SHARES INTO A PRO RATA SHARE OF THE TRUST ACCOUNT IN WHICH A SUBSTANTIAL PORTION OF THE PROCEEDS OF INTER-ATLANTIC'S INITIAL PUBLIC OFFERING ARE HELD. TO EXERCISE YOUR CONVERSION RIGHTS, YOU MUST AFFIRMATIVELY ELECT TO CONVERT YOUR SHARES BY CHECKING THE APPROPRIATE BOX, OR DIRECTING YOUR BROKER TO CHECK THE APPROPRIATE BOX, ON THE PROXY CARD AND ENSURE THAT THE PROXY CARD IS DELIVERED PRIOR TO THE INTER-ATLANTIC SPECIAL MEETING AND DELIVER YOUR SHARES OF INTER-ATLANTIC COMMON STOCK BY [ ].**

### **Who Can Answer Your Questions About Voting Your Shares**

If you have questions, you may write, e-mail or call Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902; email: Inter-Atlantic.info@morrowco.com. Stockholders, banks and brokerage firms, please call 800-607-0088.

### **No Additional Matters May Be Presented at the Special Meeting**

This special meeting has been called only to consider the adoption of the acquisition proposal, the charter amendment proposal, the director proposal, the plan proposal and the adjournment proposal. Under Inter-Atlantic's by-laws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the special meeting, if they are not included in the notice of the meeting.

In addition, representatives of Inter-Atlantic's accountants are not expected to be present at the special meeting and accordingly will not make any statement or be available to respond to any questions.

### **Revoking Your Proxy**

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

You may send another proxy card with a later date;

You may notify Andrew Lerner, Inter-Atlantic's Chief Executive Officer, in writing before the special meeting that you have revoked your proxy; and

You may attend the special meeting, revoke your proxy, and vote in person.

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### **Vote Required to Adopt the Acquisition Proposal**

The affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock is required to adopt the acquisition proposal. Adoption of the acquisition proposal also requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock issued in its initial public offering, which we sometimes refer to as the IPO shares. Adoption of the acquisition proposal is not conditioned upon the adoption of the director proposal, the plan proposal or adjournment proposal. However, if the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, demand conversion of their shares into their pro rata portion of the trust account, then Inter-Atlantic will not consummate the acquisition under the terms of Inter-Atlantic's certificate of incorporation. See "Conversion Rights" below.

At the close of business on May 15, 2009, there were 10,485,300 shares of Inter-Atlantic common stock outstanding, 8,610,300 of which were issued in Inter-Atlantic's initial public offering.

Inter-Atlantic's initial stockholders have agreed to vote their 1,875,000 shares of Inter-Atlantic common stock acquired prior to Inter-Atlantic's initial public offering, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, in accordance with the vote of the majority of the shares of Inter-Atlantic common stock issued in its initial public offering.

### **Conversion Rights**

As provided in Inter-Atlantic's certificate of incorporation, holders of IPO shares may, if the stockholder votes against the acquisition, demand that Inter-Atlantic convert their shares into cash. This demand must be made on the proxy card at the same time that the stockholder votes against the acquisition proposal. If so demanded, upon consummation of the acquisition, Inter-Atlantic will convert each share of common stock into a pro rata portion of the trust account in which \$68,515,928 of the net proceeds of Inter-Atlantic's initial public offering are held. Based on the amount of cash held in the trust account at June 24, 2009, you will be entitled to convert each share of common stock that you hold into approximately \$7.96. If you exercise your conversion rights, then you will be exchanging your shares of Inter-Atlantic's common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the closing date of the acquisition and then tender your stock certificate to Inter-Atlantic by [\_\_\_\_\_]. If the acquisition is not completed, then these shares will not be converted into cash.

The acquisition will not be consummated if the holders of more than 2,582,229 IPO shares, or 29.99% of the total number of IPO shares, exercise their conversion rights.

Prior to exercising conversion rights, Inter-Atlantic stockholders should verify the market price of Inter-Atlantic's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights. Inter-Atlantic's shares of common stock are listed on the NYSE Amex under the symbol IAN.

### **Vote Required to Adopt the Charter Amendment Proposal**

Adoption of the charter amendment proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the charter amendment proposal is conditioned upon the adoption of the acquisition proposal but is not conditioned on adoption of the director proposal, the plan proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR the charter amendment proposal.

### **Vote Required to Adopt the Director Proposal**

Adoption of the director proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the director proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal but is not conditioned on adoption of the plan proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR Director Proposal A.



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**Vote Required to Adopt the Plan Proposal**

Adoption of the plan proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the plan proposal is conditioned upon the adoption of the acquisition proposal and the charter amendment proposal but is not conditioned on adoption of the director proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR the plan proposal.

**Vote Required to Adopt the Adjournment Proposal**

Adoption of the adjournment proposal requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock represented in person or by proxy at the meeting. Adoption of the adjournment proposal is not conditioned upon the adoption of the acquisition proposal, the charter amendment proposal, the director proposal or the plan proposal.

Inter-Atlantic's initial stockholders have agreed to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR the adoption of the adjournment proposal.

**Abstention**

If you abstain from voting or do not vote, either in person or by proxy or by voting instruction, it will have the same effect as a vote against the adoption of the acquisition proposal, the charter amendment proposal and the director proposal, but not as a demand of conversion of your shares into a pro rata portion of the trust account in which the proceeds of Inter-Atlantic's initial public offering are held. To exercise your conversion rights, you must affirmatively elect to convert your shares by checking the appropriate box, or directing your broker to check the appropriate box, on the proxy card and ensure that the proxy card is delivered prior to the Inter-Atlantic special meeting.

**Broker Non-Votes**

If your broker holds your shares in its name and you do not give the broker voting instructions, under the rules of the NASD, your broker may not vote your shares on the acquisition proposal, the charter amendment proposal, the director proposal, the plan proposal or the adjournment proposal. If you do not give your broker voting instructions and the broker does not vote your shares, this is referred to as a broker non-vote. Abstentions or broker non-votes have the same effect as a vote against the acquisition proposal, the charter amendment proposal and the director proposal, but will not have the effect of electing to exercise your conversion rights. To exercise your conversion rights, you must affirmatively elect to convert your shares by checking the appropriate box, or directing your broker to check the appropriate box, on the proxy card and ensure that the proxy card is delivered prior to the Inter-Atlantic special meeting and deliver your shares of Inter-Atlantic common stock by [\_\_\_\_\_].

**Solicitation Costs**

Inter-Atlantic will bear all expenses incurred in connection with the solicitation of proxies. Inter-Atlantic will, upon request, reimburse brokerage firms and other nominee holders for their reasonable expenses incurred in forwarding the proxy solicitation materials to the beneficial owners of our shares. Our officers and directors may solicit proxies by mail, personal contact, letter, telephone, telegram, facsimile or other electronic means. They will not receive any additional compensation for those activities, but they may be reimbursed for their out-pocket-expenses. In addition, we have hired Morrow & Co., LLC to solicit proxies on our behalf. The cost of soliciting proxies on our behalf will be approximately \$[\_\_\_\_\_] plus costs and expenses.

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**Stock Ownership**

At the close of business on the record date, Andrew S. Lerner, Stephen B. Galasso, D. James Daras, Brett G. Baris, Robert M. Lichten, Frederick S. Hammer, Samuel J. Weinhoff, Michael P. Esposito Jr., P. Carter Rise and Matthew Vertin, together with their affiliates, beneficially owned 1,875,000 shares of Inter-Atlantic common stock, or approximately 17.9% of the outstanding shares of Inter-Atlantic common stock. Such number does not include 2,300,000 shares of common stock issuable upon exercise of warrants held by those persons and their affiliates. These 1,875,000 shares have a market value of approximately \$14,512,500 based on Inter-Atlantic's common stock price of \$7.74 per share as of May 15, 2009. Those persons have agreed, with respect to the acquisition proposal, to vote their shares of common stock acquired by them prior to the initial public offering in accordance with the vote of the majority of the shares issued in connection with Inter-Atlantic's initial public offering. For more information on beneficial ownership of Inter-Atlantic's common stock by executive officers, directors and 5% stockholders, see page 204.

Approval of the warrant redemption proposal requires the affirmative vote of the holders of a majority of the Inter-Atlantic warrants outstanding as of the record date. Adoption of the acquisition proposal is conditioned upon the adoption of the warrant redemption proposal but is not conditioned on the adoption of the warrant adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their Inter-Atlantic warrants, representing an aggregate of approximately 20% of the outstanding Inter-Atlantic warrants, FOR the warrant redemption proposal.

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**THE WARRANT REDEMPTION PROPOSAL**

**General Description of the Warrant Redemption Proposal**

The warrant redemption proposal is to amend the terms of the warrant agreement governing the Inter-Atlantic warrants exercisable for shares of Inter-Atlantic common stock in order to require the automatic redemption of all of the outstanding Inter-Atlantic warrants, including those held by Inter-Atlantic's sponsors, at a price of \$0.50 per warrant upon the consummation of the business combination proposal.

In the event the warrant redemption proposal is not approved, the acquisition is not consummated and Inter-Atlantic does not consummate a business combination by October 9, 2009, Inter-Atlantic will be required to liquidate and the warrants will expire worthless.

Inter-Atlantic believes the warrant redemption will provide benefits to Inter-Atlantic and its warrant holders, including the following:

Redemption of the warrants is a condition to the closing of the acquisition;

Inter-Atlantic believes that the warrant redemption is an important step in the consummation of the acquisition because the elimination of the warrants from Inter-Atlantic's capital structure following the consummation of the acquisition will increase Inter-Atlantic's strategic opportunities and attractiveness to future investors; and

The closing price of Inter-Atlantic's warrants on [\_\_\_\_], 2009 was \$[\_\_\_\_\_]. The redemption price of \$0.50 is a significant premium to the current market price for the warrants. Inter-Atlantic's board of directors believes the redemption price is fair to Inter-Atlantic's warrant holders.

Warrant holders should note that they will recognize gain or loss for federal income tax purposes upon consummation of the acquisition if the warrant redemption is approved and consummated. For a discussion of the tax consequences of the Acquisition for warrant holders, please see the section *Proposals to be Considered by Inter-Atlantic Stockholders The Acquisition Proposal The Purchase Agreement Material Federal Income Tax Consequences of the Acquisition to Inter-Atlantic's Securityholders United States Federal Income Tax Considerations Tax Consequences of the Acquisition.*

**Certain Effects of the Approval of the Warrant Redemption Proposal**

Approximately \$[\_\_\_\_\_] will be required to purchase warrants in the warrant redemption and approximately \$[5,000] will be required to pay related fees and expenses. The warrant redemption will be funded from the working capital of Inter-Atlantic following the consummation of the acquisition, which will include the funds released from Inter-Atlantic's trust account following the consummation of the acquisition.

The consummation of the warrant redemption will result in the warrants becoming eligible for termination of registration under the Exchange Act.

The Inter-Atlantic units will also cease to be outstanding and will no longer be listed on the NYSE Amex following the acquisition as a result of the redemption and cancellation of the warrants.

**Procedure for Redeeming Warrants**

THE RIGHTS OF THE COMPANY'S WARRANTHOLDERS UNDER THE WARRANTS AND WARRANT AGREEMENT WILL TERMINATE IMMEDIATELY UPON CONSUMMATION OF THE WARRANT REDEMPTION WHICH WILL OCCUR CONTEMPORANEOUSLY WITH THE BUSINESS COMBINATION. AT SUCH TIME, HOLDERS OF THE COMPANY'S WARRANTS WILL HAVE NO RIGHTS EXCEPT TO RECEIVE, UPON SURRENDER OF THE WARRANTS, THE REDEMPTION PRICE OF \$0.50 PER WARRANT. The redemption price is substantially less than the market price of the shares of Inter-Atlantic common stock issuable upon exercise of the

Inter-Atlantic warrants but the redemption price is substantially more than the price that could be obtained upon the sale of Inter-Atlantic warrants in the open market. See *Price Range of Securities and Dividends* herein for information on the historical market prices for the warrants and common stock on the NYSE Amex.



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Payment of the amount to be received on redemption will be made by the Warrant Agent upon the presentation and surrender of the warrants for payment at any time on or after the date on which the commencement of the Warrant Redemption is announced. As soon as reasonably practicable after the consummation of the Warrant Redemption, the Warrant Agent will, upon receipt of any documents as may be reasonably required by the Warrant Agent, deliver electronically through DTC to the record holders of Inter-Atlantic's warrants \$0.50 per warrant redeemed for further distribution and credit to the account of the beneficial holders of such warrant. To physically surrender warrants for redemption, holders should deliver certificates representing their warrants to American Stock Transfer & Trust Company, the Warrant Agent, at the following address:  
American Stock Transfer & Trust Company

**Consequences if Warrant Redemption Proposal is Not Approved**

If the warrant redemption proposal is not approved by a majority of the Inter-Atlantic warrants outstanding, Inter-Atlantic will not be able to consummate the acquisition proposal.

**Required Vote**

Approval of the warrant redemption proposal requires the affirmative vote a majority of the Inter-Atlantic warrants outstanding of the record date. Adoption of the acquisition proposal is conditioned upon the adoption of the warrant redemption proposal but is not conditioned on the adoption of the warrant adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their Inter-Atlantic warrants, representing an aggregate of approximately 20% of the outstanding Inter-Atlantic warrants, FOR the warrant redemption proposal.

**Recommendation**

After careful consideration, Inter-Atlantic's Board of Directors has determined unanimously that the warrant redemption proposal is in the best interest of Inter-Atlantic and its warrant holders. Inter-Atlantic's Board of Directors has approved and declared advisable the warrant redemption proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE WARRANTHOLDERS VOTE FOR THE WARRANT REDEMPTION PROPOSAL.**

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**THE WARRANT ADJOURNMENT PROPOSAL**

**General Description of the Warrant Adjournment Proposal**

The warrant adjournment proposal allows Inter-Atlantic's Board of Directors to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the warrant redemption proposal.

**Consequences if Warrant Adjournment Proposal is Not Approved**

If the warrant adjournment proposal is not approved by a majority of the Inter-Atlantic warrants outstanding, Inter-Atlantic's Board of Directors may not be able to adjourn the special meeting to a later date in the event there are not sufficient votes at the time of the special meeting to approve the warrant redemption proposal.

**Required Vote**

Approval of the warrant holder adjournment proposal requires the affirmative vote of a majority of the Inter-Atlantic warrants represented in person or by proxy at the special meeting of warrant holders and entitled to vote thereon as of the record date. Adoption of the warrant adjournment proposal is not conditioned upon the adoption of the warrant redemption proposal.

Inter-Atlantic's initial stockholders have agreed to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately [\_\_\_\_\_] % of the outstanding warrants of Inter-Atlantic common stock, FOR the adoption of the warrant adjournment proposal.

**Recommendation**

After careful consideration, Inter-Atlantic's Board of Directors has determined unanimously that the warrant adjournment proposal is in the best interest of Inter-Atlantic and its warrant holders. Inter-Atlantic's Board of Directors has approved and declared advisable the warrant adjournment proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE WARRANT HOLDERS  
VOTE FOR  
THE WARRANT ADJOURNMENT PROPOSAL.**

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**THE ACQUISITION PROPOSAL**

The discussion in this document of the acquisition summarizes the principal terms of the Stock Purchase Agreement, dated as of April 23, 2009, by and among Inter-Atlantic, Patriot and the stockholders of Patriot signatory to the Stock Purchase Agreement. A copy of the Stock Purchase Agreement is attached as Annex A to this document and is incorporated in this document by reference.

**General Description of the Acquisition**

The acquisition involves the purchase all of the outstanding shares of capital stock of Patriot by Inter-Atlantic.

**Background of the Acquisition**

The terms of the Stock Purchase Agreement are the result of arm's-length negotiations between representatives of Inter-Atlantic and Patriot. The following is a brief discussion of the background of these negotiations, the acquisition and related transactions.

Following its initial public offering, Inter-Atlantic contacted numerous investment banks, private equity firms and financial services executives in an effort to identify a suitable target company for an acquisition. Inter-Atlantic also reviewed lists of privately-held financial services companies generated from databases including CapitalIQ. From and after October 2007, Inter-Atlantic reviewed and considered, at various levels of evaluation, more than one hundred prospective target businesses. Inter-Atlantic submitted preliminary indication of interest letters to approximately five companies, none of which advanced to the letter of intent stage except Patriot and a second company described herein. In February 2009, Inter-Atlantic entered into a non-binding letter of intent with a prospective target company, which included a summary of terms including specified levels of merger consideration. Subsequent to entering into the non-binding letter of intent, Inter-Atlantic completed substantial due diligence on this prospective target company. As a result of its due diligence investigation, Inter-Atlantic chose not to proceed further with this transaction, primarily due to the prospective target company's uncertain ability to refinance its maturing debt. The potential of a transaction with Patriot was also a factor in Inter-Atlantic's decision not to proceed further. The proposed transaction with this company was a discussion agenda item for the Inter-Atlantic Board of Directors but no vote was held on this proposed transaction. Although many potential target companies were discussed with the Inter-Atlantic Board of Directors, no proposals were submitted to the Inter-Atlantic Board of Directors for formal consideration and approval other than with respect to the proposed acquisition of Patriot.

In December 2007, Mr. Andrew Lerner, our Chief Executive Officer and Director, and Mr. Eric Solash an investment banker acquainted with Mr. Lerner, had a chance meeting in New York City. They had been acquainted several years earlier when Mr. Solash worked as an executive at a privately-held life insurance company. Mr. Solash indicated he had recently joined Freeman & Co. in an investment banking capacity. Mr. Solash invited Mr. Lerner to meet with him and his colleagues at Freeman & Co. In January 2008, Mr. Lerner met with Mr. Solash and his colleagues at Freeman & Co. At that meeting, Mr. Lerner introduced Inter-Atlantic, explained that Inter-Atlantic was seeking to complete a business combination, and outlined its criteria for a potential target company. The criteria for a potential target company included Inter-Atlantic's exclusive focus on the financial services industry, its minimum size requirement of 80% of Inter-Atlantic's net assets, its preference for a transaction that minimized cash consideration and its preference for a target company that had an intact management team capable of managing a publicly-traded company. Throughout 2008, Mr. Solash was one of many investment bankers that Mr. Lerner periodically contacted to inquire about suitable prospective target companies.

In December 2008, Mr. Solash contacted Mr. Lerner, indicating that he was aware of a potential target company that may be of interest to Inter-Atlantic. Mr. Solash did not disclose the name of the company at that time. On January 5, 2009, Mr. Solash sent an email to Mr. Lerner with information about Patriot, specifically that it was a company operating in the property and casualty insurance industry that had filed for an initial public offering in 2008, but did not disclose the name of the company. Mr. Lerner indicated to Mr. Solash that Inter-Atlantic would be interested in learning more about the company. Shortly thereafter Mr. Solash identified the company as Patriot. Freeman & Co. was hired as Patriot's financial advisor on February 25, 2009. Mr. Solash did not receive any compensation from Inter-Atlantic for identifying Patriot as a viable candidate for a business combination.

Inter-Atlantic spent much of January and February reviewing publicly available information on Patriot, including Patriot's 2008 Form S-1 filing and the documents filed as exhibits to the Form S-1. During this time period

Inter-Atlantic was also in discussions with the other prospective target company discussed above. One meeting between Patriot and Inter-Atlantic was held on February 13, 2009, as discussed below. Once Inter-Atlantic concluded that Patriot better matched its criteria for a business combination than the other prospective target company, the discussions between Inter-Atlantic and Patriot accelerated and an onsite meeting and due diligence session at Patriot's headquarters was planned for early March.

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On February 25, 2009, Patriot and Inter-Atlantic entered into a confidentiality agreement and waiver agreements regarding Inter-Atlantic's funds held in trust. At the same time, Inter-Atlantic Group, a company that provides office space and managerial services to Inter-Atlantic as well as a working capital line of credit facility, agreed to indemnify Patriot in the event certain individuals affiliated with Inter-Atlantic committed willful misconduct.

On February 13, 2009, Messrs. Mariano and Tompkins of Patriot, Mr. Solash of Freeman & Co. and Messrs. Lerner and Baris of Inter-Atlantic met in Inter-Atlantic's offices in New York to discuss a possible business combination. The parties continued their conversations throughout February and March. An in-person meeting and extensive due diligence session was held on March 4, 2009 in Ft. Lauderdale which was attended by Messrs. Lerner, Baris and Hammer of Inter-Atlantic, Mr. Richard Viton of R.L. Viton & Co., Inter-Atlantic's financial consultant, Mr. Mariano, Mr. Michael Grandstaff, Mr. Charlie Schuver, Mr. Ted Bryant, Mr. Tim Ermatinger, Mr. Richard Turner and Mr. Dean Watters of Patriot, and Mr. Solash and Mr. Michael Kaspar of Freeman & Co., Patriot's financial advisor. In addition, as part of their due diligence Inter-Atlantic's representatives toured Patriot's headquarters offices and offices in an adjacent building where they were briefly introduced to numerous Patriot employees. Following this meeting, as a consequence of the ongoing discussions between the parties, and Inter-Atlantic gaining a better understanding of the various aspects of Patriot's business, operations and financial condition, the terms of a possible transaction were negotiated and agreed upon. On March 6, 2009, a draft non-binding letter of intent was presented by Inter-Atlantic to Patriot. After some additional negotiations, on March 13, 2009 Inter-Atlantic and Patriot signed the non-binding letter of intent setting forth the terms of Inter-Atlantic's proposed acquisition of all of the capital stock of Patriot. The terms in the letter of intent are substantially similar to the final terms reflected in the Stock Purchase Agreement, with the primary difference being closing conditions that were included in the Stock Purchase Agreement but not the letter of intent.

Subsequent to signing the letter of intent, Inter-Atlantic received significantly more due diligence materials and obtained industry information. In addition to the internal due diligence conducted by Inter-Atlantic personnel, Inter-Atlantic employed third-party legal, actuarial and insurance claims due diligence experts. Several telephonic discussions were held in the subsequent weeks among Inter-Atlantic, Patriot, and legal counsel for each of Inter-Atlantic and Patriot to discuss the remaining open items with respect to the transaction.

On April 21, 2009, Inter-Atlantic's Board of Directors met in Inter-Atlantic's offices, with certain directors participating by conference telephone call, to discuss and consider the prospective transaction. At this meeting, the terms of the proposed transaction were discussed, the draft Stock Purchase Agreement was reviewed, and the due diligence findings of Inter-Atlantic and its third-party due diligence experts were considered. Representatives of (i) DLA Piper, Inter-Atlantic's counsel; (ii) R.L. Viton & Co., Inter-Atlantic's financial consultant; and (iii) Morgan Joseph, Inter-Atlantic's lead underwriter in its initial public offering, were available at the meeting and addressed questions posed by various members of Inter-Atlantic's Board of Directors. Based on its review of the transaction and other matters discussed below, Inter-Atlantic's Board of Directors unanimously approved the transaction and authorized the Chief Executive Officer to enter into the Stock Purchase Agreement and other documents related to the transaction.

In approving the Stock Purchase Agreement, Inter-Atlantic's Board of Directors considered whether Patriot's fair market value was at least equal to 80% of Inter-Atlantic's expected net assets at the time of closing of the acquisition. Inter-Atlantic's Board relied on the results of Inter-Atlantic's due diligence investigation of Patriot, including financial information, financial projections, business prospects, market conditions, comparable company analyses and other factors discussed below under the heading Factors Considered by the Inter-Atlantic Board in Approving the Acquisition. Of particular importance to the Board was Patriot's expected capacity to generate substantial earnings post-acquisition. After considering the recommendation of Inter-Atlantic management, the Board agreed at its April 21, 2009 meeting that Patriot's fair market value was at least equal to 80% of Inter-Atlantic's expected net assets at the time of closing of the acquisition. The valuation analysis presented orally by management and considered by the Board formed the basis of the valuation section of the investor presentation filed by Inter-Atlantic on Form 8-K on June 3, 2009.

On April 23, 2009, Inter-Atlantic, Patriot and certain stockholders of Patriot entered into the Stock Purchase Agreement, and on April 24, 2009, prior to the opening of the stock markets, publicly announced their agreement

through a joint press release.

**Table of Contents****Factors Considered by the Inter-Atlantic Board in Approving the Acquisition**

In approving the Stock Purchase Agreement, Inter-Atlantic's Board of Directors relied on its managements and third parties financial and other information relating to Patriot, the competitive environment, and industry fundamentals. Inter-Atlantic's Board also relied on a financial and legal due diligence review of Patriot, including a review of Patriot's businesses and relationships, actuarial reserves, claims processing, credit arrangements and reinsurance arrangements. Inter-Atlantic's Board of Directors considered a wide variety of factors in connection with its evaluation of the acquisition. In light of the complexity of those factors, the Inter-Atlantic Board did not consider it practical to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. In addition, individual members of the Inter-Atlantic Board may have given different weight to different factors. While the Inter-Atlantic Board did not endorse a precise valuation of Patriot, it did review and consider a comparable company valuation methodology based on the projected performance of the combined company post-acquisition. This methodology consisted of analyzing pro forma combined financial projections for Patriot and Inter-Atlantic. The financial projections were prepared by Patriot's management after close consultation with Inter-Atlantic's management. The Inter-Atlantic Board considered financial projections for 2009, 2010 and 2011, although the projections for 2009 and 2011 were considered less relevant because the 2009 financial projections reflected the fact that Patriot and Inter-Atlantic would be separate entities for the majority of the year and the 2011 financial projections were considered more speculative than the 2010 financial projections. The earnings capacity of the pro forma combined company was considered by the Inter-Atlantic Board to be the most meaningful metric, specifically projected net income. The pro forma combined financial projections assumed 29.99% of Inter-Atlantic's public shareholders would elect to redeem their shares for cash in the amount of \$7.96 per share, and that the combined company would have the benefit of Inter-Atlantic's trust account less the 29.99% redemption amount and expected transaction expenses including the redemption in full of the outstanding Inter-Atlantic warrants at \$0.50 per warrant. Since the Board chose to use this combined company methodology as its primary valuation methodology, the Board considered Patriot's standalone valuation without the benefit of Inter-Atlantic's funds in trust to be less relevant. Based on its review and consideration of the pro forma combined financial projections for Patriot and Inter-Atlantic, a 2010 projected net income per share of \$1.11 was presented to the Inter-Atlantic Board by Inter-Atlantic management as a reasonable projection. The Inter-Atlantic Board then considered a comparable company valuation methodology based on two distinct groups of publicly-traded companies, business process outsourcing firms and workers compensation insurers. Inter-Atlantic management noted the lack of directly comparable companies that act as both business process outsourcers and workers compensation insurers and recommended that a comparable company valuation methodology should therefore consider both types of companies. The Inter-Atlantic Board did not assign relative weights to either set of comparable companies. After considering several preliminary sets of comparable companies, the publicly-traded business process outsourcing firms selected as most comparable were Cerner Corp., Hewitt Associates, Inc., Ebix Inc., CorVel Corp., ExlService Holdings Inc. and Crawford & Co. The publicly-traded workers compensation insurers selected as most comparable were Zenith National Insurance Corp., Employers Holdings, Inc. AMERISAFE Inc., SeaBright Insurance Holdings, Inc., and PMA Capital Corp. The Inter-Atlantic Board considered the publicly-traded companies' ratio of stock price to projected 2010 net income per share estimates as compiled by Bloomberg and noted that a substantial majority of these ratios exceeded 7.2, the amount equal to Inter-Atlantic's per share cash in trust of \$7.96 divided by the pro forma combined 2010 net income projection of \$1.11 per share. The Inter-Atlantic Board noted that the 6.9 million Inter-Atlantic common shares proposed to be issued to Patriot shareholders would exceed 80% of Inter-Atlantic's net assets at closing, assuming such shares were valued at \$7.96 per share, even if no Inter-Atlantic shareholders elected to redeem their shares for cash. The Inter-Atlantic Board noted that while it is proposed that Patriot's shareholders are to be issued Class B common shares which will not have certain dividend rights potentially enjoyed by the outstanding common shares post-acquisition, this factor was more than outweighed by the fact that Patriot shareholders have the potential to receive an additional 5 million common shares as additional consideration. As a result of the above valuation considerations, as well as all of the qualitative factors discussed below, the Inter-Atlantic Board determined that Patriot's fair market value will exceed 80% of Inter-Atlantic's net assets at closing.

Inter-Atlantic's Board of Directors also considered the factors below, in addition to the Risk Factors described starting on page 21 above, in reaching its conclusion to adopt the Stock Purchase Agreement and approve the acquisition.

***Committed and Experienced Management Team with Interests Aligned with Stockholders***

An important factor for the Inter-Atlantic Board of Directors is the commitment and experience of Patriot's management team. Many members of Patriot's senior management team have had significant experience in the insurance industry. In addition, Steven Mariano, Patriot's founder, Chairman, President and Chief Executive Officer, and other members of Patriot's board of directors are exchanging all of their shares in Patriot solely for shares of Inter-Atlantic, and Inter-Atlantic's Board considered this as evidence of a commitment by Patriot's management team.



**Table of Contents*****High Growth Potential for Patriot's Insurance Services Businesses***

Another important factor for the Inter-Atlantic Board of Directors is Patriot's growing insurance services businesses, including claims management, bill review, captive management services and other non-premium sources of revenue. The Board considered the historical growth of these business segments as well as the prospects for continued substantial growth. The Inter-Atlantic Board noted that the insurance services businesses grew from a de minimus amount in 2004 to approximately \$12 million of unconsolidated revenues in 2008. Inter-Atlantic management also reported to the Inter-Atlantic Board that Patriot's 2009-2011 financial projections included the expectation of continued robust growth in its insurance services businesses and that its due diligence investigation confirmed that such expectation was reasonable. The Board viewed these services businesses as a major positive differentiating feature of Patriot's overall operations.

***Stability of the Workers' Compensation Insurance Industry***

Inter-Atlantic's Board of Directors also noted that workers' compensation insurance is required by statute or regulation to be purchased by employers. Therefore, unlike many other financial services businesses, the workers' compensation insurance sector can be viewed as relatively stable in light of the uncertain economic climate. According to the National Council on Compensation Insurance, Inc. the workers' compensation market has exceeded \$50 billion in annual premiums each year since 2003, and Patriot management considers it reasonable to expect that the workers' compensation market will continue this trend in 2009.

***Favorable Transaction Structure***

Another important factor for the Inter-Atlantic Board of Directors is the structure of the transaction. Post-transaction, Inter-Atlantic's existing shareholders will benefit from structural advantages as compared to the existing Patriot shareholders. Inter-Atlantic's existing shareholders will benefit from an expected preferential common stock dividend of \$0.20 per quarter, payable up to an amount of \$2.40 over time, or immediately in the event of a liquidation or certain merger transactions, as described in The Charter Amendment Proposal. See page 57. Conversely, Patriot's holders of Class B common shares will not be entitled to dividends.

***Public Company Quality Infrastructure***

Inter-Atlantic's Board of Directors also noted that Patriot has been preparing to become a publicly traded company since 2007 and has invested a considerable amount in building its infrastructure. Inter-Atlantic management is of the opinion that Patriot's financial reporting, system of internal controls, governance procedures and compliance functions are already, or can feasibly be made, suitable for a publicly traded company.

***Opportunities for Growth with Additional Capital***

Another important factor for the Inter-Atlantic Board of Directors is the expected benefit to Patriot from the use of the net proceeds of the funds currently held in trust. The funds are expected to be used to allow Patriot's insurance subsidiary to grow while maintaining adequate capital levels, as working capital to assist in Patriot's expansion of its operations on a nationwide scale, to support the Company's common stock dividend policy and for general corporate purposes. With the additional net proceeds from the trust, the Board is of the opinion that Patriot will be able to capitalize on substantial growth opportunities, including the ability to build a national footprint for its businesses as well as attract larger and more sophisticated customers and insurance counterparties that only conduct business with well-capitalized companies.

***Insurance Expertise of Inter-Atlantic's Board***

Another important factor for the Inter-Atlantic Board of Directors is the Board's substantial experience in the insurance industry. Board members Messrs. Gaebler, Hammer, Lerner, Lichten and Weinhoff have extensive experience in the insurance industry in managerial, board of director, financial advisory and/or principal investing capacities. The Board is of the opinion that it is well suited to properly evaluate Patriot because Patriot conducts business in the insurance industry.

Inter-Atlantic's Board of Directors considered a variety of risks and other potentially negative factors associated with Patriot, including the Risk Factors described starting on page 21 and those factors listed below.



**Table of Contents*****Lack of Public Comparables for Stock Evaluation***

Inter-Atlantic's Board of Directors noted that, because Patriot has substantial insurance services operations conducted through non-licensed subsidiaries as well as a licensed insurance subsidiary, there is a lack of publicly traded comparable companies available to use in evaluating Patriot's value.

***Larger and Better Capitalized Competitors***

Inter-Atlantic's Board of Directors considered that Patriot competes with numerous insurance companies and insurance services providers, many of which are substantially larger and better capitalized than Patriot.

***Lack of a Long-Term Track Record***

Inter-Atlantic's Board of Directors also noted that Patriot was established in 2003 and does not have a long-term track record in the sectors where it conducts business. While a fast growing business can be viewed as a positive consideration, the Board noted that such businesses have additional risks, such as the lack of a proven track record over many economic cycles.

***Completion of the Acquisition***

Inter-Atlantic will be required to liquidate under the terms of its certificate of incorporation if it does not complete a business combination by October 9, 2009.

Inter-Atlantic's Board of Directors considered all of the foregoing factors as a whole and concluded that it supported a favorable determination to approve the acquisition and recommend it to Inter-Atlantic's stockholders.

***Structure Following Completion of the Acquisition***

Under the terms of the Stock Purchase Agreement, Inter-Atlantic will acquire 100% of the outstanding capital stock of Patriot from its stockholders. As a result of the acquisition, Patriot will become a wholly-owned subsidiary of Inter-Atlantic.

***Directors and Executive Officers Following Completion of the Acquisition***

If the acquisition of Patriot is completed, the directors and executive officers of Inter-Atlantic will be as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
<b><i>Directors and Executive Officers</i></b>		
Steven M. Mariano	45	Chairman of the Board, President and Chief Executive Officer
Michael W. Grandstaff	49	Senior Vice President and Chief Financial Officer
	53	Senior Vice President and Chief Underwriting Officer of
Charles K. Schuver		Guarantee Insurance
Timothy J. Ermatinger	60	Chief Executive Officer of PRS Group, Inc.
Richard G. Turner	58	Senior Vice President
Theodore G. Bryant	39	Senior Vice President, Counsel and Secretary
Timothy J. Tompkins	47	Director
Richard F. Allen	75	Director
Ronald P. Formento Sr.	66	Director
John R. Del Pizzo	62	Director
C. Timothy Morris	58	Director
Frederick S. Hammer	72	Director
Andrew S. Lerner	43	Director
<b><i>Key Employees</i></b>		
Maria C. Allen	56	Vice President – Client Services/Corporate Claims
Josephine L. Graves	43	President of Patriot Risk Services, Inc.
John J. Rearer	51	Chief Underwriting Officer of PRS
Michael J. Sluka	57	Vice President and Chief Accounting Officer
Dean D. Watters	52	Vice President – Business Development
Robert G. Zamary	43	Vice President – Claims of PRS

Set forth below is certain background information relating to our directors, executive officers and key employees.



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*Steven M. Mariano* Chairman of the Board, President and Chief Executive Officer for Patriot. Mr. Mariano, Patriot's founder, is an entrepreneur and businessman with 20 years of experience in the insurance industry. Mr. Mariano founded Strategic Outsourcing Inc., a professional staffing company, which was sold to Union Planters Bank (Regions Bank, NYSE) in 2000. Mr. Mariano formed Patriot Risk Management, Inc. during 2003 to acquire Guarantee Insurance. Shortly thereafter he formed PRS to provide fee-based care management, captive consulting, bill review, network development and other claims related services to Guarantee Insurance and other clients. Mr. Mariano has served as Chairman of the Board and Chief Executive Officer of Guarantee Insurance since 2003. He is responsible for the overall direction and management of Patriot's operations and financial and strategic planning.

*Michael W. Grandstaff, CPA* Senior Vice President and Chief Financial Officer. Mr. Grandstaff is the principal financial officer for Patriot. He joined Patriot as a financial consultant in December 2007 and became Senior Vice President and Chief Financial Officer in February 2008. From October 2006 until he joined Patriot, Mr. Grandstaff was President and Chief Executive Officer of Precedent Insurance Company, a wholly-owned subsidiary of American Community Mutual Insurance Company. From June 2002 until November 2006, Mr. Grandstaff served as Senior Vice President, Chief Financial Officer and Treasurer of American Community Mutual Insurance Company, a mutual health insurance company. From February 2001 until June 2002, Mr. Grandstaff served as Treasurer and Vice President of Finance of Meadowbrook Insurance Group, Inc.

*Charles K. Schuver* Senior Vice President and Chief Underwriting Officer of Guarantee Insurance. Mr. Schuver directs Guarantee Insurance's underwriting activities. He joined Patriot in June 2008. Prior to joining Patriot, Mr. Schuver was Senior Vice President, Corporate Underwriting Executive for Arch Insurance Group, a specialty insurer based in New York with over \$2.5 billion in gross written premiums in 2007. Mr. Schuver served in that role from May 2004 until May 2008. He was Vice President, Strategic Development Executive for Royal & Sun Alliance Insurance Group PLC, from 1998 until 2004.

*Timothy J. Ermatinger, CPA* Chief Executive Officer of PRS Group. Mr. Ermatinger joined Patriot in June 2006 where he served as Senior Vice President of Strategic Planning. In October 2006 he became Patriot's Chief Operating Officer. Mr. Ermatinger joined PRS Group as its Chief Executive Officer in September, 2007. Mr. Ermatinger was a Principal in the Merger & Acquisitions department of Rachlin, Cohen & Holtz LLP, a Miami public accounting firm, from December 2005 until June 2006. He served as Senior Vice President of Client Services and Chief Financial Officer of Broadspire Services, Inc., a national third-party administrator in Plantation, Florida from July 2003 to December 2005. Mr. Ermatinger served as Chief Financial Officer of Kemper National Services, a provider of insurance services from September 2000 to July 2003.

*Richard G. Turner* Senior Vice President. Mr. Turner's primary responsibility is to direct Patriot's alternative markets business development. Mr. Turner joined Patriot in September 2008. Before joining Patriot, he was Senior Vice President in charge of captive and alternative market risk divisions at Lexington Insurance Company, a subsidiary of American International Group, from November 2007 until August 2008. From 2003 until 2007, Mr. Turner was Managing Director in charge of sales and distribution for the alternative market risk subsidiary of Liberty Mutual Group, Inc. For eighteen years prior to that, Mr. Turner was President of Commonwealth Risk Services, a company Mr. Turner founded in 1984 that was a pioneer in providing services to the alternative risk market.

*Theodore G. Bryant, Esq.* Senior Vice President, Counsel and Secretary of Patriot. Mr. Bryant serves as the senior legal officer and corporate secretary for Patriot and its subsidiaries. He also has principal oversight for regulatory and compliance matters on behalf of Patriot and its subsidiaries. Prior to joining Patriot, as Senior Vice President - Director Business Development in December 2006, Mr. Bryant practiced law in Seattle, Washington with the law firm of Cozen O'Connor LLP, which he joined in 2000. From 2004 through 2006, Mr. Bryant was a member of the firm's commercial and insurance litigation departments.

*Timothy J. Tompkins* Director. Mr. Tompkins is General Counsel of The Hagerty Group in Traverse City, Michigan. The Hagerty Group is a leading insurance agency for collector cars and boats in the United States. Mr. Tompkins joined the Hagerty Group, as its General Counsel in June 2005. Prior to joining The Hagerty Group, Mr. Tompkins was a senior member of the international insurance practice group at Cozen O'Connor LLP in Seattle, Washington from June 1999 until June 2004. From June 2004 until June 2005, Mr. Tompkins was of counsel at Cozen O'Connor. Mr. Tompkins joined Patriot's board of directors in 2007.

*Richard F. Allen* Director. Mr. Allen is Office Managing Partner of the London, England office of Cozen O Connor. He has served in that position since 2002. Mr. Allen joined Cozen O Conner as a partner in 1999. He is a member of the Federation of Insurance Counsel and a fellow of the American College of Trial Lawyers. Mr. Allen joined Patriot s board of directors in 2007.

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*Ronald P. Formento Sr.* Director. Mr. Formento serves as the President and Chairman of Transport Driver, Inc., a driver leasing company primarily servicing private manufacturing companies. He has served in that position since 1976. Mr. Formento also served as Chairman of the Board of Optimum Staffing, a provider of staffing services from 1992 until January 2005, and serves as Chairman of the Board of Mount Mansfield Insurance Group, a captive insurance company sponsored by American International Group that is engaged in reinsuring workers' compensation insurance for truck drivers. Mr. Formento joined Patriot's board of directors in 2008.

*John R. Del Pizzo, CPA* Director. Since 1997, Mr. Del Pizzo has served as President, Secretary and Treasurer of Del Pizzo & Associates, P.C., an accounting and business advisory firm. Mr. Del Pizzo joined Patriot's board of directors in 2003. Mr. Del Pizzo serves as the Chairman of Patriot's Audit Committee of the board of directors.

*C. Timothy Morris* Director. Mr. Morris is currently Managing Director of National Capital Advisors, Inc., an insurance consulting firm located in Charleston, South Carolina. He has served in that position since 2002. From 1997 to 2002, Mr. Morris was Senior Vice President and Chief Executive Officer, National Accounts, for Travelers Property and Casualty. Mr. Morris joined Patriot's board of directors in 2008.

*Frederick S. Hammer* Director since inception. Mr. Hammer has been Co-Chairman of Inter-Atlantic Group since 1994. Prior thereto Mr. Hammer served as Chairman, President and Chief Executive Officer of Mutual of America Capital Management Corporation. Mr. Hammer is a Director of Inter-Atlantic Group's portfolio companies, Avalon Healthcare Holdings and Homeowners of America Holding Corporation. In addition, he currently serves as a Director on the Board of ING Clarion Realty Funds and is a former Director of several public and private companies, including VISA USA and VISA International.

*Andrew S. Lerner* Director since inception and Chief Executive Officer from inception until the acquisition of Patriot. Mr. Lerner is Managing Partner of Inter-Atlantic Group, where he has been employed since 1995. Mr. Lerner was also President and Managing Director of Guggenheim Securities, LLC, Inter-Atlantic Group's former FINRA broker-dealer operation, until 2003. Mr. Lerner is a Director of HedgeCo Networks, LLC, a Board Observer at Planet Payment, Inc. and an advisory board member at TIO Networks, Inc., which are all portfolio companies of Inter-Atlantic Group. Prior to joining Inter-Atlantic Group, he served as an investment banker in the Financial Institutions Group of Smith Barney Inc. for four years and in its Mortgage and Asset Finance Group for two years.

*Maria C. Allen* Vice President-Client Services/Corporate Claims. Ms. Allen directs Patriot's claims handling operation. Ms. Allen joined Patriot in July 2003.

*Josephine L. Graves* President of Patriot Risk Services, Inc. She joined Patriot in October 2006. From May 2006 until joining Patriot Risk Services, she was Risk Manager for Interim Healthcare, Inc., a home health agency company based in Sunrise, Florida. From September 2004 until May 2006, Ms. Graves served as Workers' Compensation Manager for Aequicap Claims Services, a provider of insurance claims services, located in Fort Lauderdale, Florida. From March 1993 until September 2004, she was Director of Tenet DirectComp of South Florida, a third party administrator.

*John J. Rearer* Chief Underwriting Officer of PRS. Mr. Rearer leads the underwriting efforts at PRS. He joined Patriot in September 2007. From 1994 until September 2007, Mr. Rearer was Vice President of Preferred Employers Group, a managing general agent based in Miami, Florida that wrote workers' compensation insurance to franchised restaurant chains.

*Michael J. Sluka, CPA* Vice President and Chief Accounting Officer of Patriot. Mr. Sluka is Patriot's principal accounting officer. Mr. Sluka joined Patriot in April 2008. From December 1999 until he joined Patriot, Mr. Sluka served as the Chief Financial Officer, Senior Vice President and Treasurer of TRG Holding Corporation and TIG Insurance Company, subsidiaries of Fairfax Financial Holdings Limited (NYSE), a financial services company engaged in property and casualty insurance, reinsurance and investment management.

*Dean D. Watters* Vice President-Business Development. Mr. Watters directs Patriot's business development activities. Prior to joining Patriot in May 2008, Mr. Watters was Division Vice President, Insurance Services for the Added Value Services Division of Automatic Data Processing, Inc., a provider of technology-based outsourcing solutions to employers, vehicle retailers and manufacturers. He served in that role from 2000 until 2007.

*Robert G. Zamary* Vice President - Claims for PRS. Mr. Zamary's primary responsibility is to direct Patriot's insurance services business development on a national basis. Mr. Zamary joined Patriot as Vice President - Claims for PRS in

May 2009. For nine years prior to joining PRS Group, Mr. Zamary held a variety of positions, most recently as Executive Vice President and Chief Operating Officer, of AVIZENT/The Frank Gates Service Company, a national provider of workers compensation, liability and maritime third-party administration, managed care and risk services.



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### **Appraisal or Dissenters Rights**

No appraisal or dissenters rights are available under the Delaware General Corporation Law for the stockholders of Inter-Atlantic in connection with the acquisition proposal.

### **United States Federal Income Tax Consequences of the Acquisition**

The following discusses the U.S. Federal income tax consequences of the acquisition of Patriot by Inter-Atlantic. This discussion is based on the United States Internal Revenue Code of 1986, as amended. The statements set forth as to tax consequences of the transaction to Inter-Atlantic common stockholders are those of Inter-Atlantic. Inter-Atlantic does not intend to obtain an opinion of counsel with respect to such matters. Accordingly, you should consult your personal tax advisor as to the tax consequences of the transaction.

Inter-Atlantic common stockholders who do not exercise their conversion rights will continue to hold their Inter-Atlantic common stock and as a result will not recognize any gain or loss from the acquisition.

Inter-Atlantic common stockholders who exercise their conversion rights will recognize gain or loss to the extent that the amount received by such common stock holders upon conversion is greater than or less than, respectively, such holder's tax basis in their shares. A holder's tax basis in the shares generally will equal the cost of the shares. A stockholder that purchased Inter-Atlantic's units will have to allocate the cost between the shares and the warrants of the units based on their fair market values at the time of the purchase. Assuming the shares are held as a capital asset, the gain or loss will be capital gain or loss and will be long-term capital gain or loss if such holder's holding period in the shares is longer than one year.

If the warrant redemption proposal is approved, Inter-Atlantic will automatically redeem each Inter-Atlantic warrant for \$0.50 per warrant upon the consummation of the business combination. An Inter-Atlantic warrant holder will recognize gain or loss, if any, equal to the difference between the warrant holder's adjusted basis (as determined as a result of the acquisition, as discussed below) and the \$0.50 redemption price. A U.S. Holder's (as defined below) adjusted tax basis in its shares of Inter-Atlantic common stock or warrants generally will equal the U.S. Holder's acquisition cost (plus any gain recognized on the receipt of the warrants) less any prior return of capital. For purposes of this discussion, a U.S. Holder is a beneficial owner of Inter-Atlantic securities that is, for U.S. federal income tax purposes: a citizen or resident of the United States; a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); an estate the income of which is subject to United States federal income tax regardless of its source; or a trust, if a court within the United States can exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of that trust (or the trust was in existence on August 20, 1996, was treated as a U.S. trust on August 19, 1996 and validly elected to continue to be treated as a U.S. trust). For purposes of this discussion, a Non-U.S. Holder is, for U.S. federal income tax purposes, an individual, trust, or corporation that is a beneficial owner of Inter-Atlantic securities, who is not a U.S. Holder.

### **Fiscal Year**

Inter-Atlantic's fiscal year end is December 31.

### **Regulatory Matters**

The acquisition and the transactions contemplated by the Stock Purchase Agreement are not subject to any Federal, state or local regulatory requirement or approval, other than certain regulatory requirements of the Florida Department of Insurance. See Regulation on p. 124.

### **Consequences if Acquisition Proposal is Not Approved**

If Inter-Atlantic does not complete a business combination by October 9, 2009, Inter-Atlantic will be liquidated and Inter-Atlantic will distribute to all holders of IPO shares, in proportion to the number of such shares held by them, an aggregate sum equal to the amount in the trust fund. Inter-Atlantic's initial stockholders have waived their rights to participate in any trust distribution with respect to their shares of common stock sold in such offering. There will be no distribution from the trust fund with respect to Inter-Atlantic's warrants.

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**Required Vote**

The affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock is required to adopt the acquisition proposal. Adoption of the acquisition proposal also requires the affirmative vote of a majority of the shares of Inter-Atlantic's common stock issued in its initial public offering.

Inter-Atlantic's initial stockholders have agreed to vote their shares of Inter-Atlantic common stock acquired prior to Inter-Atlantic's initial public offering, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, in accordance with the vote of the majority of the shares of Inter-Atlantic common stock issued in its initial public offering.

Adoption of the acquisition proposal is conditioned upon the adoption of the charter amendment proposal but is not conditioned upon the adoption of the director proposal, the plan proposal or the adjournment proposal.

**Recommendation**

After careful consideration, Inter-Atlantic's Board of Directors has determined unanimously that the acquisition proposal is in the best interests of Inter-Atlantic and its stockholders. Inter-Atlantic's Board of Directors has approved and declared advisable the acquisition proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ACQUISITION PROPOSAL.**

**Interest of Inter-Atlantic Directors and Officers in the Acquisition**

In considering the recommendation of the Board of Directors of Inter-Atlantic to vote for the proposal to adopt the acquisition, you should be aware that certain members of the Inter-Atlantic's Board, and their affiliates, have agreements or arrangements that provide them with interests in the acquisition that differ from, or are in addition to, those of Inter-Atlantic stockholders generally. In particular:

If the acquisition is not approved and Inter-Atlantic is therefore required to liquidate, the shares of common stock beneficially owned by Inter-Atlantic's executive officers and directors and their affiliates that were acquired prior to Inter-Atlantic's initial public offering may be worthless because no portion of the net proceeds of Inter-Atlantic's initial public offering that may be distributed upon liquidation of Inter-Atlantic will be allocated to such shares. Similarly, the warrants to purchase Inter-Atlantic common stock held by Inter-Atlantic's executive officers and directors and their affiliates may become worthless if the acquisition is not approved and Inter-Atlantic fails to consummate an alternative transaction within the time allotted pursuant to its certificate of incorporation. In addition, certain Inter-Atlantic executive officers and directors and their affiliates may not be reimbursed for certain acquisition and other expenses;

After the completion of the acquisition, it is expected that two of Inter-Atlantic's current directors, Andrew S. Lerner and Frederick S. Hammer, will continue to serve on Inter-Atlantic's Board of Directors. Messrs. Lerner and Hammer, as directors of Inter-Atlantic, will, following the acquisition, be compensated in such manner, and in such amounts, as Inter-Atlantic's Board of Directors may determine to be appropriate. No agreements or plans with respect to such compensation have been entered into, adopted or otherwise agreed upon by Inter-Atlantic; and

Certain of Inter-Atlantic's executive officers and directors have agreed in writing that, if Inter-Atlantic liquidates prior to the consummation of a business combination, they may be personally liable to pay debts and obligations to vendors or other entities that are owed money by Inter-Atlantic for services rendered or products sold to Inter-Atlantic in excess of amounts not held in the trust account.

Inter-Atlantic's Board of Directors was aware of these agreements and arrangements during its deliberations on the merits of the acquisition and in determining to recommend to the stockholders of Inter-Atlantic that they vote for the adoption of the acquisition proposal.

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**Interests of Patriot Directors and Officers in the Acquisition**

You should understand that some of the current directors and officers of Patriot have interests in the acquisition that are different from, or in addition to, your interest as a stockholder. In particular:

Steven Mariano has personally guaranteed borrowings by Patriot to third party lenders.

Each of the executive officers of Patriot, including Steven Mariano, the Chief Executive Officer, Michael Grandstaff, Charles Schuver, Timothy Ermatinger, Richard Turner and Theodore Bryant are expected to remain in their present positions with Patriot and each such individual has entered into an employment agreement with Patriot in anticipation of Patriot becoming a public company; and

Each of the executive officers of Patriot, including Steven Mariano, the Chief Executive Officer, Michael Grandstaff, Charles Schuver, Timothy Ermatinger, Richard Turner and Theodore Bryant are expected to receive stock option grants in connection with Patriot becoming a public company.

Inter-Atlantic's Board of Directors was aware of these agreements and arrangements during its deliberations on the merits of the acquisition and in determining to recommend to the stockholders of Inter-Atlantic that they vote for the adoption of the acquisition proposal.

**Table of Contents****THE CHARTER AMENDMENT PROPOSAL****General Description of the Charter Amendment**

The material terms of the amendment and restatement of the certificate of incorporation of Inter-Atlantic involve: (1) changing the name of Inter-Atlantic to Patriot Risk Management, Inc., (2) removing the provisions which are typically found only in special purpose acquisition companies, including without limitation the termination date and providing for the duration of the corporation to be perpetual, (3) increasing the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designating [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock, (4) reclassifying the outstanding shares of common stock into shares of Class A common stock, (5) providing for certain dividend rights for holders of Class A common stock, (6) requiring the affirmative vote of 66 2/3 % of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause, and (7) electing to be governed by Section 203 of the Delaware General Corporation Law. The acquisition will not be consummated unless the charter amendment proposal is approved by the stockholders. The discussion in this document of the charter amendment proposal is in general terms and we recommend that you carefully review the Amended and Restated Certificate of Incorporation which is attached as Annex B to this document and is incorporated in this document by reference.

**Inter-Atlantic's Reasons for the Amendment and Restatement**

Inter-Atlantic's current amended and restated certificate of incorporation, or the Original Charter, was adopted in connection with Inter-Atlantic's initial public offering as a special purpose acquisition company. Therefore, there are provisions in the Original Charter which are not applicable to a publicly-traded operating company. In addition, as a condition to entering into the Stock Purchase Agreement, the Company agreed to amend the Original Charter to revise or delete certain of these provisions. The Original Charter also contained certain provisions that the current Board of Directors deemed to be anti-takeover provisions. The Board of Directors believed it to be in the best interests of Inter-Atlantic to address these matters by amending and restating the Original Charter in their entirety. The material changes resulting from adopting the Amended and Restated Certificate of Incorporation, or the Amended Charter, and the reasons the Board of Directors is recommending such changes are set forth below.

**Change of Name.** The Amended Charter will change the name of the company from Inter-Atlantic Financial, Inc. to Patriot Risk Management, Inc. In the judgment of our Board of Directors, this change is desirable, as a change in our name more properly reflects who we are and the business we will be engaged in following the acquisition.

**Removing Special Purpose Acquisition Company Provisions.** The Amended Charter will delete all provisions which were included because Inter-Atlantic is a special purpose acquisition company. Therefore Article Third regarding the purpose of the company will be revised. In addition, Article Fifth, Sections (A) through (G) will be deleted. In the judgment of our Board of Directors, the amendments to Articles Third and Fifth are desirable, as Articles Third and Fifth relate to the operation of Inter-Atlantic as a blank check company prior to the consummation of a business combination. Such provisions will not be applicable upon consummation of the acquisition.

**Designating Class A and Class B common stock.** Pursuant to the Stock Acquisition Agreement, Inter-Atlantic will issue 6,900,000 shares of Class B common stock to the stockholders of Patriot and may issue up to an additional 5,000,000 shares of Class B common stock based on the future trading price of Inter-Atlantic's common stock after the acquisition. We are soliciting approval for more authorized shares than are necessary for the issuance of the 6,900,000 shares of Class B common stock and the potential issuance of an additional 5,000,000 shares, respectively. We do not currently have any plans or commitments to issue these excess authorized shares, other than the 3,000,000 shares of Class B common stock which will be reserved for issuance pursuant to our 2009 Stock Incentive Plan. All of the current stockholders of Inter-Atlantic will be deemed to hold Class A common stock. The only material difference between Class A and Class B common stock is that the Class A common stock has certain dividend rights as described below. Therefore, the Amended Charter must designate both a Class A and Class B common stock.

**Increasing the Authorized Common Stock.** The Amended Charter will increase the authorized common stock from 49,000,000 shares to [\_\_\_\_\_] shares and designate [\_\_\_\_\_] shares as Class A common stock and [\_\_\_\_\_] shares as Class B common stock. The authorized common stock is being increased in order to allow Inter-Atlantic to have shares available to provide for the issuance of the Class B common stock, reserve shares in connection with the 2009

Stock Incentive Plan and the options and provide for sufficient authorized shares to allow for the potential conversion of Class B common stock into Class A common stock.

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**Requiring the Affirmative Vote of 66 2/3% for Certain Matters.** The Amended Charter will require the affirmative vote of 66 2/3% of all stockholders entitled to vote, voting together as a single class, to (i) amend the certificate of incorporation or adopt a bylaw inconsistent with the certificate of incorporation, and (ii) remove a director for cause. The Charter is being amended pursuant to this proposal in order to promote the continuity of management to better enable Inter-Atlantic to achieve its long-term goals and thereby increase stockholder value.

**Election to be Governed by Section 203 of the Delaware General Corporation Law.** Section 203 of the Delaware General Corporation Law may limit the ability of an interested stockholder to engage in a business combination with us. Inter-Atlantic is currently subject to this provision in accordance with Delaware law because its stock is traded on a national securities exchange. Electing to be governed by Section 203 will insure that the protections provided by this section will apply to Inter-Atlantic in the future should its stock cease to be listed on a national securities exchange.

**Dividend Rights for Class A common stock.** Pursuant to the Stock Acquisition Agreement, all of the current stockholders of Inter-Atlantic will be deemed to hold Class A common stock. The only material difference between the Class A and Class B common stock is that the Class A common stock is anticipated to receive a dividend of \$0.20 per share per quarter. The Class A common stock is to receive an aggregate of \$2.40 in dividends, inclusive of any quarterly dividends, on or prior to a change of control transaction or a liquidation. It is anticipated that the Class B common stock will not receive dividends. The Class B common stock only converts into Class A common stock after the Class A common stock receives \$2.40 per share in aggregate dividends, or the share price exceeds an average price of \$11 per share for 20 consecutive trading days, whichever is earlier. Therefore, the Amended Charter must provide certain dividend rights for the Class A common stock.

**Limits in the ability to replace directors.** We are proposing that our certificate of incorporation provide that the number of directors shall be fixed from time to time by our board of directors. Our board of directors will be divided into three classes with the number of directors in each class being as nearly equal as possible. Each director will serve a three-year term. We are also proposing that our certificate of incorporation provide that any director may be removed for cause, at any meeting of stockholders called for that purpose, by the affirmative vote of the holders of at least two-thirds of the shares of our stock entitled to vote for the election of directors.

### **Anti-Takeover Effects of Provisions in the Amended Charter and Bylaws**

The Amended Charter and the Bylaws of the company after the acquisition will include the following anti-takeover provisions:

- we have 1,000,000 shares of undesignated preferred stock, the terms of which may be established by our Board of Directors without the approval of any of our common stockholders;
- vacancies on our Board of Directors may only be filled by the Board of Directors unless the vacancy was caused by stockholder action;
- special meetings of the stockholders may be called only by the Chairman of the Board or the Board of Directors;
- we will be governed by Section 203 of the Delaware General Corporation Law;
- only a certain number of director positions will be able to be filled at each annual meeting; and
- a two-thirds vote will be required to remove a director for cause.

Our Amended Certificate and Bylaws do not provide for cumulative voting for directors.

### **Consequences if Charter Amendment Proposal is Not Approved**

If the charter amendment proposal is not approved by the stockholders, Inter-Atlantic will not be able to consummate the acquisition proposal.

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**Required Vote**

Adoption of the charter amendment proposal requires the affirmative vote of a majority of the issued and outstanding shares of Inter-Atlantic's common stock. Adoption of the charter amendment proposal is conditioned upon the adoption of the acquisition proposal but not conditioned on adoption of the director proposal, the plan proposal or the adjournment proposal.

Inter-Atlantic's initial stockholders intend to vote their shares of Inter-Atlantic common stock, representing an aggregate of approximately 17.9% of the outstanding shares of Inter-Atlantic common stock, FOR the charter amendment proposal.

**Recommendation**

After careful consideration, Inter-Atlantic's Board of Directors has determined unanimously that the charter amendment proposal is in the best interests of Inter-Atlantic and its stockholders. Inter-Atlantic's Board of Directors has approved and declared advisable the charter amendment proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE CHARTER AMENDMENT PROPOSAL.**

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**THE DIRECTOR PROPOSAL**

**General Description of the Director Proposal**

Inter-Atlantic's board of directors is currently divided into three classes, each of which generally serves for a term of three years, with only one class of directors being elected in each year. Whether or not the acquisition is approved, Inter-Atlantic's board of directors will remain classified as described in this section. The Director Proposal A involves the election of two Class I directors, three Class II directors and three Class III directors to Inter-Atlantic's Board of Directors to hold office until such directors' terms expire or until their successors are elected and qualified (in the event the acquisition is approved) in the event the acquisition proposal is approved, OR, in the event the acquisition proposal is not approved, the election of two Class I directors, D. James Daras and Frederick S. Hammer, to Inter-Atlantic's Board of Directors with their term expiring at the 2012 annual meeting, referred to as Director Proposal B.

**Director Proposal A**

We are proposing that the below individuals be elected as Class I directors, Class II directors and Class III directors, provided, that such election is conditional upon the approval of the acquisition proposal. There are not now, nor have there ever been, any other arrangements, agreements or understandings regarding the selection and nomination of Inter-Atlantic's directors, except as set forth in the Stock Purchase Agreement. Unless authority is withheld, the proxies solicited by the Board of Directors will be voted FOR the election of these nominees.

We are proposing that the following persons be elected as Class I directors with their term expiring at the 2010 annual meeting:

Steven M. Mariano, and  
Timothy J. Tompkins.

We are proposing that the following persons be elected as Class II directors with their term expiring at the 2011 annual meeting:

Ronald P. Formento Sr.,  
C. Timothy Morris, and  
Frederick S. Hammer.

We are proposing that the following persons be elected as Class III directors with their term expiring at the 2012 annual meeting:

Richard F. Allen,  
John R. Del Pizzo, and  
Andrew S. Lerner.

The election of these directors would be effective upon the closing of the acquisition. For information about the background of these candidates see Directors and Executive Officers Following Completion of the Acquisition on page 51.

**Director Proposal B**

In the event that the acquisition is not approved Inter-Atlantic will continue to have a staggered Board of Directors, and according to Inter-Atlantic's Amended and Restated Certificate of Incorporation, the term of office of the first class of directors, consisting of D. James Daras and Frederick S. Hammer, expires at this meeting. In this case, Messrs. Daras and Hammer have been nominated as candidates for election. Unless authority is withheld, the proxies solicited by the board of directors will be voted FOR the election of these nominees in the event the acquisition is not approved.



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We are proposing that the following persons be elected as Class I directors with their term expiring at 2012 annual meeting:

D. James Daras, and  
Frederick S. Hammer.

**Inter-Atlantic's Reasons for Director Proposal A and B**

The Share Purchase Agreement provides that Patriot shall be able to designate six persons, and that Andrew Lerner shall be able to designate two persons for election to our Board of Directors. Inter-Atlantic believes that these board candidates have the knowledge and experience to govern Inter-Atlantic after the completion of the acquisition. We are proposing Director Proposal B in the event the acquisition proposal is not approved.

In the event that the acquisition is not approved and assuming the election of Messrs. Daras and Hammer, the board of directors and management positions of Inter-Atlantic will be as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Andrew S. Lerner	43	Chief Executive Officer and Director
Stephen B. Galasso	60	Senior Strategic Officer and Director
	55	Executive Vice President, Chief Financial Officer and Director
D. James Daras		
Brett G. Baris	34	Executive Vice President
Robert M. Lichten	68	Director
Frederick S. Hammer	72	Director
Samuel J. Weinhoff	58	Director
David Gaebler	47	Director

**Information About Nominees**

Mr. D. James Daras has been our Executive Vice President, Chief Financial Officer and a Director since inception. Mr. Daras is a former Partner of Inter-Atlantic Group from January 2005 through March 2007. In addition, from March 2007 to March 2008, Mr. Daras was the Chief Executive Officer and Director of Loan Servicing Solutions Holdings, LLC, a former portfolio company of Inter-Atlantic Group. From approximately March 2002 to the present, Mr. Daras was Chief Executive Officer of JW Group, LLC, which provided advisory services to hedge funds investing in financial institutions and mortgage real estate investment trusts. From December 1990 through March 2002, at Dime Bancorp, Mr. Daras managed loan and securities portfolios, and also oversaw the bank's cash management, money transfer, derivatives, funding and risk management operations. Mr. Daras' previous positions include Executive Vice President, Treasurer and Asset-Liability Committee Chairman of Dime Bancorp, Chief Financial Officer of Cenlar Capital Corp., a mortgage banking company and Vice President of The Chase Manhattan Bank.

Frederick S. Hammer Director since inception. Mr. Hammer has been Co-Chairman of Inter-Atlantic Group since 1994. Prior thereto Mr. Hammer served as Chairman, President and Chief Executive Officer of Mutual of America Capital Management Corporation. Mr. Hammer is a Director of Inter-Atlantic Group's portfolio companies, Avalon Healthcare Holdings and Homeowners of America Holding Corporation. In addition, he currently serves as a Director on the Board of ING Clarion Realty Funds and is a former Director of several public and private companies, including VISA USA and VISA International.

**Meetings and Committees of the Board of Directors of Inter-Atlantic**

During the fiscal year ended December 31, 2008, Inter-Atlantic's board of directors acted through meetings four times. Although Inter-Atlantic does not have any formal policy regarding director attendance at annual stockholder meetings, Inter-Atlantic will attempt to schedule its annual meetings so that all of its directors can attend. In addition, Inter-Atlantic expects its directors to attend all board and committee meetings and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.



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**Independence of Directors**

Our board of directors has determined that, if elected to the Board pursuant to Director Proposal A, \_\_\_\_\_, will be independent directors within the meaning of Rule 121(A) of the NYSE Amex Company Guide and Rule 10A-3 promulgated under the Securities and Exchange Act of 1934, as amended.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, among others, to file reports of ownership and changes in ownership with the SEC. Our directors are also required to furnish us