

White Mountains to Significantly Expand Capitalization of Ark Insurance Holdings; Will Acquire Majority Interest

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HAMILTON, Bermuda, Oct. 1, 2020 /PRNewswire/ -- White Mountains Insurance Group, Ltd. (NYSE: WTM) announced today that it has entered into a definitive agreement to invest fresh capital in and to acquire a majority interest in Ark Insurance Holdings Ltd, the ultimate parent company of Ark Syndicate Management Limited.

Ark is a leading Lloyd's platform well positioned to take advantage of the hardening market in property & casualty insurance. Founded in 2007 by Ian Beaton and Nick Bonnar, Ark manages the underwriting of syndicates 4020 and 3902 at Lloyd's. The syndicates underwrite a diversified and balanced portfolio of reinsurance and insurance, including property, accident & health, energy, marine and political risks. Ark currently has approximately \$500 million of stamp capacity. With White Mountains' capital, Ark plans to grow its business substantially by (i) increasing aligned capacity at its Lloyd's syndicates to 100%, (ii) increasing overall stamp capacity, (iii) converting Ark's existing Bermuda reinsurance entity into a Class 4 reinsurer and (iv) hiring talented underwriters in the London and Bermuda markets.

Manning Rountree, CEO of White Mountains, said "Ian, Nick and the rest of the Ark team have built a high-quality insurance business that puts underwriting first. We are delighted to partner with them, and we are excited about the market opportunity in front of us."

Ian Beaton, CEO of Ark, said "We are delighted to have found the right capital partner in White Mountains, an institution with a long track record of successful insurance partnerships. We look forward to a fruitful relationship."

White Mountains will contribute \$605 million of equity capital to Ark, at a pre-money valuation of \$300 million and will also purchase \$41 million of shares from existing owners. White Mountains will commit to contribute up to an additional \$200 million of equity capital to Ark in 2021. Total post-closing capitalization will exceed \$800 million (and will exceed \$1 billion if the additional \$200 million is contributed in full).

At closing, White Mountains will own 72% of Ark on a basic shares outstanding basis (63% on a fully-diluted, fully-converted basis, taking account of a sweat equity plan for the go-forward Ark management team). If the additional \$200 million is contributed in full, White Mountains will own 77% of Ark on a basic shares outstanding basis (67% on a fully-diluted, fully-converted basis). All shares outstanding not owned by White Mountains will be owned by management rollover shareholders, primarily Ian and Nick.

In the future, management rollover shareholders could earn additional shares in the company if and to the extent that White Mountains achieves certain multiple of invested capital return thresholds. These additional shares have the potential (i) to put rollover shareholders in the position that they would have been in had the current transaction taken place at a pre-money valuation of up to \$450 million and (ii) to represent up to 12.5% of the shares outstanding at closing.

White Mountains expects the transaction to close in January 2021.

Slaughter and May acted as legal advisor to White Mountains. Evercore and TigerRisk Capital Market & Advisory acted as financial advisors to Ark, and Willkie Farr & Gallagher (UK) LLP acted as legal advisor to Ark.

About Ark

Ark manages the underwriting of syndicates 4020 and 3902 at Lloyd's. The syndicates underwrite a diversified and balanced portfolio of reinsurance and insurance business, including property, accident & health, energy, marine and political risks. Ark's high-quality underwriting teams are expert in their specialist areas, have a clear understanding of the needs of their clients and producers, and build business relationships for the long term.

About White Mountains

White Mountains is a Bermuda-domiciled financial services holding company traded on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol WTM. Additional financial information and other items of interest are available at the Company's web site located at www.whitemountains.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included or referenced in this press release which address activities, events or developments which White Mountains expects or anticipates will or may occur in the future are forward-looking statements. The words "will," "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements include, among others, statements with respect to White Mountains's:

- *change in adjusted book value per share or return on equity;*
- *business strategy;*
- *financial and operating targets or plans;*

- *projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;*
- *expansion and growth of its business and operations; and*
- *the future consummation of any transaction and the timing thereof, including any recapitalization, distribution, repurchase or financing.*

These statements are based on certain assumptions and analyses made by White Mountains in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. However, whether actual results and developments will conform to its expectations and predictions is subject to risks and uncertainties that could cause actual results to differ materially from expectations, including:

- *the risks that are described from time to time in White Mountains's filings with the Securities and Exchange Commission, including but not limited to White Mountains's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed March 2, 2020;*
- *the business opportunities (or lack thereof) that may be presented to it and pursued;*
- *actions taken by ratings agencies from times to time, such as financial strength or credit ratings downgrades or placing ratings on negative watch;*
- *the continued availability of capital and financing;*
- *deterioration of general economic, market or business conditions, including due to outbreaks of contagious disease (including COVID-19);*
- *competitive forces, including the conduct of other insurers;*
- *changes in domestic or foreign laws or regulations, or their interpretation, applicable to White Mountains, its competitors or its customers;*
- *an economic downturn or other economic conditions adversely affecting its financial condition; and*
- *other factors, most of which are beyond White Mountains's control.*

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by White Mountains will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, White Mountains or its business or operations. White Mountains assumes no obligation to publicly update any such forward-looking statements, whether as a result of new information, future events or otherwise.

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