AMERICAN INDEPENDENCE CORP
Form SC 13E3/A
July 28, 2016

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13E-3**

(Amendment No. 2)

**RULE 13E-3 TRANSACTION STATEMENT**

(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

**American Independence Corp.**

(Name of the Issuer)

**AMIC Holdings, Inc.**

**Independence Holding Company**

**Madison Investors Corporation**

(Name of Person(s) Filing Statement)

**Common Stock, $0.01 par value per share**

(Title of Class of Securities)

**026760 40 5**

(CUSIP Number of Class of Securities)

**Teresa A. Herbert**

**AMIC Holdings, Inc.**

**Independence Holding Company**

**Madison Investors Corporation**

**96 Cummings Pt. Road**

**Stamford, CT 06902**

**(203) 358-8000**

(Name, Address and Telephone Number of Persons Authorized to Receive Notices

and Communications on Behalf of Persons Filing Statement)

*Copies to:*

| | |
|---|---|
| **Loan Nisser** | **Nicholas R. Williams** |
| **485 Madison Avenue, 14th Floor** | **Clifford Chance US LLP** |
| **New York, NY 10022** | **31 West 52nd Street** |
| **(212) 355-4141** | **New York, NY 10019-6131** |
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**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THIS TRANSACTION, PASSED ON THE MERITS OR THE FAIRNESS OF THE TRANSACTION OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This statement is filed in connection with (check the appropriate box):

a. ¨ The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14-C or Rule 13e-3(c) under the Securities Exchange Act of 1934 (the "Act").

b. ¨ The filing of a registration statement under the Securities Act of 1933.

c. ¨ A tender offer.

d. x None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: ¨

Check the following box if the filing is a final amendment reporting the results of the transaction: ¨

**Calculation of Filing Fee**

| Transaction Valuation* | Amount of Filing Fee** |
|---|---|
| $17,848,421 | $1,797.34 |

* For purposes of calculating the filing fee only, the transaction value was determined based upon the sum of (A) 695,400 outstanding shares of the issuer's common stock multiplied by the stock merger price of $24.74 per share; and (B) 41,112 outstanding options to purchase shares of the issuer's common stock multiplied by $15.67 per share (which is the difference between the $24.74 per share stock merger price and the $9.07 weighted average exercise price per share of the options).

** The amount of the filing fee is calculated in accordance with Rule 0-11 under the Exchange Act as the product of 17,848,421 and 0.0001007.

x Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) under the Act and identify the filing with 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.

| | |
|---|---|
| Amount Previously Paid: $1,797.34 | Filing Party: Independence Holding Company |
| Form or Registration No.: Schedule 13E-3 | Date Filed: June 28, 2016 |

## SUMMARY TERM SHEET

*The following summary term sheet provides an overview of the "going private" merger transaction involving American Independence Corp. ("AMIC") and AMIC Holdings, Inc. ("Acquisition Co."), which will be effected by way of a statutory "short-form" merger of AMIC with and into Acquisition Co. pursuant to the terms of Section 253 of the Delaware General Corporation Law (the "DGCL"). This summary does not contain all of the information that may be relevant to holders of shares of common stock of AMIC. For more detailed information regarding the effects of the merger, how the merger affects you, what your rights are with respect to the merger, and the position of the entities filing this Schedule 13E-3 on the fairness of the merger, you should carefully review the entire Schedule 13E-3.*

### *Purpose of the Merger*

Immediately prior to the mailing of this Transaction Statement on Schedule 13E-3 (this "Schedule 13E-3") to the public stockholders of AMIC, Independence Holding Company, a Delaware corporation ("IHC"), and Madison Investors Corporation, a Delaware corporation ("MIC" and together with IHC, the "IHC Entities"), will contribute their respective shares of common stock, par value $.01 per share, of AMIC ("AMIC Common Stock" or "Common Stock") to Acquisition Co., a newly created Delaware corporation, resulting in Acquisition Co. owning 91.43% in the aggregate of the outstanding shares of AMIC Common Stock. Following such contribution, the IHC Entities together will own all the outstanding shares of capital stock of Acquisition Co. The IHC Entities currently intend to cause Acquisition Co. to merge with AMIC, with Acquisition Co. continuing as the surviving corporation (the "Surviving Corporation"), as a means of acquiring for cash all of the shares of Common Stock not owned directly or indirectly by the IHC Entities, and providing a source of liquidity to the public stockholders of those shares of Common Stock, through a "short-form" merger under Section 253 of the DGCL. Immediately following the merger, the IHC Entities together will own 100% of the capital stock of the Surviving Corporation.

### *The Merger*

The IHC Entities intend to cause Acquisition Co. to merge with AMIC in a "short form" merger pursuant to Section 253 of the DGCL, with Acquisition Co. continuing as the surviving corporation. Pursuant to Section 253 of the DGCL, Acquisition Co. may effect the merger without the approval of the Board of Directors of AMIC or the other stockholders of AMIC. THE BOARD OF DIRECTORS OF AMIC HAS NOT ACTED TO APPROVE OR DISAPPROVE THE MERGER, AND STOCKHOLDERS OF AMIC ARE NOT BEING ASKED TO APPROVE OR DISAPPROVE, OR FURNISH A PROXY IN CONNECTION WITH, THE MERGER.

The IHC Entities intend to cause Acquisition Co. to effect the merger on August 31, 2016, or as soon as practical thereafter. However, the IHC Entities are under no obligation to cause Acquisition Co. to consummate the merger and could decide to withdraw from the transaction at any time before it becomes effective.

See “Special Factors - Purposes, Alternatives, Reasons and Effects of the Merger – Purposes” on page 12.

*Stock Merger Price*.

Upon the effectiveness of the merger, each share of Common Stock (i) not owned by Acquisition Co. and (ii) as to which appraisal rights are not properly exercised (as described in this Schedule 13E-3) will be cancelled and automatically converted into the right to receive $24.74 in cash, without interest (the "Stock Merger Price ").

See "Fairness of the Merger – Factors Considered in Determining Fairness – The Stock Merger Price " on page 19 and "Fairness of the Merger – Factors Considered in Determining Fairness – Appraisal Rights" on page 20.

*AMIC Shares Outstanding; Ownership by the IHC Entities.*

As of June 15, 2016, there were 8,118,551 shares of Common Stock outstanding. As of June 15, 2016, the IHC Entities owned 7,423,151 shares, representing 91.43% of the outstanding shares of Common Stock. Each of the IHC Entities intends to contribute the shares of Common Stock that it currently owns to Acquisition Co. immediately prior to the mailing of this Schedule 13E-3 to AMIC's public stockholders. In addition, as of June 15, 2016, AMIC had 1,063,242 shares of Common Stock held in treasury, which it plans to cancel.

As of June 15, 2016, AMIC had outstanding options to purchase 41,112 shares of Common Stock under its 2009 Stock Incentive Plan. In connection with the merger, Acquisition Co. will pay cash for the options (both vested and unvested) at the Stock Merger Price less the option exercise price.

See "Special Factors - Purposes, Alternatives, Reasons and Effects of the Merger – Effects" on page 14.

*Payment for Shares*.

You will be paid for the shares of Common Stock you hold as of the effective date of the merger promptly after the effective date of the merger and your compliance with the instructions set forth in the Notice of Merger and Appraisal Rights and Letter of Transmittal, which will be mailed to stockholders of record of AMIC as of the effective date of the merger within ten (10) calendar days following the effective date of the merger. Please do not submit your stock certificates before you have received these documents.

See Item 4 “Terms of the Transaction” on page 34 of this Schedule 13E-3.

*Source and Amount of Funds; Conditions to Completing the Merger*.

The total amount of funds expected to be required to pay the Stock Merger Price, and to pay related fees and expenses, is estimated to be approximately $18,328,000, including $480,000 of fees and expenses. In order to pay the Stock Merger Price, Acquisition Co. will borrow the necessary funds from IHC in consideration of Acquisition Co.’s execution of a promissory note in favor of IHC with a principal amount equal to the Stock Merger Price. The promissory note will mature on the one-year anniversary of the issuance of the note (the “Maturity Date”) and accrue interest at an annual rate of 5.0%, payable on the Maturity Date. The note will allow prepayment without penalty. The outstanding principal amount and accrued but unpaid interest thereon will be due on the Maturity Date. Since IHC’s loan to Acquisition Co. will be without conditions, there are no conditions to completing the merger.

See Item 10 “Source and Amounts of Funds or Other Consideration” on page 44 of this Schedule 13E-3.

***The Filing Persons’ Position on the Fairness of the Merger***

The Filing Persons have concluded that the merger is both substantively and procedurally fair to the unaffiliated security holders of AMIC (the “Unaffiliated Security Holders”) based primarily on the following factors:

- The merger will enable the Unaffiliated Security Holders of AMIC to realize (without the payment of any brokerage fees or commissions) cash for their shares of Common Stock at a premium of (i) approximately 182% to $8.77, the last sales price of the Common Stock as of the end of trading on January 5, 2016 (the date that IHC publicly announced after the end of trading in a press release that it was taking steps to consider a going private transaction) and (ii) approximately 180% to $8.83, which is the thirty (30)-day volume-weighted average price prior to the end of trading on January 5, 2016 (the date that IHC publicly announced after the end of trading in a press release that it was taking steps to consider a going private transaction). The Stock Merger Price is greater than the range of closing prices per share of AMIC Common Stock during 2015, which closing prices ranged from a high of $11.19 to a low of $8.57;

- The Stock Merger Price is a 143% premium to the $10.19 per share price IHC paid to acquire an aggregate of 157,855 shares of AMIC Common Stock in a privately negotiated arms’ length transaction with a sophisticated, unaffiliated AMIC stockholder on March 24, 2015;

- The sale of IHC Risk Solutions, LLC, which may be considered the sale of all or substantially all of AMIC's assets, was consummated on March 31, 2016. The Stock Merger Price is approximately a 20% premium to the post-closing per share price of Common Stock of $20.67 on April 4, 2016 (to allow the market to absorb the disclosure, the second full trading day following March 31, 2016, the date that IHC publicly announced after the end of trading in a press release the consummation of the sale of IHC Risk Solutions, LLC);

- Before establishing the Stock Merger Price, IHC retained Duff & Phelps, LLC (“Duff & Phelps”) to provide an analysis of values of the Common Stock resulting from the application of generally accepted valuation and analytical techniques;

- The Stock Merger Price is in excess of AMIC’s range of $23.02 to $24.30 estimated discounted cash flow value, based on an analysis by Duff & Phelps;

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The Stock Merger Price is within the high end range of AMIC’s $22.96 to $25.18 estimated equity value as compared to select public companies, based on an analysis by Duff & Phelps of the financial performance and trading multiples of such companies,

- The Stock Merger Price is the highest price of AMIC’s concluded per share price range of $22.99 to $24.74, based on an analysis by Duff & Phelps;

- AMIC Common Stock trades on the Nasdaq Capital Market (NASDAQ:AMIC), and the daily trading volumes are relatively minimal (e.g., the average daily trading volume of Common Stock for the three months prior to January 5, 2016 (the date that IHC publicly announced after the end of trading in a press release that it was taking steps to consider a going private transaction) was 539 shares). Therefore, shares of AMIC Common Stock have limited liquidity and, as a result, it may be difficult for the Unaffiliated Security Holders to sell even small amounts of Common Stock without adversely impacting the market prices thereof;

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- The merger will enable the holders of AMIC Common Stock, excluding Acquisition Co. but including the Unaffiliated Security Holders, to realize (without the payment of any brokerage fees or commissions) a cash value for their shares, which would otherwise be difficult to achieve, given the illiquidity of the market; and

- The holders of AMIC Common Stock, excluding Acquisition Co. but including the Unaffiliated Security Holders, will be entitled to exercise appraisal rights and demand "fair value" for their shares as determined by the Delaware Court of Chancery, which may be determined to be equal to, more than, or less than the Stock Merger Price to which the stockholders are entitled in the merger. See "Special Factors—Purposes, Alternatives, Reasons and Effects of the Merger" on page 12 and Item 4 "Terms of the Transaction" on page 33 of this Schedule 13E-3.

See "See "Special Factors—Fairness of the Merger—Position of the Filing Persons as to the Fairness of the Merger" on page 19.

***Consequences of the Merger***

Completion of the merger will have the following consequences:

- AMIC will be merged into Acquisition Co., with Acquisition Co. continuing as the surviving corporation. The Surviving Corporation will be a privately held corporation, with the IHC Entities owning all of the capital stock of the Surviving Corporation;

- The shares of Common Stock will no longer be publicly traded. See "Special Factors - Purposes, Alternatives, Reasons and Effects of the Merger – Effects - The Shares of Common Stock" on page 15. In addition, the Surviving Corporation will no longer be subject to the reporting and other disclosure requirements of the Securities Exchange Act of 1934, as amended, including requirements to file annual and other periodic or current reports or to provide the type of going private disclosure contained in this Schedule 13E-3;

- Only the IHC Entities and their stockholders will have the opportunity to participate in the future earnings and growth, if any, of the Surviving Corporation. Similarly, only the IHC Entities and their stockholders will face the risk of losses generated by the Surviving Corporation's operations or the decline in value of the Surviving Corporation;

- Subject to the proper exercise of statutory appraisal rights, each share of AMIC Common Stock held by persons other than Acquisition Co. as of the effective date of the merger will be converted into the right to receive $24.74 cash, without interest;

- In connection with the merger, Acquisition Co. will pay cash for the AMIC stock options (both vested and unvested) that are currently outstanding;

- Each of IHC's and MIC's interest (through their respective interests in Acquisition Co.) in the net book value of AMIC at March 31, 2016 will increase by 3.23% and 5.34%, respectively; and

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- Each of IHC's and MIC's interest (through their respective interests in Acquisition Co.) in the net earnings of AMIC will increase by 3.23% and 5.34%, respectively

See "Special Factors, Purposes, Alternatives, Reasons and Effects of the Merger - Effects" on page 14.

***Appraisal Rights***

Subject to compliance with the applicable provisions of the DGCL, you have a statutory right to dissent and demand payment of the "fair value" (as defined pursuant to Section 262 of the DGCL) of your shares of AMIC Common Stock as determined in a judicial appraisal proceeding in accordance with Section 262 of the DGCL, plus interest, if any, from the effective date of the merger.  This value may be equal to, more than, or less than the Stock Merger Price offered in the merger.  Pursuant to an amendment to Section 262 of the DGCL that applies to certain mergers approved on or after August 1, 2016 (the "Amendment"), if you exercise your appraisal rights and an appraisal proceeding is commenced, Acquisition Co. may make a voluntary cash payment to you prior to the time the Delaware Court of Chancery makes a final judgment in the appraisal proceeding. If Acquisition Co. makes such prepayment, interest will accrue only on the sum of (i) the difference, if any, between the amount paid and the fair value of the shares as determined by the Delaware Court of Chancery and (ii) interest accrued before the prepayment, unless paid at the time of such prepayment.

In order to properly exercise these rights, you must make a written demand for appraisal within twenty (20) days after the date of mailing of the Notice of Merger and Appraisal Rights and Letter of Transmittal, which will be mailed to AMIC stockholders of record as of the effective date of the merger within ten (10) days following the effective date of the merger, and otherwise comply with the procedures for exercising appraisal rights set forth in the DGCL.  The statutory right to seek appraisal is complicated.  A copy of Section 262 of the DGCL, both pre-Amendment and post-Amendment, is attached to this Schedule 13E-3 as Exhibit F-1 and F-2, respectively.  Any failure to properly comply with its terms may result in an irrevocable loss of such right.  Stockholders seeking to properly exercise their statutory appraisal rights are encouraged to seek advice from legal counsel.

See "Fairness of the Merger – Factors Considered in Determining Fairness – Appraisal Rights" on page 19 and Item 4 "Terms of the Transaction - Appraisal Rights" on page 34 of this Schedule 13E-3.

***Where You Can Find More Information***

More information regarding AMIC is available from its public filings with the Securities and Exchange Commission ("SEC"). AMIC also maintains a website at www.americanindependencecorp.com. Information contained on or connected to AMIC's website is not incorporated by reference into this Schedule 13E-3 and should not be considered part of this Schedule 13E-3 or any other filing that the Filing Persons make with the SEC.

See also Item 2 "Subject Company Information" on page 31 of this Schedule 13E-3 and Item 3 "Identity and Background of Filing Persons" on page 31 of this Schedule 13E-3.

**INTRODUCTION**

This Transaction Statement on Schedule 13E-3 is being filed with the SEC by the IHC Entities and Acquisition Co. (collectively, the “Filing Persons”) pursuant to Section 13(e) of the Exchange Act, and Rule 13e-3 promulgated thereunder.

This Schedule 13E-3 is being filed by the Filing Persons in connection with the proposed short-form merger of Acquisition Co. with AMIC pursuant to Section 253 of the DGCL.  The merger is expected to be effective on August 31, 2016 or as soon thereafter as possible (the “Effective Date”). The Filing Persons are under no obligation to consummate the merger and could withdraw from the transaction at any time before the Effective Date.

As of June 15, 2016, there were 8,118,551 shares of AMIC Common Stock outstanding, of which 7,423,151, or 91.43%, were held by the IHC Entities. Each of the IHC Entities intends to contribute the shares of Common Stock that it currently owns to Acquisition Co. immediately prior to the mailing of this Schedule 13E-3 to AMIC’s public stockholders.

Upon consummation of the merger, each outstanding share of Common Stock not held by Acquisition Co. or by stockholders of AMIC who properly exercise statutory appraisal rights under the DGCL will be cancelled and automatically converted into the right to receive $24.74 in cash, without interest  (the “Stock Merger Price ”), upon surrender of the certificate for such share of Common Stock to Broadridge Corporate Issuer Solutions, Inc. (the “Paying Agent”).  Instructions regarding surrender of certificates to the Paying Agent together with a description of statutory appraisal rights will be set forth in a Notice of Merger and Appraisal Rights and a Letter of Transmittal, which will be mailed to stockholders of record of AMIC within ten (10) calendar days following the Effective Date. The officers and directors of AMIC will not be entitled to receive cash payments in connection with the merger, other than as holders of Common Stock and/or Company Stock Options (as defined below).  The aggregate amount to be paid to the officers and directors of AMIC in connection with the merger (solely as holders of Common Stock and/or Company Stock Options) is estimated to be $1,741,098.  As of June 15, 2016, AMIC had outstanding options to acquire 41,112 shares of Common Stock under its 2009 Stock Option Incentive Plan (the “Company Stock Options”).  In connection with the merger, Acquisition Co. will pay cash for the Common Stock Options (both vested and unvested).  AMIC does not intend to grant any additional stock options prior to consummation of the merger.

The Paying Agent’s address and telephone number is: Broadridge Corporate Issuer Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717, Telephone No. 866-321-8022 (toll free).

Under the DGCL, no action is required by the Board of Directors or the stockholders of AMIC for the merger to become effective. Acquisition Co. will be the surviving corporation in the merger (the “Surviving Corporation”) and the IHC Entities will be the sole stockholders of the Surviving Corporation after the merger. THE BOARD OF DIRECTORS OF AMIC HAS NOT ACTED TO APPROVE OR DISAPPROVE THE MERGER, AND STOCKHOLDERS OF AMIC ARE NOT BEING ASKED TO APPROVE OR DISAPPROVE, OR FURNISH A PROXY IN CONNECTION WITH, THE MERGER.

Subject to compliance with the applicable provisions of the DGCL, stockholders of AMIC as of the Effective Date other than Acquisition Co. have a statutory right to demand payment of the “fair value” (as defined pursuant to Section 262 of the DGCL) of their shares of Common Stock as determined in a judicial appraisal proceeding in accordance with Section 262 of the DGCL, plus interest, if any, from the Effective Date. This value may be equal to, more than, or less than the Stock Merger Price offered in the merger. Pursuant to an amendment to Section 262 of the DGCL that applies to certain mergers approved on or after August 1, 2016 (the “Amendment”), if you exercise your appraisal rights and an appraisal proceeding is commenced, Acquisition Co. may make a voluntary cash payment to you prior to the time the Delaware Court of Chancery makes a final judgment in the appraisal proceeding. If Acquisition Co. makes such prepayment, interest will accrue only on the sum of (i) the difference, if any, between the amount paid and the fair value of the shares as determined by the Delaware Court of Chancery and (ii) interest accrued before the prepayment, unless paid at the time of such prepayment.

AMIC stockholders wishing to seek such appraisal rights must make a written demand for appraisal within twenty (20) days after the date of mailing of the Notice of Merger and Appraisal Rights and Letter of Transmittal and otherwise comply with the procedures for exercising appraisal rights set forth in the DGCL.  The statutory right to seek appraisal is complicated.  A copy of Section 262 of the DGCL, both pre-Amendment and post-Amendment, is attached to this Schedule 13E-3 as Exhibit F-1 and F-2, respectively  Any failure to properly comply with its terms may result in an irrevocable loss of such right.  Stockholders seeking to properly exercise their statutory appraisal rights are encouraged to seek advice from legal counsel.

This Schedule 13E-3 and the documents incorporated by reference in this Schedule 13E-3 include certain forward-looking statements. These statements appear throughout this Schedule 13E-3 and include statements regarding the intent, belief, or current expectations of the Filing Persons, including statements concerning the Filing Persons’ strategies following completion of the merger.  Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors, including general economic conditions, positions and strategies of competitors and the capital markets.

**BACKGROUND OF THE MERGER**

AMIC is a holding company principally engaged in health insurance and reinsurance. Through its subsidiaries, AMIC provides specialized health coverage and related services to commercial customers and individuals, and focuses on niche health products and narrowly defined distribution channels in the United States. AMIC's wholly owned subsidiary, Independence American Insurance Company ("IAIC"), markets its products through IHC Specialty Benefits, Inc. (including through www.healthedeals.com and www.aspiraAmas.com[1]), IPA Family, LLC, and IPA Direct, LLC, each of which are subsidiaries of AMIC (collectively, the "Agencies"), and through independent brokers, producers and agents. AMIC retains much of the risk that it underwrites, and currently sells or reinsures the following lines of business: (i) specialty health products, including short-term medical, vision, dental, supplemental products (including fixed indemnity limited benefit, critical illness, and hospital indemnity); (ii) pet insurance; (iii) occupational accident; and (iv) New York State Disability Benefits Law. In addition, AMIC markets and sells certain other products (including Affordable Care Act major medical and small group stop-loss policies) for various unaffiliated insurers through the Agencies.

AMIC began its affiliation with IHC on July 30, 2002 when MIC, an affiliate of IHC, purchased from an affiliate of Pacific Century Cyberworks, 5,000,000 shares of AMIC Common Stock (constituting 19.9% of the outstanding shares of AMIC Common Stock at that time), for $15 million or $3.00 per share. Subsequently, AMIC did a 3 for 1 reverse stock split, which caused these shares to be converted into 1,666,666 shares with a value of $9.00 per share. Also on July 30, 2012, AMIC (under its former name Softnet Systems, Inc.) entered into a stock purchase agreement with IHC and one of its affiliates, SSH Corp., whereby AMIC purchased the stock of First Standard Holdings Corp. (now known as Independence American Holdings Corp. ("IAHC")) from SSH Corp. for $31.92 million in cash. Such transaction closed on or around November 27, 2002.

In addition to the shares acquired from the affiliate of Pacific Century Cyberworks, IHC and one of its affiliates agreed to make a cash tender offer after the closing of the acquisition of IAHC for $9.00 per share ($3.00 post reverse split). On April 22, 2003, AMIC acquired 3,000,000 shares (1,000,000 shares post reverse split).

Prior to these acquisitions, AMIC was a holding company principally engaged in providing internet services. IAHC and its wholly-owned subsidiaries were engaged in the insurance and reinsurance business. After these acquisitions, the senior management team of IHC began providing management services to AMIC and changed AMIC's name from 'Softnet Systems, Inc.' to 'American Independence Corp.' AMIC also began trading on the NASDAQ Global Market under the ticker 'AMIC.' At the time of closing, IAHC owned an insurance company (now known as Independence American Insurance Company) ("IAIC") and two medical stop-loss managing general underwriters ("MGU's"). AMIC subsequently purchased two more MGUs and a 23% equity interest in another MGU (the balance being owned by IHC) and entered into a long-term reinsurance treaty with IHC whereby IHC agreed to cede medical stop-loss reinsurance to IAIC. These MGUs were subsequently merged together to form (or entered into contractual relationships with) IHC Risk Solutions LLC ("RS"). AMIC's sale of RS to Swiss Re Corporate Solutions, which may be considered the sale of all or substantially all of AMIC's assets, was consummated on March 31, 2016. (See "Item 5(b)

"Past Contacts, Transactions, Negotiations and Agreements—Significant Corporate Events" on page 39 of this Schedule 13E-3 for additional information). Between April 2003 and March 2010, IHC and MIC increased their ownership percentage of AMIC by purchasing shares through open market purchase transactions and privately negotiated transactions with unaffiliated AMIC stockholders. By March 2010, IHC and MIC had increased their aggregate ownership percentage of AMIC to a little over 50%. On June 30, 2010, IHC contributed all of its shares of AMIC Common Stock that it then owned to MIC. Afterwards, IHC and MIC made a series of acquisitions of AMIC Common Stock through market transactions and privately negotiated transactions with unaffiliated AMIC stockholders and increased their aggregate ownership percentage to 63%.

[1] Information contained on or connected to these websites is not incorporated by reference into this Schedule 13E-3 and should not be considered part of this Schedule 13E-3 or any other filing that the Filing Persons make with the SEC.

On July 15, 2011, IHC offered to exchange up to 908,085 shares of its common stock for shares of AMIC Common Stock. For each share of AMIC Common Stock accepted, IHC issued 0.625 of a share of IHC common stock. As a result of the exchange offer, 1,109,225 shares of AMIC Common Stock were tendered and not withdrawn, all of which were accepted for exchange by IHC, and IHC exchanged approximately 693,266 shares of its common stock for the tendered shares of AMIC Common Stock. The exchange offer expired on August 12, 2011. Following the completion of the exchange offer, IHC's and MIC's total aggregate ownership of AMIC increased to 76%.

Subsequent to the exchange offer, IHC made a series of acquisitions of AMIC Common Stock through market transactions and privately negotiated transactions with unaffiliated AMIC stockholders. In addition, AMIC made treasury share repurchases in January, 2013, which increased IHC's and MIC's aggregate ownership increased to over 80%.

On September 4, 2013, IHC commenced another tender offer to purchase up to 762,640 shares of AMIC Common Stock for $10.00 net per share in cash, which represented a 19.5% premium to the closing price of AMIC Common Stock reported on the NASDAQ Global Market on September 3, 2013. The tender offer was oversubscribed, with 952,999 shares of AMIC Common Stock being tendered and not withdrawn. The number of shares that IHC accepted for purchase from each of the tendering stockholders was prorated to limit IHC's purchase to 762,640 shares. The tender offer expired on October 2, 2013. Following its completion of the tender offer, IHC and MIC owned an aggregate of 90% of the outstanding shares of AMIC Common Stock. At the closing of the tender offer, IHC did not contemplate entering into a short form merger with AMIC.

On March 24, 2015, an unaffiliated AMIC stockholder contacted IHC to inquire whether IHC would have an interest in acquiring 157,855 shares of AMIC Common Stock held by such stockholder. IHC agreed to acquire such shares of AMIC Common Stock at a per share purchase price of $10.19. As a result, IHC's ownership of AMIC, in the aggregate with MIC's ownership, increased to 91.88%. Due to option exercises, IHC's aggregate ownership changed to 91.62% at March 31, 2016, with IHC holding 34.57% and MIC holding 57.05%. As a result of owning more than 90% of AMIC, IHC and MIC, following the contribution of their shares of AMIC Common Stock to Acquisition Co., will be able to cause Acquisition Co. to complete the merger pursuant to Section 253 of the DGCL, which authorizes "short-form" mergers.

On January 4, 2016, the board of directors of IHC (the "IHC Board") held a special meeting by telephone. All directors were present and could hear each other during the meeting. At the meeting, the IHC Board preliminarily determined to take the steps necessary to take AMIC private in 2016. In a press release issued on January 5, 2016, IHC disclosed that the IHC Board appointed a special committee of independent directors (the "Special Committee"), which had been authorized to hire independent advisors to recommend to the full IHC Board the price at which IHC would take AMIC private in 2016. In addition, at this same meeting, the IHC Board approved the entry into the agreement to sell RS to Swiss Re Corporate Solutions. However, neither such sale nor such proposed going-private transaction were connected with, or contingent upon, the other.

On January 13, 2016, Mr. Allan Kirkman and Mr. John Lahey, the independent directors who comprised the Special Committee, held the first meeting of the Special Committee. The meeting was held by telephone and representatives of Young Conaway Stargatt & Taylor, LLP (“Young Conaway”) attended the meeting by invitation of the Special Committee. The Special Committee members discussed with Young Conaway a short-form merger and whether it was in the best interests of IHC to have the Special Committee, rather than the full IHC Board, determine whether or not it was prudent to consummate a short-form merger with AMIC that would have the effect of taking AMIC private. The Special Committee engaged Young Conaway as its legal counsel at the meeting and asked Young Conaway to prepare a memo describing the costs and benefits of having a Special Committee. The Special Committee deferred making any type of decision until after it reviewed the memo.

The second meeting of the Special Committee was held by telephone on January 15, 2016. Representatives of Young Conaway attended the meeting by invitation of the Special Committee. Messrs. Kirkman and Lahey discussed with Young Conaway the memo and concluded, after examining the costs and benefits of having a Special Committee, that it would be better for the Special Committee to disband and have the material aspects of the merger determined by the full IHC Board, with the assistance of management.

On January 22, 2016, the IHC Board held a special meeting by telephone. All directors were present and could hear each other during the meeting. Mr. David T. Kettig informed the IHC Board that Messrs. Kirkman and Lahey had consulted with Young Conaway on two separate occasions. Messrs. Kirkman and Lahey summarized for the IHC Board the advice that Young Conaway had provided. Following discussion, the IHC Board determined to accept the Special Committee’s recommendation that the Special Committee be disbanded and that the full IHC Board retain the power and responsibility of determining all material aspects of the merger.

At the same meeting, the IHC Board considered the selection of a valuation firm to advise the IHC Board respecting the fair value of AMIC and AMIC Common Stock for purposes of a potential short-form merger. The options presented were: (i) Dowling Hales LLC, which had provided financial advisory services in connection with the sale of RS and may be engaged to provide similar services with respect to future asset or stock sales; (ii) Duff & Phelps, which has provided financial advisory services to IHC (such as analysis of good will, valuation of IHC and AMIC in relation to purchase accounting, and determining fair value of a ceding commission in a transaction) for which (A) IHC has paid or accrued approximately $333,400 in the aggregate in calendar years 2014 and 2015 and the five months ended May 31, 2016, and expects to pay approximately $50,000 per year for annual goodwill valuation support, and (B) AMIC has paid approximately $36,000 in the aggregate in calendar years 2014 and 2015 and the five months ended May 31, 2016 and does not expect to pay any fees in the foreseeable future ; and (iii) a third party firm that would be new to IHC. After considering the potential benefits and risks associated with each of these alternatives, the IHC Board determined to authorize management to approach Duff & Phelps to determine whether, and on what terms, Duff & Phelps would provide a valuation of AMIC and AMIC Common Stock that could be used to establish the Stock Merger Price in the event that a determination were to be made to proceed with the short-form merger. The IHC Board made this determination with an understanding that Duff & Phelps has previously done, and is expected to continue to do, business with IHC. Among other things, the IHC Board considered the argument that Duff & Phelps was not “independent” of IHC on account of Duff & Phelps’ prior, current and expected future business relationship with IHC, which argument could be eliminated if a financial advisor at Duff & Phelps with no prior relationship and no expected future relationship with IHC were engaged. The IHC Board also considered that the fees paid and expected to be paid to Duff & Phelps by IHC and its affiliates were not likely to be material to Duff & Phelps in relation to the overall fees received from all clients of Duff & Phelps, and the fact that Duff & Phelps has the advantage of already being familiar with IHC, which would make the process more efficient. After due consideration, the IHC Board determined that the benefits of engaging Duff & Phelps outweighed the risks of doing so and outweighed the benefits of engaging a new firm that has no prior experience with AMIC or its subsidiaries, and authorized IHC's management to have discussions with Duff & Phelps regarding their possible engagement. On February 1, 2016, IHC engaged Duff & Phelps to provide a valuation analysis of AMIC and the AMIC Common Stock from which the IHC Board would make a determination of whether or not to proceed with a short-form merger, and, if so, the per share price it will pay to AMIC's public stockholders.

On February 1, 2016, IHC entered into an engagement letter with Duff & Phelps pursuant to which Duff & Phelps would serve as an independent financial advisor to IHC to provide a valuation analysis in connection with a going private transaction that would be effected by way of a statutory "short-form" merger of AMIC with Acquisition Co. pursuant to the terms of Section 253 of the DGCL.

On March 4, 2016, Acquisition Co. was incorporated in Delaware.

On March 9, 2016, the IHC Board held an in-person special meeting at which Duff & Phelps presented to the IHC Board a draft of the valuation analysis. During the meeting, the directors asked Duff & Phelps questions about the valuation analysis. The IHC Board decided to review the valuation analysis in detail before making any decision regarding whether or not to proceed with the going private transaction and, if the IHC Board determined to proceed, the purchase price to be offered to the stockholders of AMIC other than Acquisition Co. and the AMIC stockholders who exercise their appraisal rights. The meeting was adjourned and no future meeting date was set.

On June 14, 2016, Duff & Phelps distributed to management a revised draft of its valuation analysis to take into consideration an immaterial misstatement of a deferred tax liability on AMIC's balance sheet that was discovered by management of AMIC in March, 2016. On June 15, 2016, IHC management distributed a copy of such revised valuation analysis to the members of the IHC Board via email transmission and a telephonic meeting of the IHC Board was scheduled for June 20, 2016.

At the June 20, 2016 special meeting, the IHC Board decided to go forward with the going private transaction. It adopted Duff & Phelps's valuation analysis and set the purchase price at $24.74 per share. In determining to approve the terms of the merger, the IHC Board relied on Duff & Phelps's valuation analysis and considered current and historical market prices for the shares of AMIC Common Stock. In particular, the IHC Board considered stock price as part of its review of Duff & Phelps's valuation analysis. Although the IHC Board did not consider book value per share, liquidation value or other factors in making this determination, it decided to rely on and adopt an unbiased third party's analysis of discounted cash flow and select public companies to approve the terms of the merger. For more information, see "Fairness of the Merger" beginning on page 19 of this Schedule 13E-3.

Immediately prior to the mailing of this Schedule 13E-3 to the public stockholders of AMIC, the IHC Entities will contribute their respective shares of AMIC Common Stock to Acquisition Co., resulting in Acquisition Co. owning 91.43% in the aggregate of the outstanding shares of AMIC Common Stock.

**SPECIAL FACTORS**

**PURPOSES, ALTERNATIVES, REASONS AND EFFECTS OF THE MERGER**

***Purposes***

IHC and MIC (collectively, the "IHC Entities") are currently the holders of 34.5% and 56.93%, respectively, of the outstanding shares of AMIC Common Stock.  On March 4, 2016, the IHC Entities formed Acquisition Co. Prior to the mailing of this Schedule 13E-3 to AMIC's public stockholders, the IHC Entities will enter into a Contribution Agreement (the "Contribution Agreement") with Acquisition Co., pursuant to which the IHC Entities will contribute immediately prior to the mailing of this Schedule 13E-3 to AMIC's public stockholders an aggregate of 7,423,151 shares of Common Stock (representing all of the shares of Common Stock held by the IHC Entities) to Acquisition Co. As a result of such contributions, Acquisition Co. will own 91.43% of the outstanding shares of Common Stock.  The IHC Entities then intend to cause Acquisition Co. to merge with AMIC in a "short form" merger pursuant to Section 253 of the DGCL, with Acquisition Co. continuing as the surviving corporation (the "Surviving Corporation").

The purpose of the merger is for the IHC Entities to acquire the shares of Common Stock that they do not already own. The merger is a means for acquiring for cash all of the shares of Common Stock not owned directly or indirectly by the IHC Entities and providing a source of liquidity to the AMIC public stockholders of their shares of Common Stock. The IHC Entities intend to cause Acquisition Co. to effect the merger on August 31, 2016, or as soon as practical thereafter; provided, however, that the IHC Entities are under no obligation to consummate the merger and could decide to withdraw from the transaction at any time before it becomes effective.

*The Merger.*

On June 27, 2016, the Filing Persons filed an initial Schedule 13E-3 with the SEC announcing the intention of the IHC Entities to cause Acquisition Co. to effect the "short form" merger. Pursuant to the terms of the merger, AMIC will be merged into Acquisition Co., with Acquisition Co. continuing as the surviving corporation, and each outstanding share of Common Stock, other than shares of Common Stock held by Acquisition Co. and by stockholders of AMIC who properly exercise statutory appraisal rights under Section 262 of the DGCL, will be cancelled and automatically converted into the right to receive in cash the Stock Merger Price. Immediately following the merger, the IHC Entities will own 100% of the capital stock of the Surviving Corporation. Further, the shares of Common Stock will be de-registered under the Exchange Act.

As the holder of in excess of 90% of the outstanding shares of Common Stock, Acquisition Co. may effect the merger without the approval of the Board of Directors of AMIC or the other stockholders of AMIC. Such other holders of Common Stock (which constitutes the only class of capital stock of AMIC that, in the absence of Section 253 of the DGCL, would be entitled to vote on the merger) will not be entitled to vote their shares with respect to the merger. THE BOARD OF DIRECTORS OF AMIC HAS NOT ACTED TO APPROVE OR DISAPPROVE THE MERGER, AND STOCKHOLDERS OF AMIC ARE NOT BEING ASKED TO APPROVE OR DISAPPROVE, OR FURNISH A PROXY IN CONNECTION WITH, THE MERGER.

***Alternatives***

The Filing Persons believe that effecting the transaction by way of a “short-form” merger with Acquisition Co. under Section 253 of the DGCL is the quickest and most cost effective way for Acquisition Co. to acquire the public minority interest in AMIC and to provide the stockholders other than Acquisition Co. with the cash Stock Merger Price for their shares of AMIC Common Stock.

***Reasons***

In determining whether to acquire the outstanding shares of Common Stock that they do not already own, and to effect the merger, the Filing Persons considered the following factors to be the principal benefits of taking AMIC private:

- the reduction in the amount of public information available to competitors about AMIC’s businesses that would result from the termination of AMIC’s obligations under the reporting requirements of the Exchange Act, and the rules and regulations promulgated thereunder, and any other requirements of the SEC;
- the decrease in costs associated with being a public company, which the Filing Persons anticipate should result in savings of at least $500,000 per year. The Filing Persons estimate that if they had earlier suspended AMIC’s filing and other obligations under the Exchange Act, AMIC would have achieved cost savings in excess of $560,000 in each of the past two fiscal years with respect to the public reporting requirements. As a privately held entity, AMIC would no longer be required to file quarterly, annual or other periodic and current reports with the SEC, publish and distribute to its stockholders annual reports and proxy statements, comply with certain provisions of the Sarbanes-Oxley Act of 2002 (“SOX”), maintain a board of directors that includes independent members, and pay director and officer liability insurance premiums, independent auditors’ fees, legal fees, transfer agent fees, printing costs, and other costs related to being a public company;
- the elimination of additional burdens on management associated with public reporting and other tasks resulting from AMIC’s public company status, including, for example, the dedication of time by, and resources of, AMIC’s management and Board of Directors to stockholder inquiries and investor and public relations;
- the greater flexibility that AMIC’s management would have to focus on long-term business goals, as opposed to quarterly earnings, as a non-reporting company;

- the immediate liquidity for the public stockholders of the Common Stock at the same time and at predetermined prices without the payment of any brokerage fees or commissions, especially considering (i) the lack of interest by institutional investors in companies with a limited public float such as AMIC (AMIC's public float was 651,064 shares as of June 1, 2016) and (ii) the fact that the public market has historically offered minimal liquidity for AMIC stockholders, as average daily trading volume of shares of Common Stock during the three-month period ended March 31, 2015 and 2016 was only 776 shares and 5,172 shares, respectively; and

- the ability to afford the holders of Common Stock excluding Acquisition Co. but including the unaffiliated security holders of AMIC (the "Unaffiliated Security Holders") the opportunity to receive cash for their shares at a price considered fair by the IHC Board after consultation with an independent valuation firm (or, in the alternative, the right for such stockholders to seek an appraisal of the fair value of such shares in accordance with Section 262 of the DGCL).

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The Filing Persons also considered a variety of risks and other potentially negative factors for the public stockholders following the merger, including that:

- the Filing Persons and their stockholders will be the sole beneficiaries of the cost savings that result from going private;
- if AMIC's financial condition improves, the public stockholders will not participate in any future earnings of or benefit from any increases in the Surviving Corporation's value; rather, only the Filing Persons would benefit by an increase in the value of the Surviving Corporation;
- for U.S. federal income tax purposes generally, the cash payments made to the public stockholders pursuant to the merger may be taxable to the public stockholders; and
- the public stockholders have not been represented in discussions about the merger, either by AMIC's Board of Directors (which, by statute, is not involved in the short-form merger process) or an independent committee representing the interests of the public stockholders.

***Effects***

*General* . The aggregate ownership of the IHC Entities (through Acquisition Co.) in the Common Stock immediately prior to the merger will be 91.43%. Upon completion of the merger, the IHC Entities will have complete control over the conduct of the Surviving Corporation's business, and their interest in the net assets, net book value and net earnings of the Surviving Corporation will increase from 91.43% to 100% thereof. In addition, upon completion of the merger, only the IHC Entities will receive the benefit of the right to participate in any future increases in the value of the Surviving Corporation and will bear the risk of any losses incurred in the operation of the Surviving Corporation and any decrease in the value of the Surviving Corporation. In particular, in conducting its valuation analysis of AMIC and AMIC Common Stock, Duff & Phelps separately valued and added to AMIC's equity value the present value of AMIC's net operating loss carryforward ("NOL") tax benefits. Duff & Phelps estimated the present value of AMIC's NOLs at a range of $15.7 - $16.6 million in this valuation analysis. Following the completion of the merger, the Surviving Corporation will directly benefit from the utilization of these NOLs and the IHC Entities will indirectly benefit from the Surviving Corporation's utilization of these NOLs. Furthermore, the IHC Entities will indirectly realize all of the benefit in the estimated savings of at least $500,000 per year in costs related to AMIC being a public company. Upon completion of the merger, the IHC Entities' interest in the Surviving Corporation's net book value (approximately $103,920,000 at December 31, 2015) and net earnings (approximately $3,529,000 for the fiscal year ending December 31, 2015) will increase from 91.43% to 100% thereof.

*Stockholders* . Upon completion of the merger, the public stockholders will no longer have any interest in AMIC, and will not be stockholders of the Surviving Corporation, and therefore will not participate in the Surviving Corporation's future earnings and potential growth or indirectly benefit from the utilization of AMIC's NOL's, and will not bear the risk of any decreases in the value of the Surviving Corporation. In addition, the public stockholders will not share in any distribution of proceeds after any sales of businesses of the Surviving Corporation, whether contemplated at the time of the merger or thereafter. See Item 6(c) "Purposes of the Transaction and Plans or Proposals—Plans" on page 42 of this Schedule 13E-3. All of the public stockholders' other indicia of stock ownership, such as the right to vote on certain corporate decisions, to elect directors, to receive distributions upon the liquidation of AMIC, and to receive appraisal rights upon certain mergers or consolidations of AMIC (unless such appraisal rights are perfected in connection with the merger) will be extinguished upon completion of the merger. Instead, the public stockholders will have liquidity, in the form of the Stock Merger Price, in place of an ongoing equity interest in the Surviving Corporation . However, the public stockholders (other than the public stockholders, if any, who properly exercise their statutory appraisal rights under the DGCL) will be required to surrender their shares of Common Stock involuntarily in exchange for the Stock Merger Price, and will not have the right to liquidate the shares of Common Stock at a time and for a price of their choosing. In summary, if the merger is completed, the public stockholders will have no ongoing rights as stockholders of the Surviving Corporation (other than statutory appraisal rights in connection with the merger, if properly perfected under the DGCL).

*The Shares of Common Stock*. Once the merger is consummated, public trading of the shares of Common Stock will cease. The Filing Persons intend to deregister the shares of Common Stock under Section 13 of the Exchange Act. As a result, the Surviving Corporation will no longer be required to file annual, quarterly, and other periodic and current reports with the SEC under the Exchange Act and will no longer be subject to the proxy rules under Section 14 of the Exchange Act. In addition, the IHC Entities will no longer be subject to reporting their ownership of shares of Common Stock under Section 13 of the Exchange Act or to the requirement under Section 16 of the Exchange Act to disgorge to AMIC certain profits from the purchase and sale of shares of Common Stock.

*The Company Stock Options*. As of June 15, 2016, AMIC had outstanding Common Stock Options to purchase 41,112 shares of Common Stock. AMIC does not intend to grant any additional options under its 2009 Stock Incentive Plan. In connection with the merger, Acquisition Co. will pay cash for the Common Stock Options (both vested and unvested).

**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain material U.S. federal income tax consequences relevant to a U.S. Holder and Non-U.S Holder (each as defined below) of AMIC resulting from the merger. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), its legislative history, United States judicial decisions, administrative pronouncements, existing and proposed Treasury regulations, and published rulings, all as in effect as of the date hereof. This summary assumes that each U.S. Holder and Non-U.S. Holder of Common Stock have held their Common Stock as a capital asset under the Internal Revenue Code. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below. No ruling has been obtained, and no ruling will be requested, from the Internal Revenue Service ("IRS") with respect to any of the United States federal income tax consequences described below, and as a result, there can be no assurance that the IRS will not challenge any of the conclusions that are described herein or that a court would sustain such challenge.

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to particular investors and does not address state, local, foreign, or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain taxpayers subject to special treatment under U.S. federal income tax laws (such as financial institutions, regulated investment companies, real estate investment trusts, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers or traders in securities or currencies, investors whose functional currency is not the U.S. dollar, persons holding the stock as part of a hedging, integrated or conversion transaction, constructive sale or "straddle," persons who acquired their stock through the exercise or cancellation of employee stock options or otherwise as compensation for their services, or investors that own or have owned more than 5% of AMIC's Common Stock). Finally, the following discussion does not address the tax consequences under U.S. federal estate and gift tax laws, state, local or non-U.S. tax laws, or the Medicare tax on net investment income.

For purposes of this summary, the term "U.S. Holder" means a beneficial owner of shares of Common Stock that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation that is created or organized in or under the laws of the United States or any state thereof (or the District of Columbia);
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or

- a trust (x) if a court within the United States is able to exercise primary jurisdiction over the administration of the trust, and one or more United States persons (within the meaning of the Internal Revenue Code) have the authority to control all substantial decisions of the trust; or (y) that has an election in effect under applicable income tax regulations to be treated as a United States person.

A "Non-U.S. Holder" means a beneficial owner of shares of Common Stock that is an individual, corporation (or other entity treated as a corporation for U.S. federal income tax purposes), trust or estate and that is not a U.S. Holder.

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If a partnership is a beneficial owner of shares of Common Stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds shares of Common Stock, you should consult your tax advisor regarding the tax consequences of the merger.

**ALL BENEFICIAL OWNERS OF SHARES OF COMMON STOCK SHOULD CONSULT THEIR TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

*Receipt of Cash*

*U.S. Holders*

The receipt of cash by a U.S. Holder, pursuant to the merger or pursuant to the U.S. Holder’s statutory appraisal rights, will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder will generally recognize capital gain or loss for federal income tax purposes equal to the difference, if any, between the amount of cash the U.S. Holder receives in the merger and the U.S. Holder’s adjusted tax basis in the Common Stock. A U.S. Holder’s adjusted tax basis in a share of Common Stock will generally be the cost at which it was purchased. Capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the shares for more than one year at the time of disposition. The deductibility of capital losses is subject to significant limitations under the Internal Revenue Code. The cash payments made to U.S. Holders pursuant to the merger will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations.

*Non-U.S. Holders*

Generally, a Non-U.S. Holder will not be subject to U.S. federal income taxes upon the exchange of the Non-U.S. Holder's shares for cash in the merger provided:

- the Non-U.S. Holder's capital gain is not effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder; and

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in the case of an individual, the non-U.S. Holder is not present in the United States for 183 days or more during the current taxable year or certain other circumstances exist.

A Non-U.S. Holder described in the first bullet point above will be required to pay U.S. federal income tax on the net gain derived from the disposition of AMIC Common Stock at the graduated tax rates that apply to U.S. Holders, and if the Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, it may also be required to pay a branch profits tax at a thirty percent (30%) rate or a lower rate if so specified by an applicable income tax treaty. A Non-U.S. Holder described in the second bullet point above will be subject to a flat thirty percent (30%) United States federal income tax on the gain derived from the disposition of AMIC Common Stock in the merger, which may be offset by U.S. source capital losses.