

EGI Financial announces extension of Co-operators Distribution and Services Agreement

Toronto, January 2, 2008 – EGI Financial Holdings Inc. (“EGI”) today announced that it has entered into a five-year extension and amendment to its existing distribution and services agreement with Co-operators General Insurance Company (“Co-operators”).

The Echelon Co-operators Services Agreement was originally entered into on October 1, 2003 between EGI, its wholly owned subsidiaries Echelon General Insurance Company (“Echelon”) and EGI Insurance Managers Inc., and Co-operators, and subsequently amended. Under the agreement, Co-operators provides distribution for Echelon’s non-standard auto policies through Co-operators’ insurance agents and also provides certain technical support services to Echelon in connection with the run-off of insurance portfolios that pre-date EGI’s ownership of Echelon. In addition, Co-operators collects premiums on behalf of Echelon for Echelon policies sold by insurance agents engaged by Co-operators.

The Echelon Co-operators Services Agreement has been extended to now expire on December 31, 2012, and may be automatically renewed thereafter for periods of one year each. Any party may terminate the agreement upon 180 days written notice to the other parties. Under the agreement, Echelon pays to Co-operators a fee of 11.5% of gross written premiums received for Co-operators’ agency-originated business placed with Echelon. Co-operators has agreed, so long as the agreement is in force (i) to use reasonable efforts to encourage its agents to provide non-standard auto business to Echelon (subject to legal requirements and Co-operators always acting in the best interest of its customers), and (ii) not to establish or invest in any non-standard automobile insurance company that competes with Echelon in Canada.

“We are pleased to announce the extension of this important distribution agreement with Co-operators”, said Douglas McIntyre, Chief Executive Officer of EGI. “We look forward to building upon our strong relationship with Co-operators and working in partnership with their executives in realizing on the potential of mutually beneficial opportunities in the future.”

About EGI Financial Holdings Inc.

Founded in 1997, EGI Financial operates in the property and casualty insurance industry in Canada and the United States, primarily focusing on non-standard automobile insurance and other niche and specialty general insurance products. EGI Financial’s common shares are traded on the Toronto Stock Exchange under the symbol EFH.

Forward-looking Statements

This news release contains forward-looking statements based on current expectations. This information includes, but is not limited to, statements about the operations, business, financial condition, priorities, targets, ongoing objectives, strategies and outlook of EGI Financial for 2007 and subsequent periods.

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a projection as reflected in the forward-looking information. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material factors, many of which are beyond EGI Financial's control, affect the operations, performance and results of EGI Financial and its business, and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

EGI Financial does not undertake to update any forward-looking information. Additional information about the risks and uncertainties about EGI Financial's business is provided in its disclosure materials, including its annual information form, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

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