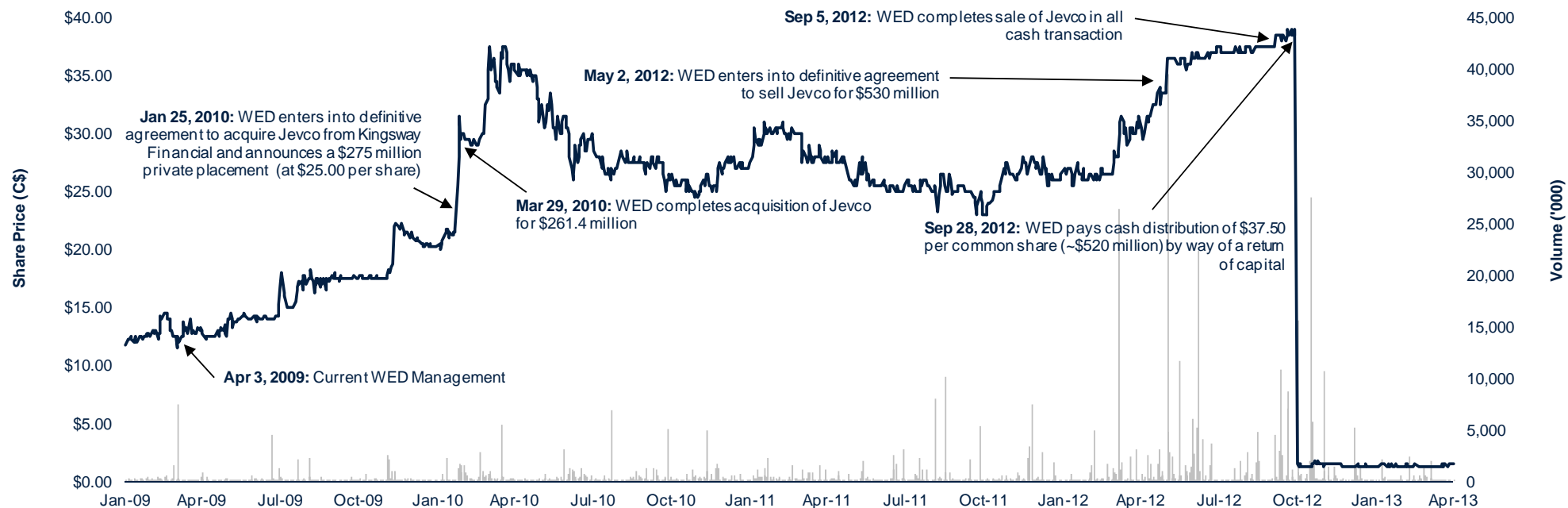


Jevco Case Study

History

- Westaim was incorporated in 1996 and spun out of Sherritt International Corporation with investment holdings in technology and related businesses
- From 1996 through 2009, Westaim made several acquisitions and divestitures with varying degrees of success
- In April 2009, as part of a change in strategy, Westaim appointed the current management team to source investment opportunities to help create and enhance value for shareholders
- The first investment, made in early 2010, was the opportunistic purchase of a 100% interest in Jevco for ~C\$260 million
- Westaim set out to execute its long-term strategic plan to grow Jevco organically and through acquisitions
- In the fall of 2012, after two and a half years of ownership, Westaim responded to an unsolicited offer for Jevco and closed the sale to Intact Financial Corporation for C\$530 million, delivering a 28.9% unlevered IRR⁽¹⁾ on its investment
- Upon the close of the sale of Jevco in September 2012, Westaim paid a special dividend of ~C\$520 million to its shareholders

Historical Annotated Stock Chart ⁽²⁾



(1) Excludes Westaim corporate level costs
 (2) Split adjusted prices (on Oct 1, 2013 Westaim affected a 1-for-50 reverse share split); Canadian dollars; Historical data January 2009 – April 2013

Jevco Case Study

Jevco Case Study and Value Creation

IDENTIFY

- Through existing relationships of the Board and management, Westaim sourced the opportunity, negotiated the transaction and secured the required financing

EXECUTE

- Executed an efficient and detailed due diligence process internally and with the help of outside experts
- Secured investment from Alberta Investment Management Corporation (“AIMCo”) to backstop a C\$275 million capital raise
- Completed financing with C\$148 million from AIMCo and balance from institutional investors
- Worked with OSFI and insurance regulators to get transaction approval

ENHANCE

- Assumed capital allocation responsibilities and provided operational support (not involved in day-to-day management)
- Secured adequate credit rating from A.M. Best to allow Jevco to resume growth
- Worked with Jevco management to establish its long-term growth and strategic business plan
- Management incentives were altered to emphasize return on capital as opposed to growth in premiums
- Internal reporting was overhauled and streamlined to better measure performance
- Stricter governance and insurance specific oversight was implemented at Jevco

ACQUIRE

- Pursued platform insurance acquisition opportunities as well as tuck-in acquisitions for Jevco in Canada
- Evaluated several investment opportunities globally including the acquisition of a global specialty insurance platform

REALIZE

- Responded quickly to the offer from Intact Financial Corporation
- Negotiated terms of sale
- Returned substantially all the proceeds of the sale to shareholders through a tax-efficient return of capital transaction

Through the experience of its Board and senior management, Westaim was able to respond quickly and capitalize on the opportunity to acquire Jevco and create significant value for shareholders