

Markel Corporation and Markel CATCo Announce Commencement of Schemes of Arrangement and Improved Terms of Buy-Out Transaction for Investors in Markel CATCo Reinsurance Fund Ltd. and CATCo Reinsurance Opportunities Fund Ltd.



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Markel Corporation →
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RICHMOND, Va., Oct. 26, 2021 /PRNewswire/ -- Markel Corporation (NYSE: MKL) and Markel CATCo Investment Management Ltd. (MCIM) today announced that, following the conclusion of the Early Consent Deadline of 22 October 2021 with respect to the Buy-Out Transaction announced on 27 September 2021, a substantial level of investor support for the transaction has been received, with investors representing over 90% of Markel CATCo Reinsurance Fund Ltd. (provisional liquidators appointed) (the Private Fund) and investors representing over 95% of CATCo Reinsurance Opportunities Fund Ltd. (provisional liquidators appointed) (the Public Fund, together with the Private Fund, the Funds) returning support undertakings or otherwise indicating their intention to support the Buy-Out Transaction.

Each of the boards of the Private Fund and Public Fund has resolved to proceed with the commencement of schemes of arrangement in Bermuda in order to implement the Buy-Out Transaction and will shortly issue a Practice Direction Letter to all investors.

As previously announced, the Buy-Out Transaction will be facilitated by affiliates of Markel Corporation providing funding of up to approximately \$150 million to buy-out substantially all of the retrocessional segregated accounts of the Funds and tail risk cover that will allow for the return of approximately \$100 million of trapped collateral to investors in the Private Fund's separately structured reinsurance offering, known as the Aquilo Fund segregated account.

Markel Corporation has agreed certain improvements to the terms of the Buy-Out Transaction which result in the buy-out of all segregated accounts of the Funds (including the Aquilo Fund), plus an additional cash distribution to investors by way of an increased consent fee and other cash consideration provided by Markel Corporations and its affiliates. The improved terms result in affiliates of Markel Corporation providing up to approximately \$270 million for the full buy-out of the Funds and cash consideration of approximately \$75 million.

Under the improved terms of the Buy-Out Transaction, investors in the Funds will still retain the right to receive any upside at the end of the applicable run-off period if currently held reserves exceed the amounts necessary to pay ultimate claims. The affiliates of Markel Corporation financing the Buy-Out Transaction expect to receive a return of all their funding in relation to the full buy-out of the Funds by the end of the run-off periods.

To allow for investors who have not yet returned support undertakings to consider these improved terms, the deadline for investors to enter into an undertaking to support the Buy-Out Transaction has now been extended to 11.59 p.m. ADT on 9 November 2021 (the Extended Early Consent Deadline).

About Markel Corporation

Markel Corporation is a diverse financial holding company serving a variety of niche markets. The company's principal business markets and underwrites specialty insurance products. In each of the company's businesses, it seeks to provide quality products and excellent customer service so that it can be a market leader. The financial goals of the company are to earn consistent underwriting and operating profits and superior investment returns to build shareholder value. Visit Markel Corporation on the web at www.markel.com.

Disclaimers and important notices

This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Buy-Out Transaction or otherwise. The Schemes will be made solely pursuant to the terms of the scheme documents to be sent to investors in the Funds in due course. The scheme documents will contain the full terms and conditions of the Schemes, including details of how to vote in respect of them. Any decision in respect of, or other response to, the Schemes should be made only on the basis of the information in those documents. The information contained in this announcement is for background purposes only and no reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. Recipients of this announcement should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement. This announcement does not constitute a recommendation concerning any investor's decision or options with respect to the Buy-Out Transaction. The information in this announcement is subject to change.

The distribution of this announcement and the terms of the Buy-Out Transaction are subject to restrictions and may not be made except pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this announcement are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This announcement may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No action has been or will be taken in any jurisdiction by the Funds that would or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of any securities.

This announcement has not been approved by an authorized person for the purposes of section 21 of the U.K. Financial Services and Markets Act 2000. Accordingly, this announcement is not being distributed to, and must not be passed on to, the general public in the U.K. This announcement is for distribution only to persons who: (i) are outside the U.K.; (ii) are investment professionals, as such term is defined in Article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2000 (as amended, the Financial Promotion Order); (iii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.), of the Financial Promotion Order; (iv) are members or creditors of the Private Fund or the Public Fund; or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as Relevant Persons). This announcement is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Further to the above, the release, publication or distribution of this announcement in other jurisdictions may be restricted by law and therefore any persons who are subject to the laws of any applicable jurisdiction (including any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if

information concerning the Buy-Out Transaction is sent or made available to investors in that jurisdiction (Restricted Jurisdictions)) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are resident in such other jurisdictions or who are subject to the laws of another jurisdiction to participate in the Buy-Out Transaction may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction.

Copies of this announcement and any formal documentation relating to the Buy-Out Transaction are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Buy-Out Transaction (or the related Schemes).

Certain of the statements in this announcement or (and any related oral statements) may be considered forward-looking statements. This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Buy-Out Transaction and other information published by Markel Corporation, MCIM and the Funds contain statements which are, or may be deemed to be, "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Markel Corporation, MCIM and the Funds about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Buy-Out Transaction, the expected timing and scope of the Buy-Out Transaction and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Markel Corporation, MCIM and the Funds believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Buy-Out Transaction; the ability to obtain requisite regulatory and other required approvals and the satisfaction of other conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behavior of other market participants, the anticipated benefits from the proposed transaction not being realized as a result of changes in general economic and market conditions in the countries in which the Funds operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which the Funds operate and changes in laws or in supervisory expectations or requirements.

Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Markel Corporation, MCIM nor the Funds, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Markel Corporation, MCIM nor the Funds is under any obligation, and they expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This announcement speaks only as of the date issued.

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