



Catalina Holdings (Bermuda) Ltd (“Catalina”)

Catalina enters into an agreement to acquire SPARTA Insurance Holdings, Inc.

(25 March 2014) Hamilton, Bermuda and Hartford, Connecticut - Catalina Holdings (Bermuda) Ltd (“Catalina”) and SPARTA Insurance Holdings, Inc. (“Sparta”) announced today a definitive agreement under which Catalina will acquire Sparta. Following the closing of the transaction, Catalina plans to place some of Sparta’s business into run off and to transfer Sparta’s alternative market business to Arch Insurance Company under a separate renewal rights agreement. Sparta predominantly focuses on specialty program and risk transfer alternatives in the United States.

At 31 December 2013, Sparta had total assets of US\$911million, gross reserves of US\$495million, net reserves of US\$309million and shareholder equity of US\$201million.

Catalina will acquire Sparta from cash at hand and a senior debt facility. The transaction, which is subject to regulatory approval, is expected to close in Q3 2014.

This is Catalina’s twelfth transaction since the business was established in 2005. Total assets of Catalina pro forma for this acquisition will be in excess of US\$2.9 billion.

Chris Fagan, Chairman and Chief Executive of Catalina, said:

“The acquisition of Sparta adds significantly to our operations in the North East of the US, and follows quickly after our recent acquisition of Alea North America. Catalina will be gaining talented people with this transaction who will be able to help with our operations across the US. I am also pleased that a renewal rights agreement has been struck with Arch Insurance Company, under which some staff will continue writing the alternative markets business.”

Sparta stated:

“We have carefully explored our strategic alternatives and have concluded that the Catalina transaction combined with the renewal rights sale is in the best interests of our stake holders. The alternative market customers and program administrators will be offered an opportunity to transfer, along with some of the senior leadership team from Sparta, to Arch Insurance Company. We are committed to working with Catalina to assure a smooth completion of this transaction for all parties.”

Mayer Brown LLP acted as legal advisers to Catalina in this transaction.

J.P. Morgan Securities LLC acted as financial advisor and Willkie Farr & Gallagher LLP acted as legal advisors to Sparta in this transaction.

Ends

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About Catalina Holdings (Bermuda) Ltd

Catalina Holdings (Bermuda) Ltd ("Catalina") is a long term consolidator in the non-life insurance/reinsurance run-off sector. Catalina was established in 2005 to focus solely on the acquisition and management of non-life insurance/reinsurance companies in run-off. Our shareholders include substantial financial institutions including funds managed by Apollo Global Management, Ontario Teachers' Pension Plan and Caisse de Depot et Placement du Quebec. Since its foundation, Catalina has made over US\$1 billion of acquisitions in the non-life insurance and reinsurance run-off sector. Catalina has received change of control approvals from Bermudian, Irish, Swiss, UK (FSA/PRA and Lloyd's) and various US state insurance regulators in prior transactions. We currently maintain offices in Bermuda, Colorado, London, Dublin, New York and Pfaffikon, Switzerland. For further details about Catalina's acquisitions or its management team please refer to www.catalinare.com.