

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 1, 2022

Date of Report (Date of earliest event reported)

WHITE MOUNTAINS INSURANCE GROUP, LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

1-8993
(Commission file number)

94-2708455
(I.R.S. Employer Identification No.)

23 South Main Street, Suite 3B, Hanover, New Hampshire 03755
(Address of principal executive offices)

(603) 640-2200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Shares, par value \$1.00 per share | WTM | New York Stock Exchange Bermuda Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

ITEM 2.01 Completion of Acquisition or Disposition of Assets.

On August 1, 2022, White Mountains Holdings (Luxembourg) S.à r.l. (“WTM Holdings Seller”), an indirect wholly owned subsidiary of White Mountains Insurance Group, Ltd. (“White Mountains”), completed the previously announced sale of White Mountains Catskill Holdings, Inc. (“NSM Holdings”) to Riser Merger Sub, Inc. (“Purchaser”), an affiliate of The Carlyle Group Inc. (the “NSM Transaction”), pursuant to the terms of the securities purchase agreement, dated as of May 9, 2022, by Purchaser, NSM Holdings, NSM Insurance HoldCo, LLC, WTM Holdings Seller and the other parties thereto (the “Closing”). WTM Holdings Seller received \$1.4 billion in net cash proceeds at the Closing.

ITEM 8.01 Other Events.

On August 1, 2022, White Mountains issued a press release announcing the closing of the NSM Transaction and the receipt of proceeds therefrom. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits.

Pro Forma Financial Information

White Mountains is filing as Exhibit 99.2 to this Current Report on Form 8-K the following unaudited pro forma condensed consolidated financial information, which is based on the historical financial statements of White Mountains and its consolidated subsidiaries, adjusted to give effect to the NSM Transaction:

- (1) Unaudited pro forma condensed consolidated balance sheet as of March 31, 2022; and
- (2) Unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2022 and the years ended December 31, 2021, 2020 and 2019.

Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release, dated August 1, 2022 |
| 99.2 | Unaudited pro forma condensed consolidated financial statements |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 5, 2022

WHITE MOUNTAINS INSURANCE GROUP, LTD.
By: /s/ MICHAELA J. HILDRETH
Michaela J. Hildreth
*Managing Director and
Chief Accounting Officer*



- PRESS RELEASE -

White Mountains Completes Sale of NSM

HAMILTON, Bermuda, August 1, 2022 /PRNewswire/ -- White Mountains Insurance Group, Ltd. (NYSE: WTM) (“White Mountains”) announced today that it has completed the sale of NSM Insurance Group to investment funds affiliated with global investment firm Carlyle (NASDAQ: CG).

White Mountains is in a quiet period until second quarter earnings are released.

Contact:
Rob Seelig
+1 (603) 640-2212
ir@whitemountains.com

WHITE MOUNTAINS INSURANCE GROUP, LTD.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INFORMATION

Transaction Overview

On August 1, 2022, White Mountains Holdings (Luxembourg) S.à r.l. (“WTM Holdings Seller”), an indirect wholly owned subsidiary of White Mountains Insurance Group, Ltd. (“White Mountains”), completed the previously announced sale of White Mountains Catskill Holdings, Inc. (“NSM Holdings”) to Riser Merger Sub, Inc. (“Purchaser”), an affiliate of The Carlyle Group Inc. (the “NSM Transaction”), pursuant to the terms of the securities purchase agreement, dated as of May 9, 2022, by Purchaser, NSM Holdings, NSM Insurance HoldCo, LLC, WTM Holdings Seller and the other parties thereto (the “Closing”).

Pro Forma Financial Statements

The unaudited pro forma condensed consolidated financial statements (the “Pro Forma Financial Statements”) present pro forma adjustments that reflect the impact of the NSM Transaction. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2022 and the years ended December 31, 2021, 2020 and 2019 give effect to the NSM Transaction assuming it closed on January 1, 2019. These periods have been included in the Pro Forma Financial Statements to present NSM Holdings and its subsidiaries (collectively, “NSM Group”) on a discontinued operations basis, as that presentation has not yet been required in the historical financial statements for those periods. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2022 gives effect to the NSM Transaction assuming it closed on March 31, 2022. The Pro Forma Financial Statements should be read in conjunction with White Mountains’s 2021 Annual Report on Form 10-K and White Mountains’s Quarterly Report on Form 10-Q for the period ended March 31, 2022.

The Pro Forma Financial Statements give effect to the NSM Transaction and related adjustments in accordance with Article 11 of the Securities and Exchange Commission’s Regulation S-X. In May 2020, the SEC adopted Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses,” (the “Final Rule”). The Final Rule became effective on January 1, 2021 and the unaudited pro forma condensed financial information herein is presented in accordance therewith.

The Pro Forma Financial Statements (i) are presented based on available information and assumptions that management believes are reasonable in order to give effect, on a pro forma basis, to the NSM Transaction, (ii) are intended for informational purposes only and (iii) are not intended to reflect the results of operations or the financial position of White Mountains that would have resulted had the NSM Transaction been completed as of and during the periods presented or the results that may be obtained by White Mountains in the future. The Pro Forma Financial Statements as of and for the periods presented do not reflect future events that are not directly attributable to the NSM Transaction and that may occur after the NSM Transaction. Future results may vary significantly from the results reflected in the Pro Forma Financial Statements.

White Mountains presents its consolidated financial statements using the conglomerate view that presents each segment separately. For purposes of the Pro Forma Financial Statements, White Mountains has condensed the information related to segments that are not impacted by the NSM Transaction.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| Millions, except share and per share amounts | March 31, 2022 | | |
|---|----------------------------|------------------------------------|------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Assets | | | |
| <i>Financial Guarantee (HG Global/BAM) assets</i> | \$ 991.0 | \$ — | \$ 991.0 |
| <i>P&C Insurance and Reinsurance (Ark) assets</i> | 3,435.2 | — | 3,435.2 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Cash (restricted \$90.2) | 113.5 | (113.5) (1) | — |
| Premiums and commissions receivable | 97.6 | (97.6) (1) | — |
| Goodwill and other intangible assets | 712.0 | (712.0) (1) | — |
| Other assets | 53.0 | (53.0) (1) | — |
| Total Specialty Insurance Distribution (NSM) assets | 976.1 | (976.1) | — |
| <i>Asset Management (Kudu) assets</i> | 747.5 | — | 747.5 |
| <i>Other Operations</i> | | | |
| Fixed maturity investments, at fair value | 249.3 | — | 249.3 |
| Short-term investments, at fair value | 87.0 | — | 87.0 |
| Investment in MediaAlpha, at fair value | 280.4 | — | 280.4 |
| Other long-term investments | 402.2 | — | 402.2 |
| Total investments | 1,018.9 | — | 1,018.9 |
| Cash | 50.4 | 1,339.6 (2) | 1,390.0 |
| Goodwill and other intangible assets | 38.1 | — | 38.1 |
| Other assets | 83.6 | (1.8) (1) | 81.8 |
| Assets held for sale | 15.9 | — | 15.9 |
| Total Other Operations assets | 1,206.9 | 1,337.8 | 2,544.7 |
| Total assets | \$ 7,356.7 | \$ 361.7 | \$ 7,718.4 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Unaudited)

| Millions, except share and per share amounts | March 31, 2022 | | |
|--|----------------------------|------------------------------------|------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Liabilities | | | |
| <i>Financial Guarantee (HG Global/BAM) liabilities</i> | \$ 306.8 | \$ — | \$ 306.8 |
| <i>P&C Insurance and Reinsurance (Ark) liabilities</i> | 2,554.9 | — | 2,554.9 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Debt | 270.6 | (270.6) (1) | — |
| Premiums payable | 146.0 | (146.0) (1) | — |
| Other liabilities | 77.4 | (77.4) (1) | — |
| Total Specialty Insurance Distribution (NSM) liabilities | 494.0 | (494.0) | — |
| <i>Asset Management (Kudu) liabilities</i> | 260.5 | — | 260.5 |
| <i>Other Operations</i> | | | |
| Debt | 17.3 | — | 17.3 |
| Accrued incentive compensation | 25.3 | 35.0 (3) | 60.3 |
| Other liabilities | 28.6 | — | 28.6 |
| Total Other Operations liabilities | 71.2 | 35.0 | 106.2 |
| Total liabilities | 3,687.4 | (459.0) | 3,228.4 |
| Equity | | | |
| <i>White Mountains's common shareholders' equity</i> | | | |
| White Mountains's common shares at \$1 par value per share—authorized 50,000,000 shares; issued and outstanding 2,994,162 shares | 3.0 | — | 3.0 |
| Paid-in surplus | 583.3 | — | 583.3 |
| Retained earnings | 2,956.2 | 836.9 (4) | 3,793.1 |
| Accumulated other comprehensive income (loss), after-tax: | | | |
| Net unrealized gains (losses) from foreign currency translation and interest rate swap | (.4) | .5 (5) | .1 |
| Total White Mountains's common shareholders' equity | 3,542.1 | 837.4 | 4,379.5 |
| Non-controlling interests | 127.2 | (16.7) (6) | 110.5 |
| Total equity | 3,669.3 | 820.7 | 4,490.0 |
| Total liabilities and equity | \$ 7,356.7 | \$ 361.7 | \$ 7,718.4 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| Millions, except per share amounts | Three Months Ended March 31, 2022 | | |
|---|-----------------------------------|------------------------------------|------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Revenues: | | | |
| <i>Financial Guarantee (HG Global/BAM) revenues</i> | \$ (31.3) | \$ — | \$ (31.3) |
| <i>P&C Insurance and Reinsurance (Ark) revenues</i> | 175.7 | — | 175.7 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Commission revenues | 70.1 | (70.1) ⁽⁷⁾ | — |
| Other revenues | 18.4 | (18.4) ⁽⁷⁾ | — |
| Total Specialty Insurance Distribution (NSM) revenues | 88.5 | (88.5) | — |
| <i>Asset Management (Kudu) revenues</i> | 34.9 | — | 34.9 |
| <i>Other Operations</i> | | | |
| Net investment income | 1.8 | — | 1.8 |
| Net realized and unrealized investment gains (losses) | 31.9 | — | 31.9 |
| Net realized and unrealized investment gains (losses) from investment in MediaAlpha | 18.8 | — | 18.8 |
| Commission revenues | 2.9 | — | 2.9 |
| Other revenues | 25.7 | — | 25.7 |
| Total Other Operations revenues | 81.1 | — | 81.1 |
| Total revenues | \$ 348.9 | \$ (88.5) | \$ 260.4 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Three Months Ended March 31, 2022 | | |
|---|-----------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Expenses: | | | |
| <i>Financial Guarantee (HG Global/BAM) expenses</i> | \$ 19.3 | \$ — | \$ 19.3 |
| <i>P&C Insurance and Reinsurance (Ark) expenses</i> | 198.8 | — | 198.8 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| General and administrative expenses | 54.0 | (54.0) (7) | — |
| Broker commission expenses | 20.6 | (20.6) (7) | — |
| Change in fair value of contingent consideration | .1 | (.1) (7) | — |
| Amortization of other intangible assets | 9.1 | (9.1) (7) | — |
| Interest expense | 2.1 | (2.1) (7) | — |
| Total Specialty Insurance Distribution (NSM) expenses | 85.9 | (85.9) | — |
| <i>Asset Management (Kudu) expenses</i> | 5.6 | — | 5.6 |
| <i>Other Operations</i> | | | |
| Cost of sales | 21.4 | — | 21.4 |
| General and administrative expenses | 28.9 | — | 28.9 |
| Amortization of other intangible assets | .9 | — | .9 |
| Interest expense | .3 | — | .3 |
| Total Other Operations expenses | 51.5 | — | 51.5 |
| Total expenses | 361.1 | (85.9) | 275.2 |
| Pre-tax income (loss) from continuing operations | (12.2) | (2.6) | (14.8) |
| Income tax (expense) benefit | 3.8 | (1.1) (7) | 2.7 |
| Net income (loss) from continuing operations | (8.4) | (3.7) | (12.1) |
| Net (income) loss from continuing operations attributable to non-controlling interests | 41.8 | .1 (7) | 41.9 |
| Net income (loss) from continuing operations attributable to White Mountains's common shareholders | \$ 33.4 | \$ (3.6) | \$ 29.8 |
| Basic and diluted income (loss) per share from continuing operations attributable to White Mountains's common shareholders | \$ 11.10 | | \$ 9.90 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2021 | | |
|--|-------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Revenues: | | | |
| <i>Financial Guarantee (HG Global/BAM) revenues</i> | \$ 23.0 | \$ — | \$ 23.0 |
| <i>P&C Insurance and Reinsurance (Ark) revenues</i> | 668.5 | — | 668.5 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Commission revenues | 258.0 | (258.0) ⁽⁷⁾ | — |
| Other revenues | 72.4 | (72.4) ⁽⁷⁾ | — |
| Total Specialty Insurance Distribution (NSM) revenues | 330.4 | (330.4) | — |
| <i>Asset Management (Kudu) revenues</i> | 134.0 | — | 134.0 |
| <i>Other Operations</i> | | | |
| Net investment income | 18.2 | — | 18.2 |
| Net realized and unrealized investment gains (losses) | 50.7 | — | 50.7 |
| Net realized and unrealized investment gains (losses) from investment in MediaAlpha | (380.3) | — | (380.3) |
| Realized gain (loss) from the 2019 MediaAlpha Transaction | — | — | — |
| Commission revenues | 9.6 | — | 9.6 |
| Other revenues | 90.7 | — | 90.7 |
| Total Other Operations revenues | (211.1) | — | (211.1) |
| Total revenues | \$ 944.8 | \$ (330.4) | \$ 614.4 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2021 | | |
|---|------------------------------|------------------------------------|------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Expenses: | | | |
| <i>Financial Guarantee (HG Global/BAM) expenses</i> | \$ 65.4 | \$ — | \$ 65.4 |
| <i>P&C Insurance and Reinsurance (Ark) expenses</i> | 615.6 | — | 615.6 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| General and administrative expenses | 190.1 | (190.1) | (7) |
| Broker commission expense | 80.2 | (80.2) | (7) |
| Change in fair value of contingent consideration | 1.0 | (1.0) | (7) |
| Amortization of other intangible assets | 35.2 | (35.2) | (7) |
| Loss on assets held for sale | 28.7 | (28.7) | (7) |
| Interest expense | 23.3 | (23.3) | (7) |
| Total Specialty Insurance Distribution (NSM) expenses | 358.5 | (358.5) | — |
| <i>Asset Management (Kudu) expenses</i> | 26.5 | — | 26.5 |
| <i>Other Operations</i> | | | |
| Cost of sales | 69.3 | — | 69.3 |
| General and administrative expenses | 105.7 | (3) | (7) |
| Amortization of other intangible assets | 4.3 | — | 4.3 |
| Interest expense | 1.5 | — | 1.5 |
| Total Other Operations expenses | 180.8 | (3) | 180.5 |
| Total expenses | 1,246.8 | (358.8) | 888.0 |
| Pre-tax income (loss) from continuing operations | (302.0) | 28.4 | (273.6) |
| Income tax (expense) benefit | (38.6) | (5.8) | (7) |
| Net income (loss) from continuing operations | (340.6) | 22.6 | (318.0) |
| Net (income) loss from continuing operations attributable to non-controlling interests | 46.5 | (1.0) | (7) |
| Net income (loss) from continuing operations attributable to White Mountains's common shareholders | \$ (294.1) | \$ 21.6 | \$ (272.5) |
| Basic and diluted income (loss) per share from continuing operations attributable to White Mountains's common shareholders | \$ (95.53) | | \$ (88.52) |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2020 | | |
|---|----------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Revenues: | | | |
| <i>Financial Guarantee (HG Global/BAM) revenues</i> | \$ 68.5 | \$ — | \$ 68.5 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Commission revenues | 232.5 | (232.5) (7) | — |
| Other revenues | 52.6 | (52.6) (7) | — |
| Total Specialty Insurance Distribution (NSM) revenues | 285.1 | (285.1) | — |
| <i>Asset Management (Kudu) revenues</i> | 45.7 | — | 45.7 |
| <i>Other Operations</i> | | | |
| Net investment income | 82.0 | — | 82.0 |
| Net realized and unrealized investment gains (losses) | (8.8) | — | (8.8) |
| Net realized and unrealized investment gains (losses) from investment in MediaAlpha | 686.0 | — | 686.0 |
| Realized gain (loss) from the 2019 MediaAlpha Transaction | — | — | — |
| Commission revenues | 8.3 | — | 8.3 |
| Other revenues | 13.9 | — | 13.9 |
| Total Other Operations revenues | 781.4 | — | 781.4 |
| Total revenues | \$ 1,180.7 | \$ (285.1) | \$ 895.6 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2020 | | |
|---|----------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Expenses: | | | |
| <i>Financial Guarantee (HG Global/BAM) expenses</i> | \$ 63.8 | \$ — | \$ 63.8 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| General and administrative expenses | 176.9 | (176.9) (7) | — |
| Broker commission expense | 75.3 | (75.3) (7) | — |
| Change in fair value of contingent consideration | (3.3) | 3.3 (7) | — |
| Amortization of other intangible assets | 26.7 | (26.7) (7) | — |
| Interest expense | 22.1 | (22.1) (7) | — |
| Total Specialty Insurance Distribution (NSM) expenses | 297.7 | (297.7) | — |
| <i>Asset Management (Kudu) expenses</i> | 18.1 | — | 18.1 |
| <i>Other Operations</i> | | | |
| Cost of sales | 11.3 | — | 11.3 |
| General and administrative expenses | 141.9 | (2.6) (7) | 139.3 |
| Amortization of other intangible assets | 1.3 | — | 1.3 |
| Interest expense | 1.4 | — | 1.4 |
| Total Other Operations expenses | 155.9 | (2.6) | 153.3 |
| Total expenses | 535.5 | (300.3) | 235.2 |
| Pre-tax income (loss) from continuing operations | 645.2 | 15.2 | 660.4 |
| Income tax (expense) benefit | 20.5 | (5.7) (7) | 14.8 |
| Net income (loss) from continuing operations | 665.7 | 9.5 | 675.2 |
| Net (income) loss from continuing operations attributable to non-controlling interests | 45.3 | (2) (7) | 45.1 |
| Net income (loss) from continuing operations attributable to White Mountains's common shareholders | \$ 711.0 | \$ 9.3 | \$ 720.3 |
| Basic and diluted income (loss) per share from continuing operations attributable to White Mountains's common shareholders | \$ 227.72 | | \$ 230.69 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2019 | | |
|---|-------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Revenues: | | | |
| <i>Financial Guarantee (HG Global/BAM) revenues</i> | \$ 66.6 | \$ — | \$ 66.6 |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| Commission revenues | 193.4 | (193.4) (7) | — |
| Other revenues | 39.7 | (39.7) (7) | — |
| Total Specialty Insurance Distribution (NSM) revenues | 233.1 | (233.1) | — |
| <i>Asset Management (Kudu) revenues</i> | 21.2 | — | 21.2 |
| <i>Marketing Technology (MediaAlpha) revenues</i> | 48.8 | — | 48.8 |
| <i>Other Operations</i> | | | |
| Net investment income | 43.4 | — | 43.4 |
| Net realized and unrealized investment gains (losses) | 219.8 | — | 219.8 |
| Net realized and unrealized investment gains (losses) from investment in MediaAlpha | 180.0 | — | 180.0 |
| Realized gain (loss) from the 2019 MediaAlpha Transaction | 67.5 | — | 67.5 |
| Commission revenues | 6.9 | — | 6.9 |
| Other revenues | 6.1 | — | 6.1 |
| Total Other Operations revenues | 523.7 | — | 523.7 |
| Total revenues | \$ 893.4 | \$ (233.1) | \$ 660.3 |

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(Unaudited)

| Millions, except per share amounts | Year Ended December 31, 2019 | | |
|---|-------------------------------|--|---------------------------|
| | Historical White Mountains | Transaction Accounting Adjustments | Pro Forma Consolidated |
| Expenses: | | | |
| <i>Financial Guarantee (HG Global/BAM) expenses</i> | \$ 56.6 | \$ — | <u>56.6</u> |
| <i>Specialty Insurance Distribution (NSM)</i> | | | |
| General and administrative expenses | 132.2 | (132.2) (7) | — |
| Broker commission expense | 64.8 | (64.8) (7) | — |
| Change in fair value of contingent consideration | 2.1 | (2.1) (7) | — |
| Amortization of other intangible assets | 19.4 | (19.4) (7) | — |
| Interest expense | 16.7 | (16.7) (7) | — |
| Total Specialty Insurance Distribution (NSM) expenses | <u>235.2</u> | <u>(235.2)</u> | <u>—</u> |
| <i>Asset Management (Kudu) expenses</i> | <u>10.4</u> | <u>—</u> | <u>10.4</u> |
| <i>Marketing Technology (MediaAlpha) expenses</i> | <u>54.9</u> | <u>—</u> | <u>54.9</u> |
| <i>Other Operations</i> | | | |
| Cost of sales | 7.5 | — | 7.5 |
| General and administrative expenses | 122.5 | (1.5) (7) | 121.0 |
| General and administrative expenses - transaction related incentive compensation expenses | — | 35.0 (3) | 35.0 |
| Amortization of other intangible assets | .6 | — | .6 |
| Interest expense | .6 | — | .6 |
| Total Other Operations expenses | <u>131.2</u> | <u>33.5</u> | <u>164.7</u> |
| Total expenses | <u>488.3</u> | <u>(201.7)</u> | <u>286.6</u> |
| Pre-tax income (loss) from continuing operations | <u>405.1</u> | <u>(31.4)</u> | <u>373.7</u> |
| Income tax (expense) benefit | (29.3) | (.6) (7) | (29.9) |
| Net income (loss) from continuing operations | <u>375.8</u> | <u>(32.0)</u> | <u>343.8</u> |
| Net (income) loss from continuing operations attributable to non-controlling interests | 37.9 | (.3) (7) | 37.6 |
| Net income (loss) from continuing operations attributable to White Mountains's common shareholders | <u>\$ 413.7</u> | <u>\$ (32.3)</u> | <u>\$ 381.4</u> |
| Basic and diluted income (loss) per share from continuing operations attributable to White Mountains's common shareholders | <u>\$ 130.02</u> | | <u>\$ 119.86</u> |

Transaction Accounting Adjustments

- (1) Adjustment to reflect the sale of assets and liabilities for NSM Group assuming the NSM Transaction closed on March 31, 2022.
- (2) Adjustment to reflect White Mountains estimated net cash proceeds assuming the NSM Transaction closed on March 31, 2022. The following table presents the calculation of net cash proceeds to White Mountains:

| Millions | As of March 31, 2022 |
|---|---------------------------|
| Gross cash proceeds | \$ 1,775.0 ^(a) |
| NSM Group unrestricted cash sold | 23.3 |
| Repayment of NSM Group indebtedness | (283.2) |
| Payment of NSM management's equity based compensation | (81.9) ^(b) |
| Transaction expenses | (45.0) ^(b) |
| Net cash proceeds | 1,388.2 |
| White Mountains's ownership percentage | 96.5% |
| Net cash proceeds to White Mountains | \$ 1,339.6 |

^(a) Gross cash proceeds include \$10.0 held in escrow, which is expected to be released in the second half of 2022.

^(b) Equity based compensation and transaction expenses have not been accrued as of March 31, 2022. These amounts are related to discontinued operations and therefore are not included as transaction accounting adjustments in the pro forma statements of operations.

- (3) Adjustment to reflect estimated incremental costs related to White Mountains's incentive compensation plans, which were not accrued as of March 31, 2022. The estimated costs are driven primarily by the increase in the estimated harvest percentages reflecting the impact of the NSM Transaction.
- (4) Adjustment to reflect White Mountains's estimated net gain, after tax, assuming the NSM Transaction closed on March 31, 2022. The following table presents the calculation of White Mountains's estimated net gain, after tax:

| Millions | As of March 31, 2022 |
|--|----------------------|
| Net cash proceeds to White Mountains | \$ 1,339.6 |
| NSM Group assets sold | (977.9) |
| NSM Group liabilities sold | 494.0 |
| White Mountains's transaction related incentive compensation expense | (35.0) |
| NSM Group net unrealized (gains) losses from foreign currency translation and interest rate swap | (.5) |
| Non-controlling interest related to NSM Group | 16.7 |
| White Mountains's net gain | \$ 836.9 |

- (5) Adjustment to remove NSM Group's net accumulated other comprehensive income, after tax, assuming the NSM Transaction closed on March 31, 2022.
- (6) Adjustment to remove non-controlling interests related to NSM Group assuming the NSM Transaction closed on March 31, 2022.
- (7) Adjustment to remove NSM Group's results of operations assuming the NSM Transaction closed on January 1, 2019.