

[West Bend Mutual Insurance Company Logo]

**POLICYHOLDER  
INFORMATION BOOKLET**

**Date: [●], 2023**

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**WEST BEND MUTUAL INSURANCE COMPANY**  
**1900 South 18th Avenue**  
**West Bend, Wisconsin 53095**

**Notice of Special Meeting of Members to  
be held on [●]**

**TO MEMBERS OF WEST BEND MUTUAL INSURANCE COMPANY:**

**NOTICE IS HEREBY GIVEN THAT** a Special Meeting of Members of West Bend Mutual Insurance Company (“West Bend” or the “Company”) will be held at the Company’s headquarters at 1900 South 18th Avenue, West Bend, Wisconsin, on [●], 2023 at 10:00 am Central Time (the “Special Meeting”), for the following purpose:

To consider and vote upon a proposal to approve the Mutual Holding Company Plan of West Bend Mutual Insurance Company (the “Plan”) and the transactions contemplated thereby, including the amendment and restatement of the Articles of Incorporation of the Company.

The full text of the Plan and the proposed Amended and Restated Articles of Incorporation of the Company, together with all exhibits to the Plan, are included in the Policyholder Information Booklet which accompanies this Notice. The Members will also consider and vote upon any matters as may properly come before the meeting, or any adjournments or postponements thereof.

**THE BOARD OF DIRECTORS OF WEST BEND HAS UNANIMOUSLY APPROVED THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY AND BELIEVES THAT THE MUTUAL HOLDING COMPANY CONVERSION PROVIDED FOR IN THE PLAN IS FAIR AND EQUITABLE TO THE POLICYHOLDERS OF WEST BEND AND WILL BENEFIT WEST BEND AND ITS POLICYHOLDERS. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE MEMBERS OF WEST BEND VOTE FOR APPROVAL OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

Under Wisconsin law, the Wisconsin Commissioner of Insurance (the “Wisconsin Commissioner”) must approve the Plan before it can take effect. Wisconsin law further provides that the Wisconsin Commissioner shall approve the Plan unless the Wisconsin Commissioner finds that the Plan violates the law, is not fair and equitable to policyholders, or is contrary to the interests of policyholders or the public. **Any such approval by the Wisconsin Commissioner is neither an endorsement of the Plan nor a recommendation to vote in favor of the Plan.**

Your vote may be cast in person at the Special Meeting or by a duly appointed proxy, in accordance with the instructions which accompany this Notice.

**To Cast Your Vote by Proxy:** *To appoint a proxy to vote on your behalf at the Special Meeting, please complete, sign, and return the enclosed proxy form in the postage-paid envelope provided, or visit the website or call the phone number identified in the instructions which accompany this Notice.*

**To Vote in Person:** *You may vote in person at the Special Meeting. Submitting a proxy will not prevent a Member from attending the Special Meeting and voting in person. If you attend the Special Meeting and cast your vote in person, any proxy you previously submitted will be invalidated.*

**YOUR VOTE IS IMPORTANT. IF YOU DO NOT PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE AND RETURN (USING THE POSTAGE-PAID ENVELOPE PROVIDED) THE PROXY FORM, OR VISIT THE WEBSITE OR CALL THE PHONE NUMBER IDENTIFIED IN THE INSTRUCTIONS, AS SOON AS POSSIBLE.**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU CAST YOUR VOTE “FOR” THE PROPOSAL TO APPROVE THE PLAN.**

Proxies must be received no later than 11:59 pm Central Time on [●] in order to be voted at the Special Meeting.

By Order of the Board of Directors

/s/  
\_\_\_\_\_  
Christopher Zwygart, Secretary

West Bend, Wisconsin  
[●]

**[INSERT OCI NOTICE OF HEARING]**

## FREQUENTLY ASKED QUESTIONS

Below are brief answers to frequently asked questions about the proposed mutual insurance holding company (also referred to as a “mutual holding company” or “MHC”) conversion (the “MHC Conversion”) of West Bend Mutual Insurance Company (“West Bend” or the “Company”). You should carefully review the more detailed discussion about the proposed MHC Conversion that follows in the Policyholder Information Statement, which qualifies all of the information presented in these brief answers.

### **1. What is the change being proposed for West Bend?**

The Board of Directors of West Bend is proposing that West Bend change its organizational structure from a mutual insurance company to a mutual holding company-owned stock insurance company. Under this structure, West Bend would convert to a stock insurer, to be re-named West Bend Insurance Company (“Converted West Bend”), and would become an indirect wholly-owned subsidiary of the newly-organized mutual holding company. West Bend policyholders, who are currently the members of West Bend, would no longer be members of West Bend but would instead become members of the new mutual holding company, with comparable member rights. There would be no change in West Bend’s insurance policies (except that they would confer membership in the mutual holding company rather than West Bend), and those policies would remain obligations of Converted West Bend as a stock insurance company. The MHC Conversion would take place in accordance with the Mutual Holding Company Plan (the “Plan”) which has been approved by West Bend’s Board of Directors and which you and the other policyholders of West Bend are being asked to approve at the Special Meeting of Members (the “Special Meeting”), of which you are being notified in the attached Notice of Special Meeting of Members.

### **2. What is a mutual insurance holding company? Have other mutual insurance companies adopted this form of organization?**

A mutual insurance holding company is a legal entity organized under state law to serve as the parent company (*i.e.*, the controlling shareholder) of an insurance company that has been converted from a mutual company to a stock company. In the mid-1990s, mutual insurance holding companies began to be permitted by the laws of various states as a means for a mutual insurance company to address certain disadvantages of the mutual insurance company organizational form by converting to a stock company, while still preserving policyholder ownership and control of the enterprise. Mutual insurance holding companies were first permitted under Wisconsin law in 1997. More than half of the states’ insurance laws now include mutual holding company laws, and many insurance companies, including several Wisconsin domestic insurance companies, have chosen to restructure as mutual holding companies. See also “**THE MHC CONVERSION TRANSACTION—The Mutual Insurance Holding Company Organizational Form**” on page 5 of the Policyholder Information Statement.

### **3. How will the proposed MHC Conversion benefit West Bend and its policyholders?**

West Bend's Board of Directors believes that the MHC Conversion of West Bend is desirable to enhance West Bend's ability to grow and respond to future needs, challenges, and opportunities in a rapidly changing insurance industry, while preserving mutuality and the ability to operate with a focus on the long-term interests of policyholders.

Specifically, the Board of Directors believes the new mutual holding company structure will benefit West Bend and its policyholders by, among other things, (i) giving the Company the opportunity to pursue expansion through subsidiary companies while maintaining its mutuality, (ii) enhancing the Company's ability to acquire and grow ancillary or non-insurance businesses, (iii) giving the Company enhanced access to capital and other forms of financing, (iv) placing the Company in a more flexible position to take advantage of opportunities such as acquisitions of other mutual insurance companies, and (v) increasing the Company's competitiveness by enhancing efficiency, management, and financial flexibility. See also **"THE MHC CONVERSION TRANSACTION—Benefits of Conversion to a Mutual Holding Company Structure"** on page 10 of the Policyholder Information Statement.

### **4. Will anyone other than current West Bend policyholders be members of the new mutual holding company?**

As of the MHC Conversion, no. Only Converted West Bend policyholders will be members of the new mutual holding company. However, the Board of Directors will have the authority to grant member status to the policyholders of other subsidiaries of the mutual holding company (including the contemplated subsidiaries described in FAQ #5) in the future. Additionally, all members of any other mutual holding company with which the mutual holding company may merge will automatically become members of the surviving mutual holding company.

### **5. How would the inclusion of policyholders of other stock insurance company subsidiaries of the MHC affect my voting rights?**

As described in FAQ #4, the MHC Conversion could eventually result in policyholders of certain West Bend subsidiaries currently in process of formation becoming members of the new mutual holding company. Any such members could result in the dilution of the aggregate voting control held by West Bend's members, depending on the number of such subsidiary policyholders and the number of Converted West Bend policyholders.

### **6. How would the inclusion of policyholders of other stock insurance company subsidiaries of the MHC affect my rights in surplus?**

The inclusion of policyholders of other stock insurance company subsidiaries as members of the mutual holding company will not have a material effect on your rights in surplus. See **"THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders"** on page 16 of the Policyholder Information Statement.

### **7. Will the proposed MHC Conversion affect the terms of my insurance policy with West Bend?**

No. All insurance policies issued by West Bend will continue as obligations of Converted West Bend as a stock insurance company after the MHC Conversion. Your rights under your existing insurance policy, including your coverage, claims payments, premiums, and policy benefits, will not be changed as a result of the MHC Conversion. See also the information presented under the heading “**Member Rights**” in the table found on page 18 of the Policyholder Information Statement.

**8. What are my current rights as a policyholder of West Bend, and how would the proposed MHC Conversion affect those rights?**

As a policyholder of West Bend, you have two types of interest in West Bend: (i) contract rights arising from your insurance policy with West Bend, and (ii) voting rights and rights in surplus arising from your status as a member of West Bend.

Your contract rights will not be affected in any way by the proposed MHC Conversion. Your insurance policy with West Bend will become a contractual obligation of Converted West Bend and there will be no changes to your insurance coverage, claims payments, premiums, or policy benefits as a result of the MHC Conversion.

On the effective date of the MHC Conversion (the “Effective Date”), you will cease being a member of West Bend and you will instead become a member of the new mutual holding company. You will be entitled to voting rights and rights to participate in distributions of surplus by the mutual holding company which are comparable to the rights that you now have in West Bend. See also “**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders**” on page 16 of the Policyholder Information Statement.

**9. Has West Bend’s Board of Directors approved the proposed MHC Conversion, and does it have a recommendation for policyholders on voting?**

Yes. After careful consideration and thorough deliberation in a series of meetings over a lengthy period, the West Bend Board of Directors has unanimously approved the Plan and the transactions contemplated thereby. Accordingly, the West Bend Board of Directors unanimously recommends that policyholders vote FOR the Plan at the Special Meeting. See also “**THE MHC CONVERSION TRANSACTION—Recommendation of Board of Directors**” on page 15 of the Policyholder Information Statement.

**10. Will anyone other than current West Bend policyholders be members of the new mutual holding company?**

Only West Bend policyholders will be members of the new mutual holding company on the Effective Date. The Board of Directors will have the authority to grant member status to the policyholders of other stock insurance subsidiaries of the mutual holding company in the future.

In addition, if the mutual holding company were to merge with another mutual holding company in the future, the members of the merging company would become members of the West Bend mutual holding company.

**11. How will the potential inclusion of new members of the mutual holding**



## **company in the future affect my voting rights?**

If West Bend's membership grows over time, you will have a smaller percentage of the total voting power in the mutual holding company than you had in West Bend immediately prior to the MHC Conversion.

Your voting rights as a member of West Bend generally consist of the right to cast one vote on any matter which is subject to a vote of the members, including the right to vote for the election of directors, any proposed conversion of the Company from a mutual company to a stock company while simultaneously creating a mutual holding company as a parent, any proposed conversion of the Company to a stock company without simultaneously creating a mutual holding company as a parent (also known as "demutualization"), voluntary dissolution of the Company, or amendment of the Company's articles of incorporation.

After the MHC Conversion, each member of the new mutual holding company will have substantially these same voting rights, except with respect to the potential dilution of the aggregate voting control held by West Bend's members as a result of the potential inclusion of new members of the mutual holding company. Each policyholder of Converted West Bend will have the same mutual holding company member voting rights.

### **12. How will the potential inclusion of new members of the mutual holding company in the future affect my rights in surplus?**

The inclusion of new members of the mutual holding company will not have a material effect on your rights in surplus. See **"THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders"** on page 16 of the Policyholder Information Statement.

### **13. Did the Board consider any alternatives to the MHC Conversion?**

Yes. The Board of Directors considered, but rejected, other structural alternatives to the proposed MHC Conversion, including demutualization of West Bend. The Board of Directors determined not to pursue any of these alternatives and has no plans to do so following the MHC Conversion. In addition, the proposed MHC Conversion does not involve any changes to the existing workforce, operations, or office locations of West Bend and its subsidiaries, and the Board of Directors has no plans to make any such changes after the MHC Conversion. See also **"THE MHC CONVERSION TRANSACTION—Consideration of Alternatives"** on page 13 of the Policyholder Information Statement.

### **14. Will West Bend be regulated differently if the MHC Conversion is completed?**

West Bend is currently regulated by the Office of the Commissioner of Insurance for the State of Wisconsin (the "Wisconsin Commissioner"). After the MHC Conversion, Converted West Bend will continue to be regulated by the Wisconsin Commissioner. In addition, the mutual holding company will be subject to the Wisconsin Commissioner's oversight. Certain anticipated differences between the current regulation of West Bend

and the future regulation of the mutual holding company are described under the heading “REGULATION” on page 32 of the Policyholder Information Statement.

**15. Does West Bend plan to issue stock in any entity following the proposed MHC Conversion?**

No. West Bend does not have any plans to issue stock in any entity after the proposed MHC Conversion is completed. In any event, an initial sale of voting stock would require the prior approval of the Wisconsin Commissioner and the members of the new mutual holding company.

**16. Will the proposed MHC Conversion result in any changes in the compensation of West Bend’s directors or officers?**

No. The proposed MHC Conversion will not result in any changes in the compensation of West Bend’s directors and officers.

**17. Will any West Bend director or officer receive any stock or stock options in connection with the MHC Conversion?**

No. West Bend’s directors and officers will not receive any stock or stock options in Converted West Bend or any other entity in connection with the MHC Conversion.

**18. Are there any potential disadvantages or risks in adopting the proposed mutual holding company structure?**

There are potential disadvantages and risks associated with the proposed MHC Conversion that are discussed in greater detail under the heading “THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—*Special Considerations and Risk Factors*” on page 26 of the Policyholder Information Statement.

**19. What approvals are required before West Bend can complete the proposed MHC Conversion?**

The Plan must be approved by the Wisconsin Commissioner. Additionally, the Plan must be approved by the vote of three-fourths of the members present and voting in person or by proxy at the Special Meeting. See also “CONDITIONS TO CLOSING OF MHC CONVERSION” on page 31 of the Policyholder Information Statement.

**20. If I vote at the Special Meeting by proxy, will the proxies have authority to vote on any matter other than the approval of the MHC Conversion?**

The proxies will have authority to vote only on those matters which are germane to the purpose of the Special Meeting as stated in the Notice of Special Meeting. For example, in addition to casting votes “For” and “Against” the approval of the Plan, the proxies would have authority to vote on a proposal to adjourn the Special Meeting and reconvene at a later date.

**21. When will the proposed MHC Conversion be completed, if all conditions are satisfied?**

Provided the Plan has been approved by the Wisconsin Commissioner and by the vote of three-fourths of the members present and voting in person or by proxy at the

Special Meeting, it is expected that the MHC Conversion will be completed on January 1, 2024.

## **22. How can I vote on the Plan?**

West Bend policyholders are being asked to vote on the Plan at the Special Meeting to be held at 10:00 am local time on [●], 2023 at the Company's offices at 1900 South 18th Avenue, West Bend, Wisconsin. Your vote must be cast in person at the Special Meeting, or by a duly appointed proxy.

To cast your vote by proxy:

*Please complete, sign and return the proxy form we sent you in the postage-paid envelope provided, log onto [website] and enter the code on the enclosed proxy card, or call [●] TOLL-FREE.*

In lieu of appointing a proxy, you may vote in person at the Special Meeting.

Submitting a proxy will not prevent a member from attending the Special Meeting and voting in person. If you attend the Special Meeting and vote in person, any previously submitted proxy will not be counted. Proxies must be received no later than 11:59 pm on [●] in order to be voted at the Special Meeting.

## **23. What should I do if I have other questions about the proposed MHC Conversion?**

If your question is not answered in these Frequently Asked Questions, the Policyholder Information Statement or the additional available information described in the Policyholder Information Statement, please visit our website ([●]) or contact us at [●].

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**POLICYHOLDER INFORMATION STATEMENT**  
**RELATING TO THE**  
**PROPOSED MUTUAL HOLDING COMPANY PLAN OF**  
**WEST BEND MUTUAL INSURANCE COMPANY**

**Dated [●]**

**No Person has been authorized to give any information or to make any representations other than, or inconsistent with, those contained in this Policyholder Information Statement, with all Exhibits hereto, in connection with the Mutual Holding Company Plan referenced herein, and any such information or representation, if given or made, must not be relied upon as having been authorized by West Bend Mutual Insurance Company (“West Bend”) or any other Person representing West Bend. The delivery of this Policyholder Information Statement shall not under any circumstances create an implication that there have not been any changes in the affairs of West Bend since the date hereof or that the information herein is correct as of any time subsequent to its date.**

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## INTRODUCTION

This Policyholder Information Statement is being provided to Policyholders of West Bend Mutual Insurance Company (“West Bend” or the “Company”) in connection with the Special Meeting of Members of West Bend to be held on [●], 2023 at 10:00 am local time, at the Company’s offices at 1900 South 18th Avenue, West Bend, Wisconsin 53095 (the “Special Meeting”), and any adjournment thereof, at which the Members of West Bend will be asked to vote on the proposal to change the structure of West Bend from its current form as a mutual insurance company to that of a stock insurance company indirectly owned and controlled by a mutual insurance holding company organized under Chapter 644 of the Wisconsin Insurance Code (the “MHC Conversion”). Capitalized terms used in this Policyholder Information Statement are defined where first used herein or under the heading “**CERTAIN DEFINITIONS**” on page 35 of this Policyholder Information Statement.

The proposal described herein is based upon a Mutual Holding Company Plan (the “Plan”) approved by the Board of Directors of West Bend (the “Board”) on [●], a copy of which is attached hereto as **Exhibit A**, together with all exhibits thereto which are attached hereto as **Exhibit B** through **Exhibit I**. Prior to the vote of the Members of West Bend at the Special Meeting, the Plan will be the subject of a Public Hearing conducted by the Office of the Commissioner of Insurance for the State of Wisconsin (the “Wisconsin Commissioner”) on [●]. The Plan will not take effect unless and until it has first been approved by order of the Wisconsin Commissioner after the Public Hearing and then by the requisite number of the Members of West Bend, and until certain other conditions described under the heading “**CONDITIONS TO CLOSING OF MHC CONVERSION**” on page 31 of this Policyholder Information Statement have been satisfied.

## ADDITIONAL AVAILABLE INFORMATION

Founded in 1894, West Bend is a mutual property and casualty insurance company domiciled in the State of Wisconsin and licensed to do business in all fifty states and the District of Columbia. West Bend is subject to the laws and regulations of the State of Wisconsin applicable to insurance companies and, accordingly, files annual and quarterly financial reports (“Annual Statements” and “Quarterly Statements”) prepared in accordance with statutory accounting principles and other information with the Wisconsin Commissioner.

In connection with obtaining approval of the Plan from the Wisconsin Commissioner, West Bend filed the Plan, together with all exhibits thereto and other related documents (collectively, the “Filing”), with the Wisconsin Commissioner pursuant to Chapter 644 of the Wisconsin Insurance Code. Policyholders of West Bend may inspect and obtain copies of the Filing, as well as the financial reports and other information filed by West Bend with the Wisconsin Commissioner, during normal business hours at the offices of West Bend located at 1900 South 18th Avenue, West Bend, Wisconsin 53095.

Members of the public may inspect and make copies of the Filing, as well as the financial reports and certain other information filed by West Bend with the Wisconsin



Commissioner, during normal business hours at the offices of the Wisconsin Commissioner located at 125 South Webster Street, Madison, Wisconsin 53703. Portions of the Filing are also available on the website maintained by the Wisconsin Commissioner at <https://oci.wi.gov/Pages/Companies/MrgrsAcquConvRedom.aspx#Restructurings> (click on the “West Bend Mutual Insurance Company to a Mutual Holding Company and a Stock Insurance Company” hyperlink).

Any Policyholder who has questions about the Policyholder Information Statement, the Plan, or the Filing in general may visit our website [●] or contact us at [●].

### **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

West Bend’s Annual Statements for the years ended December 31, 2022, 2021, and 2020 as filed by West Bend with the Wisconsin Commissioner, and all Quarterly Statements filed by West Bend with the Wisconsin Commissioner during 2023, 2022, and 2021 are incorporated by reference in this Policyholder Information Statement.

Statements contained in this Policyholder Information Statement, or in any document incorporated herein by reference, as to the contents of any contract or other documents referred to herein, are not necessarily complete, and in each instance where reference is made to the copy of such contract or other document filed as an exhibit to the Filing or such other document, each such statement is qualified in all respects by such reference. For the purposes of this Policyholder Information Statement, the documents referred to herein and therein, including the Exhibits, the Annual and Quarterly Statements and the other financial reports and the Filing, are deemed incorporated by reference in their entirety.

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*This Policyholder Information Statement has been approved for distribution to Eligible Members of West Bend by the Wisconsin Commissioner in accordance with Section 644.07(6)(b) of the Wisconsin Insurance Code. The Wisconsin Commissioner does not make a recommendation for or against the proposal set forth in this Policyholder Information Statement or the Plan, and no such recommendation should be inferred from the Wisconsin Commissioner's approval of this Policyholder Information Statement.*

## **STATUS OF THE PLAN**

The Board approved the Plan on [●], and directed that it be submitted for approval by the Wisconsin Commissioner and the Members of West Bend. The Plan will be the subject of a Public Hearing conducted by the Wisconsin Commissioner on [●], and if approved by the Wisconsin Commissioner, will be submitted for approval by the Members of West Bend at the Special Meeting. At any time prior to the Effective Date, the Board will have the discretion to amend or withdraw the Plan. Any amendment to the Plan, including its exhibits, would be subject to review by the Wisconsin Commissioner. If the Wisconsin Commissioner determines that the changes are materially disadvantageous to the Policyholders of West Bend, then the changes may be subject to an additional Public Hearing conducted by the Wisconsin Commissioner and will be subject to a separate approval by the Members of West Bend. If the Wisconsin Commissioner does not determine that the changes are materially disadvantageous to the Policyholders of West Bend, then neither an additional Public Hearing nor a separate approval by the Members of West Bend will be required. The Plan will not become effective until all of the closing conditions are satisfied; these closing conditions are summarized below under the heading “**CONDITIONS TO CLOSING OF MHC CONVERSION**” on page 31 of this Policyholder Information Statement.

## **THE MHC CONVERSION TRANSACTION**

### **The Mutual Insurance Holding Company Organizational Form**

A mutual insurance holding company (also referred to herein as a “mutual holding company” or “MHC”) is a legal entity organized under state law to serve as the parent company (*i.e.*, the controlling shareholder) of an insurance company that has been converted from a mutual company to a stock company. In the mid-1990s, mutual insurance holding companies began to be permitted by the laws of various states as a means for a mutual insurance company to address certain disadvantages of the mutual insurance company organizational form by converting to a stock company, while still preserving policyholder ownership and control of the enterprise. Prior to the adoption of mutual holding company laws, the only means for a mutual insurance company to gain the flexibility and competitive advantages of a stock company was to “demutualize,” *i.e.*, convert from a mutual company to a stock company owned up to 100% by outside investors. Mutual insurance holding companies were first permitted under Wisconsin law in 1997. In December of 1998, the Mutual Holding Company Working Group of the Financial Condition Subcommittee of the National Association of Insurance Commissioners issued a comprehensive “white paper” discussing the rationale for the mutual holding company form of organization as compared to existing alternatives,

comparing existing state laws, and setting forth certain recommendations for future state regulation of mutual holding companies, among other topics. Subsequent to the issuance of this white paper, a number of additional states passed laws providing for the formation of mutual holding companies. More than half of the states' insurance laws now include mutual holding company laws, and many mutual insurance companies have chosen to restructure as mutual holding companies.

### **Description of the MHC Conversion Transaction**

On or before the Effective Date, West Bend will form a new Wisconsin mutual holding company known as West Bend Mutual Holding Company ("WB MHC"). It will also form a new intermediate stock holding company known as WBM Corporation ("WBMC") as a direct wholly-owned subsidiary of WB MHC, to hold Converted West Bend (defined below).

On the Effective Date, West Bend will convert to, and continue its corporate existence as, West Bend Insurance Company, a Wisconsin stock insurance company ("Converted West Bend"). Converted West Bend will become a direct wholly-owned subsidiary of WBMC and an indirect wholly-owned subsidiary of WB MHC. The Voting Rights and Rights in Surplus of West Bend Policyholders will be extinguished and in exchange West Bend Policyholders will receive Voting Rights and Rights in Surplus in WB MHC.

A summary of the effect of the MHC Conversion on Voting Rights and Rights in Surplus of West Bend Members is found under the heading "**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders**" on page 16 of this Policyholder Information Statement.

On the Effective Date, Converted West Bend will issue 100% of the outstanding shares of voting stock of Converted West Bend to WBMC, and WBMC will issue 100% of the outstanding shares of voting stock of WBMC to WB MHC.

As a result of the MHC Conversion, Converted West Bend will exist as a stock insurance company, 100% of the voting stock of which is indirectly owned by WB MHC, which will be 100% owned and controlled by the Policyholders of Converted West Bend.

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The following diagrams illustrate West Bend's organizational structure before and after consummation of the MHC Conversion contemplated by the Plan:

**Before the MHC Conversion**

WEST BEND MUTUAL INSURANCE COMPANY  
("West Bend" or the "Company")  
*Mutual insurance company*  
*Owned 100% by its policyholders*

**After the MHC Conversion**



## **Background of West Bend Mutual Insurance Company**

West Bend is a Wisconsin mutual insurance company with its headquarters in West Bend, Wisconsin.

After a devastating fire destroyed a number of businesses in West Bend, Wisconsin, business owners banded together and formed a mutual insurance company in which members agreed to share losses and expenses. This was the beginning of the West Bend Mutual Fire Insurance Company—now known as West Bend Mutual Insurance Company. The Company was founded on April 13, 1894. In the first year, the Company appointed seven agents, wrote its first of three policies for the West Bend Brewing Company, and paid one claim for \$17.40. Since then, the Company has evolved into a super-regional property and casualty insurance company licensed in all fifty states and the District of Columbia and is currently writing Commercial, Personal, Argent®, and Specialty Lines business.

West Bend is rated A (Excellent) by A.M. Best and has been recognized as a Ward's 50® Top Performer. West Bend is also certified by Forbes® as a Great Place to Work, and was recognized by Forbes® as one of America's Best Insurance Companies 2022. West Bend and its associates actively support West Bend's local communities through donations, time and talent.

## **Strategic Challenges Facing West Bend**

The Board believes that, in order to be strong and competitive in the property and casualty insurance industry of the future, a company will need to have structural, financial and strategic flexibility to respond quickly and decisively to an ever-increasing pace of change. These changes include new underwriting methodologies, new sources of data and sophisticated data analytics, new technologies to prevent or mitigate losses and claims, and new distribution channels, among others. West Bend's current structure as a mutual insurance company limits the Company's ability to adapt quickly in a rapidly changing marketplace, including such considerations as:

- *The Company's access to capital.*

Mutual insurance companies have no stock which can be sold to raise capital to grow the enterprise. The only way for mutual insurance companies to raise capital is through profitable operations over time, through the sale of "surplus notes," which is a relatively expensive form of financing due to regulatory restrictions on repayments to the purchasers of the notes, or through the sale of stock of a "downstream holding company" which, as stock issued by a subsidiary of the mutual insurance company parent, does not reflect the valuation of the mutual company.

- *The Company's ability to pursue product and state expansion through subsidiary companies while preserving and enhancing the Company's commitment to mutual governance.*

Due to state regulatory requirements, insurance companies are often restricted from offering new products that are similar to their existing products. Insurance

companies that wish to continue to sell their current products while, at the same time, offering alternative products often form stock insurance company subsidiaries to enable this approach. The policyholders of these stock companies are not eligible for membership in the mutual insurance company parent organization.

- *The Company's ability to acquire and expand ancillary or non-insurance subsidiaries.*

State regulatory requirements limit the extent to which insurance companies can invest in ancillary and non-insurance subsidiaries. When a mutual insurance company is the ultimate parent, the entire family of companies is limited by these investment restrictions.

- *The Company's ability to pursue mergers and acquisitions.*

Mutual insurers cannot merge with or acquire other mutual insurers without one of the two entities ceasing to exist as a separate insurer. This prevents a mutual company from merging with or acquiring other mutual insurers in ways that allow for increased efficiencies while maintaining both organizations' goodwill and the value of their respective brands. Further, mutual insurers have limited options to raise capital for possible mergers and acquisitions of other mutual and stock insurance companies, and cannot use stock as currency in acquisitions.

## **Benefits of Conversion to a Mutual Holding Company Structure**

The Board has determined that the proposed MHC Conversion will benefit the Company and its Policyholders, including in the following ways:

### ***Access to Capital***

Mutual insurance companies have no stock which can be sold to raise capital to grow the enterprise. The only way for mutual insurance companies to raise capital is through profitable operations over time, through the sale of "surplus notes," which is a relatively expensive form of financing due to regulatory restrictions on repayments to the purchasers of the notes, or through the sale of stock of a "downstream holding company" which, as stock issued by a subsidiary of the mutual insurance company parent, does not reflect the valuation of the mutual company. Once a mutual insurance company has been converted to a stock insurance company owned, indirectly, by a mutual holding company, voting or nonvoting stock or debt securities issued by the former mutual company, or by an intermediate stock holding company, can be sold through an initial public offering, giving the company access to the public capital markets, or sold to private investors. The mutual holding company must still retain a majority of voting shares in the intermediate stock holding company or the former mutual company, as the case may be, thereby preserving mutuality.

Note that the access to capital provided through an intermediate stock holding company or the former mutual company is subject to the requirement of obtaining regulatory and mutual holding company member approval for the initial sale of voting

stock. The Plan that is being submitted for approval by the Wisconsin Commissioner and the Members of West Bend at this time does not provide for the sale of voting stock, and there is currently no plan for the sale of stock or debt securities of any kind. However, circumstances may arise where the availability of such financing may be a benefit to the Company and its policyholders. An initial sale of voting stock to provide such financing would be subject to the receipt of approvals as described in this paragraph.

***Use of Stock Subsidiaries for Product and State Expansion While Preserving and Enhancing the Company's Commitment to Mutual Governance***

In order to grow and stay competitive, property and casualty insurance companies must continually innovate in product design to keep up with new developments in underwriting methodology and delivery of benefits to policyholders. Additionally, over time, a large and growing variety of insurance policies have been developed to meet the needs of the insurance buying public. For practical and regulatory reasons, it is often advisable or necessary to issue these products from stock insurance company subsidiaries rather than from the mutual insurance company. The Policyholders of these stock insurance company subsidiaries are not eligible for membership in the mutual company parent.

As a mutual insurance company, West Bend focuses on the interests of its Policyholders, the owners of the Company. West Bend believes that its success as an insurance enterprise stems in large part from this ability to focus its business operations and objectives from the perspective of the Policyholders. As such, West Bend wishes to preserve and enhance its "mutuality" while still being able to compete against stock insurance companies.

Wisconsin law permits the MHC's Board of Directors to admit of Policyholders of downstream stock insurance companies as members of a mutual holding company, although this is not mandatory. Under the current Wisconsin Insurance Code, these Policyholders are not entitled to share in any distributions upon any demutualization or dissolution of the mutual holding company, except to the extent they have paid premiums to the converted mutual insurance company within the five years preceding such an event. However, they do have the same rights as other mutual holding company members to vote on the election of directors, the amendment of the articles of incorporation, and certain other major decisions. This would enable West Bend to expand its product offerings and implement improved underwriting methodologies through newly formed stock subsidiaries. As an added benefit, Policyholders who are insured by any future downstream stock insurance company subsidiary whose Policyholder(s) receive Member status in WB MHC from the MHC Board of Directors, will have the opportunity to participate in the shared governance benefits of mutuality. West Bend is currently pursuing the organization and licensure of two downstream stock insurance companies in order to offer a wider range of workers' compensation rates to its policyholders in the future, and policyholders of these new insurers could be admitted as Members after the MHC Conversion.



### ***Ability to Acquire and Grow Ancillary or Non-Insurance Subsidiaries***

Regulatory restrictions place limits on the extent to which insurance companies can invest in ancillary and non-insurance subsidiaries. The benefit of the mutual holding company structure, with the inclusion of an intermediate stock holding company, is that the mutual holding company and intermediate stock holding company are both well suited to acquire and grow ancillary or non-insurance entities as direct subsidiaries, without being subjected to the regulatory restrictions that could limit West Bend's ability to take advantage of certain strategic opportunities. Note that any distribution of funds or the provision of any other form of financial support from Converted West Bend to WBMC that falls within the definition of an "extraordinary dividend" under the Wisconsin Insurance Code will be subject to the requirement that the Wisconsin Commissioner be notified not less than 30 days prior to such distribution and not have disapproved the distribution within such time. In addition, the claims-paying ability of Converted West Bend, after taking into account the effects of any such distributions or financial support, will be subject to ongoing regulatory scrutiny and independent review by industry rating agencies.

### ***Mergers and Acquisitions***

West Bend cannot acquire or merge with other mutual insurers without one of the two mutual entities ceasing to exist as a separate insurer. As a result, the valuable "brand" recognition and goodwill of the mutual insurer that ceases to exist is effectively a lost or diminished asset. By contrast, an insurance enterprise structured as a mutual holding company has a broader range of options for pursuing mergers and acquisitions in a manner that may preserve the separate identity, brand recognition and goodwill of the insurer or other entity being acquired. For example, a mutual holding company can acquire stock insurance companies as subsidiaries. Alternatively, a mutual holding company can acquire mutual insurers through sponsored conversions, whereby the mutual insurance company being acquired undergoes its own mutual holding company conversion in which the Policyholders of the mutual insurance company being acquired cease being members of the mutual insurance company and instead become members of the acquiring mutual holding company, and the mutual insurance company undergoing the sponsored conversion becomes a stock insurance company owned by the acquiring mutual holding company. Alternatively, two existing mutual holding companies can merge, without affecting the unique identity of any downstream insurance companies in either organization. These options are not available to West Bend in its current mutual insurance company structure.

Because the MHC Conversion includes the formation of an intermediate stock holding company, WB MHC will have multiple options available to raise capital for merger and acquisition purposes through public or private markets, and to use stock of the intermediate holding company as currency in acquisitions, particularly if the stock is publicly traded (subject to the prerequisite of obtaining approval of the Wisconsin Commissioner and the Members of WB MHC before an initial offer and sale of voting stock).

## Protections Provided to Policyholders

The Plan affords the following protections to Policyholders:

- *Continuation of Policy Rights.* The benefits and rights of Policyholders under their Policies will not be reduced or altered in any way by the adoption of the Plan. Premiums required to be paid as specified in all Policies will not be increased or otherwise changed as a result of the MHC Conversion.
- *Business Operations Unchanged.* The MHC Conversion will not result in any material changes to the business operations of West Bend.
- *Continuation of Voting Control of West Bend.* WB MHC will, on the Effective Date, indirectly own 100% of the voting stock of Converted West Bend. In addition to requiring the approval of both the Wisconsin Commissioner and the Members of WB MHC, any sale of voting stock of Converted West Bend to outside investors would be subject to the requirement that WB MHC must at all times directly or indirectly own not less than 51% of such voting stock. As a result of this majority ownership interest, Members of WB MHC, who will have voting control over WB MHC, will retain indirect voting control over Converted West Bend.
- *No Sales of Voting Stock without Additional Approvals.* The Plan does not provide for any sale of voting stock of Converted West Bend or WBMC. As a result, no such voting stock may be sold to investors unless there is a subsequent approval by the Wisconsin Commissioner and the Members of WB MHC of the terms of such offering. West Bend has no current plans to request approval for a sale of voting stock of Converted West Bend or WBMC.
- *Voting Rights/Rights in Surplus.* The MHC Conversion will result in West Bend Policyholders becoming Members of WB MHC with associated rights, including: (i) the right to vote at annual meetings of WB MHC for the election of directors of WB MHC and on such other matters as may be presented to Members of WB MHC, from time to time; (ii) the right to receive distributions from WB MHC in the unlikely event of its dissolution or liquidation; and (iii) the right to receive payment in the form of stock, cash, policy credits or other kinds of consideration if WB MHC were ever to demutualize, which is not now contemplated.

## Consideration of Alternatives

The principal alternatives to the MHC Conversion are for West Bend to either (i) preserve the status quo and remain a mutual insurance company, or (ii) undergo a demutualization.

### *Preserving the Status Quo*

While West Bend's current structure provides the benefits of mutuality to its current Members and allows for organic growth through insurance operations, as described above in this Policyholder Information Statement, continuing to operate as a mutual

insurance company imposes limits upon West Bend's ability to respond to significant opportunities for strategic growth and to access additional capital should that ever be necessary. The Board has concluded that, in the future, it will be increasingly important to have the structural, financial and strategic flexibility to respond quickly and decisively to changes in the marketplace, both in terms of pursuing potential acquisition activity and in terms of making investments in new technology, additional distribution channels, and new insurance businesses. The Board believes that if West Bend remains in its current structure as a mutual insurance company, these limitations will prevent West Bend from realizing its full potential as compared to competitors who are not similarly restricted.

### ***Demutualization***

A demutualization would convert West Bend from a mutual insurance company into a stock insurance company without simultaneously creating a mutual holding company as a parent. In essence, West Bend would transition from a company owned by its Policyholders to one that is owned by shareholders. There would be certain benefits of a demutualization to West Bend and/or its Members, such as the following:

- Policyholders, as Members of West Bend, would receive cash, stock or other consideration in exchange for their Voting Rights and Rights in Surplus in West Bend.
- Stock of the demutualized company could be used by the demutualized company as acquisition currency.
- The value of West Bend's stock after a demutualization might be higher than it would be after reorganizing to a mutual holding company structure, insofar as, under Wisconsin law, the mutual holding company will always have to own, directly or indirectly, at least 51% of the shares of Converted West Bend (or WBMC, as the case may be). Investors may place a lower value on the stock of Converted West Bend (or WBMC, as the case may be) as a result of their inability to acquire a controlling interest in the entity.

The Board has concluded, however, that maintaining the "mutuality" of West Bend in some form is important in order to preserve the Company's focus on the best interests of the Policyholders. In addition, the Board deems it important that West Bend retain and enhance its ability to merge with, acquire, or affiliate with other mutual entities, particularly in ways that preserve the separate insurance operations and "brands" of such organizations, including West Bend. Demutualization is inconsistent with both of these goals, as it would terminate West Bend's existence as a "mutual" organization ultimately owned by its Policyholders, and would eliminate West Bend's practical ability to merge with other mutual insurers (other than through a sponsored demutualization, which can be a difficult process and a relatively inefficient use of acquisition capital), thus limiting the number and types of strategic acquisition opportunities available to West Bend. Other potential disadvantages of demutualization as an alternative to the mutual holding company structure include the following:

- Demutualization would not eliminate the regulatory restrictions that place limits on the extent to which West Bend can invest in ancillary and non-insurance subsidiaries.
- Demutualization would subject the Company to the future demands of investors focused on short term market performance, rather than the Company's current focus on long term objectives benefitting current and future Policyholders.
- Under the proposed MHC Conversion, ultimate voting control of the enterprise remains, indirectly, with the Policyholders of West Bend. Under a demutualization, Members of West Bend who acquire shares of stock in exchange for their Voting Rights and Rights in Surplus would continue to have voting rights in the demutualized company, but other Persons besides Members could acquire sufficient shares of stock to become the controlling shareholders.
- Historically, demutualizations are more difficult to structure, more time consuming, and more expensive than mutual holding company reorganizations.
- Demutualization may be an inefficient way to raise capital. In a demutualization under Wisconsin law, West Bend would be required to distribute cash, stock or other forms of consideration to current and former (within the five years preceding the demutualization) Policyholders in exchange for their Voting Rights and Rights in Surplus in West Bend, with an aggregate value up to 100% of all premiums paid by such Policyholders, together with interest at the legal rate, compounded annually. While this could be viewed as a benefit to those Policyholders who paid premiums to West Bend within the five years preceding the demutualization, the actual value of the distributed stock could be substantially depressed if there is no public trading market established for the stock, and/or if the demand to sell the stock significantly exceeds the demand to purchase.

### **Recommendation of Board of Directors**

On [●], the Board unanimously adopted the Plan and approved the transactions contemplated thereby. The Board is submitting the Plan to a vote of the Eligible Members after careful review and consideration, including advice from the Company's outside legal counsel. The Board believes that the MHC Conversion is fair and equitable to West Bend Policyholders, and the Board expects that the MHC Conversion will benefit West Bend Policyholders.

As required by Chapter 644 of the Wisconsin Insurance Code, the Company has submitted the Plan to the Wisconsin Commissioner for review and approval. The Wisconsin Commissioner will conduct and preside over a public hearing on the plan on [●].

The Wisconsin Commissioner may request that West Bend, Converted West Bend, WBMC and/or WB MHC enter into a Stipulation and Order or other agreement(s) with the Wisconsin Commissioner containing various covenants and/or undertakings binding upon such parties as a condition to the approval of the Plan. The Board has authorized

the officers of West Bend to represent West Bend in all negotiations with the Wisconsin Commissioner related to the review and approval of the Plan and has further authorized the officers of West Bend to negotiate and execute, on behalf of West Bend and, if necessary, Converted West Bend, WBMC and/or WB MHC, any such Stipulation and Order or other agreement(s) with the Wisconsin Commissioner which, in the officers' sole judgment and discretion, are reasonable and necessary to secure the Wisconsin Commissioner's approval of the Plan; should any proposed changes to the Plan as a result of such negotiations be deemed by the officers of West Bend to be material, however, then the officers of West Bend will so notify the Wisconsin Commissioner and seek the Board's approval of such changes as a condition of final agreement to such changes.

**THE BOARD OF DIRECTORS OF WEST BEND UNANIMOUSLY RECOMMENDS THAT ELIGIBLE MEMBERS OF WEST BEND VOTE "FOR" APPROVAL OF THE PLAN AT THE SPECIAL MEETING.**

### **Effects of the MHC Conversion**

The MHC Conversion will have the following effects upon West Bend and its Members/Policyholders:

#### ***Operations and Business of West Bend***

The MHC Conversion will not result in any material changes to West Bend's existing insurance operations or its services to Policyholders, except that such operations and services will in the future be conducted or provided by a mutual holding company-owned stock insurance company rather than a mutual insurance company. In addition, the MHC Conversion of West Bend into a stock insurance company will in no way annul, modify or change any of West Bend's existing suits, rights, property interests, contracts, or liabilities, except with respect to the extinguishment and replacement of Members' Voting Rights/Rights in Surplus as described below. Converted West Bend will exercise all of the rights and powers, and perform all of the duties, conferred or imposed by law upon insurers writing the types of insurance written by West Bend before the Effective Date, except with respect to the extinguishment and replacement of Members' Voting Rights/Rights in Surplus as described below.

#### ***Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders***

Currently, Members of West Bend have both contract rights as Policyholders of the Company and Voting Rights/Rights in Surplus as Members of the Company. Upon the MHC Conversion, a Member's contract rights and Voting Rights/Rights in Surplus will effectively be separated, as further explained and illustrated below.

The principal contract right of Policyholders is the right to receive the type and amount of insurance coverage specified in a Policyholder's Policy (or Policies) in accordance with the terms and provisions thereof. On the Effective Date, the contract rights of a Policyholder will continue to flow between such Policyholder and Converted West Bend. Every Policy that has been issued by West Bend which is in force on the Effective Date will remain in force at the Effective Date and continue as a Policy of

Converted West Bend. The premiums currently required to be paid as specified in the Policies will not be increased or otherwise changed as a result of the MHC Conversion.

The Voting Rights/Rights in Surplus of Members of West Bend can be summarized as follows:

*Voting Rights:*

- The right to elect the directors of West Bend;
- The right to approve or disapprove proposed changes to the West Bend Articles of Incorporation; and
- The right to vote (or grant proxies to vote) on any plan of conversion, voluntary dissolution or such other matters as may come before the Members at an annual or special meeting of West Bend's Members.

*Rights in Surplus:*

- The right to receive a *pro rata* share (based on premiums paid to West Bend within the past five years) of cash, stock, or such other consideration as is approved by the Wisconsin Commissioner in the event of the demutualization of West Bend, which would require approval by the Board, the Members of West Bend, and the Wisconsin Commissioner; and
- The right to share in any distribution of, or to receive consideration based upon, the assets of West Bend remaining after satisfaction of all third party obligations (including obligations to Policyholders under insurance contracts in force), in the event of West Bend's ultimate voluntary or involuntary dissolution (*i.e.*, if West Bend were to become insolvent or go out of business), which would likewise require approval by the Board and the Members of West Bend, in the case of a voluntary dissolution, and the Wisconsin Commissioner.

As a matter of law, distributions to a Member of West Bend in the case of either a demutualization or dissolution would be capped at the amount of premiums such Member has paid to West Bend, together with interest at the legal rate compounded annually. Any excess over this amount would be required to be distributed according to the provisions of Chapter 611 of the Wisconsin Insurance Code.

On the Effective Date, the foregoing Voting Rights/Rights in Surplus of Members of West Bend will be replaced with Voting Rights/Rights in Surplus as Members of WB MHC. Members will not receive any cash, stock or other consideration in exchange for their Voting Rights/Rights in Surplus in West Bend. Rather, the Members' Voting Rights/Rights in Surplus in West Bend will be extinguished and replaced with Voting Rights/Rights in Surplus in WB MHC, as summarized in the chart below under the heading "After MHC Conversion."

Holders of Policies issued by Converted West Bend on or after the Effective Date will automatically become Members of WB MHC.

The contract rights and Voting Rights/Rights in Surplus of the then-current Members of West Bend and WB MHC, respectively, before and after the MHC

Conversion, are summarized in the table below:

<b>Contract Rights</b>		<b>Before MHC Conversion</b>	<b>After MHC Conversion</b>
	<i>Right to insurance coverage</i>	Insurance coverage is provided by Policies which are obligations of West Bend.	Policy obligations to provide insurance coverage continue unchanged for West Bend Policyholders, who are now Policyholders of Converted West Bend. Converted West Bend is the same company as West Bend except that it is reorganized as a stock insurance company. The Plan will not increase premiums, decrease policy benefits or alter policy obligations.
<b>Member Rights</b>		<b>Before MHC Conversion</b>	<b>After MHC Conversion</b>
<b>Voting Rights</b>	<i>Right to vote for election of directors and on other corporate matters</i>	Each West Bend Member is entitled to one vote on all matters subject to Member vote. Only Policyholders of West Bend are Members of West Bend.	Each WB MHC Member is entitled to one vote on all matters subject to Member vote. Only Policyholders of Converted West Bend are Members of WB MHC.
<b>Rights in Surplus</b>	<i>In the event of a dissolution or liquidation</i>	Any surplus remaining after payment of all liabilities of West Bend will be distributed according to a plan of dissolution approved by the Members, but in no event will a Member be entitled to receive assets with a value in excess of the value of all insurance premiums paid by such Member to West Bend, together with interest on such amounts at the legal rate compounded annually. Any amount in excess of	Any surplus remaining after payment of all liabilities of WB MHC will be distributed according to a plan of dissolution approved by the Members, but in no event will a Member be entitled to receive assets with a value in excess of the value of all insurance premiums paid by such Member to West Bend / Converted West Bend, together with interest on such amounts at the legal rate compounded

	<p>amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.</p>	<p>annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.</p>
<p><i>In the event of a reorganization to a stock insurer (also called a demutualization)</i></p>	<p>Persons who have been Policyholders of West Bend at some time during the five years prior to demutualization are entitled to receive, without additional payment, their proportional share of stock in the reorganized stock insurer (or cash or other assets), determined by the net premium such Person paid to West Bend over such five-year period, as a percentage of all net premiums received by West Bend over the same period, capped at the value of all insurance premiums paid by such Person to West Bend, together with interest on such amounts at the legal rate compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.</p>	<p>Persons who have been Policyholders of West Bend / Converted West Bend at some time during the five years prior to demutualization are entitled to receive, without additional payment, their proportional share of stock in the reorganized mutual holding company (or cash or other assets), determined by the net premium such Person paid to West Bend / Converted West Bend over such five-year period, as a percentage of all net premiums received by West Bend / Converted West Bend over the same period, capped at the value of all insurance premiums paid by such Person to West Bend / Converted West Bend, together with interest on such amounts at the legal rate, compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.</p>



### ***Directors and Executive Officers***

On the Effective Date (i) the Board of Directors of WB MHC will consist of the same directors that comprise the Board of Directors of West Bend immediately prior to the Effective Date, (ii) the Principal Officers of WB MHC will consist of Robert J. Jacques, Heather A. Dunn, and Christopher C. Zwygart, (iii) the Board of Directors of Converted West Bend will consist of Heather A. Dunn, David A. Ertmer, Richard R. Fox, Robert J. Jacques, and Christopher C. Zwygart, (iv) the Principal Officers of Converted West Bend will be the same individuals serving as the Principal Officers of WB MHC, (v) the Board of Directors of WBMC will consist of Heather A. Dunn, David A. Ertmer, Richard R. Fox, Robert J. Jacques, and Christopher C. Zwygart, and (vi) the Principal Officers of WBMC will be the same individuals serving as the Principal Officers of WB MHC. For more information regarding the proposed directors and executive officers of WB MHC, Converted West Bend and WBMC, see “**DIRECTORS AND OFFICERS OF WEST BEND MUTUAL HOLDING COMPANY, WBM CORPORATION, AND CONVERTED WEST BEND**” attached hereto as **Exhibit I**.

### ***Corporate Governance***

West Bend is not authorized, as a mutual insurance company, to issue capital stock and, therefore, has no shareholders. Instead, West Bend operates under the direction of its Board of Directors, which is elected by the Members of West Bend.

After the MHC Conversion, Converted West Bend will operate under the direction of its Board of Directors and all voting rights, including the election of the Board of Directors of Converted West Bend, will be vested exclusively in the holder(s) of its outstanding voting stock, specifically WBMC. All of the voting rights of WBMC, in turn, will be vested exclusively in the holder(s) of its outstanding voting stock, specifically WB MHC. Accordingly, WB MHC, as sole shareholder of WBMC, will have indirect voting control over the outcome of all matters presented to the shareholders of Converted West Bend for resolution by vote, including the election of the Board of Directors for Converted West Bend. WB MHC will operate under the direction of its Board of Directors. All voting rights, including the election of the Board of Directors of WB MHC, will be vested exclusively in the Members of WB MHC, who will be the Policyholders of Converted West Bend. These Members will be entitled to vote on all matters requiring action by the Members, including the election of the directors of WB MHC.

### ***Comparison of Articles of Incorporation and Bylaws of WB MHC with Current Articles of Incorporation and Bylaws of West Bend***

WB MHC will be organized as a mutual holding company under Chapter 644 of the Wisconsin Insurance Code. The proposed Articles of Incorporation of WB MHC (the “Proposed WB MHC Articles”) and the proposed Bylaws of WB MHC (the “Proposed WB MHC Bylaws”) are attached to this Policyholder Information Statement as **Exhibits E and F**, respectively, and are incorporated herein by reference. You are encouraged to read the Proposed WB MHC Articles and Proposed WB MHC Bylaws in their entirety.

Certain provisions of the Proposed WB MHC Articles and Proposed WB MHC Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material, and is subject in all respects to the Wisconsin Insurance Code and the entirety of the Proposed WB MHC Articles and Proposed WB MHC Bylaws.

### Purpose

WB MHC is formed for the purpose of owning, at all times, directly or indirectly, at least fifty-one percent (51%) of the voting stock of Converted West Bend and engaging in all lawful activities permitted to mutual holding companies under Wisconsin law. WB MHC will not be engaged in the business of insurance. By contrast, West Bend is a mutual insurance company formed for the purpose of insuring its Members against all hazards authorized or permitted for a mutual insurance company.

### Membership

Every Policyholder of West Bend will become a Member of WB MHC on the Effective Date. The Board of Directors of WB MHC is also authorized to admit Policyholders of additional stock insurance company subsidiaries of WB MHC as future Members of WB MHC. In addition, if another mutual insurance holding company were to merge into WB MHC, the members of such other mutual insurance holding company would become members of WB MHC. Each Member of WB MHC will have one vote on all matters subject to a Member vote, including the election of directors of WB MHC. Each Member of WB MHC will also have certain Rights in Surplus, but only to the extent such Members have paid premiums to West Bend and/or Converted West Bend within the past five years. Further discussion of WB MHC Members' Rights in Surplus is found under the heading "**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of West Bend Members/Policyholders**" on page 16 of this Policyholder Information Statement.

### Board of Directors

Pursuant to the Current West Bend Articles and Bylaws, West Bend is governed by a Board of Directors that must include no fewer than nine and no more than twelve individuals. There are currently twelve individuals serving on West Bend's Board. The provisions with respect to the Board of Directors in the Proposed WB MHC Articles and the Proposed WB MHC Bylaws are substantially similar to the provisions in the Current West Bend Articles and the Current West Bend Bylaws.

### Officers

The Proposed WB MHC Bylaws authorize the election or appointment by WB MHC's Board of Directors of corporate officers, including Chief Executive Officer/President, Secretary, Treasurer, and such other Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the WB MHC Board of Directors may elect or appoint or provide for by resolution from time to time. The provisions with respect to

officers in the Proposed WB MHC Bylaws are substantially similar to those in the Current West Bend Bylaws.

### Member Meetings

The Proposed WB MHC Articles and the Proposed WB MHC Bylaws provide for annual and special meetings of the Members of WB MHC. The Current West Bend Bylaws also provide for annual and special meetings of the Members of West Bend. The provisions of the Proposed WB MHC Bylaws for the calling of special meetings of Members of WB MHC are substantially similar to those provisions in the Current West Bend Bylaws.

### Dividends

The Proposed WB MHC Articles do not provide authority for WB MHC to pay dividends to Members of WB MHC in their capacity as Members. The Current West Bend Articles likewise do not provide authority for West Bend to pay dividends to Members of West Bend in their capacity as Members. This does not affect dividends paid on West Bend's workers' compensation policies, before or after the MHC Conversion.

### Amendment of Articles of Incorporation and Bylaws

The Current West Bend Articles can be amended by the vote of at least three-fourths of the Members of West Bend present and voting in person or by proxy at a meeting of the Members. The Proposed WB MHC Articles are silent with regards to amendments, but can be amended by the vote of the lesser of (i) two-thirds of the Members present and voting in person or by proxy at a meeting of the Members, or (ii) a majority of the voting power held by the Members.

The Current West Bend Bylaws can be amended (i) by the Board of Directors by a vote of at least two-thirds of the entire Board, unless the Bylaw specifically states that it may not be amended by the Board, or (ii) by majority vote of no fewer than five percent of the Members of West Bend. The Proposed WB MHC Bylaws contain amendment provisions substantially similar to those in the Current West Bend Bylaws.

### ***Comparison of Articles of Incorporation and Bylaws of Converted West Bend with Current Articles of Incorporation and Bylaws of West Bend***

Converted West Bend will be organized as a stock insurance corporation under Chapter 611 of the Wisconsin Insurance Code. The proposed Amended and Restated Articles of Incorporation of Converted West Bend (the "Proposed Converted West Bend Articles") and proposed Amended and Restated Bylaws of Converted West Bend (the "Proposed Converted West Bend Bylaws") are attached to this Policyholder Information Statement as **Exhibits C** and **D**, respectively. You are encouraged to read the Proposed Converted West Bend Articles and Proposed Converted West Bend Bylaws in their entirety.

Certain provisions of the Proposed Converted West Bend Articles and Proposed Converted West Bend Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material,

and is subject in all respects to the Wisconsin Statutes and the entirety of the Proposed Converted West Bend Articles and the Proposed Converted West Bend Bylaws.

### Purpose

Converted West Bend is being converted into a stock insurance corporation to continue the existence of West Bend after the consummation of the MHC Conversion, and, like West Bend, will have the purpose of insuring its Policyholders against all hazards authorized or permitted for a property and casualty insurance company by Wisconsin law. After the Effective Date, Converted West Bend will be a direct, wholly-owned subsidiary of WBMC, which in turn will be a direct, wholly-owned subsidiary of WB MHC. As such, WB MHC Members will indirectly control Converted West Bend through the right to elect the directors of WB MHC, which in turn has the right to elect the directors of WBMC, which in turn has the right to elect the directors of Converted West Bend. Converted West Bend will continue the insurance business currently conducted by West Bend.

### Membership; Ability to Issue Stock

Because West Bend is a mutual insurance company, it is not authorized by Wisconsin law to issue any stock or other equity securities. Its Members are the Policyholders of West Bend. Each West Bend Member is entitled to one vote regardless of the number of West Bend Policies she or he owns. By contrast, Converted West Bend will be authorized by the Proposed Converted West Bend Articles to issue common stock, and will not have any members. Each share of common stock will confer one vote per share for purposes of each matter voted on at a meeting of Converted West Bend shareholders. WB MHC must at all times directly or indirectly own not less than 51% of the voting stock of Converted West Bend.

### Election of the Board of Directors and Voting Generally

Under the Proposed Converted West Bend Bylaws, each share of common stock of Converted West Bend will confer one vote for the election of directors and all other matters subject to a vote of Converted West Bend shareholders. Accordingly, the number of shares of common stock held by a shareholder of Converted West Bend will determine the relative voting power of that shareholder. By contrast, under the Current West Bend Bylaws, each Policyholder is entitled to one vote for the election of directors and all other matters subject to a vote of West Bend Members, regardless of the number of Policies such Policyholder owns.

### Quorum at Meetings of Members/Shareholders

The Current West Bend Bylaws provide that a quorum at all meetings of Members consists of at least ten Members present and voting in person or by proxy. Under the Proposed Converted West Bend Bylaws, holders of a majority of votes entitled to be cast on a matter by a voting class shall constitute a quorum with respect to that class and that matter. Note that the Proposed Converted West Bend Articles provide for only one voting class of stock, the common stock, so holders of a majority of the shares of common stock present in person or by proxy will constitute a quorum.

### Amendment of Articles of Incorporation and Bylaws

The Current West Bend Articles can be amended by the vote of at least three-fourths of the Members of West Bend present and voting in person or by proxy at a meeting of the Members. The Proposed Converted West Bend Articles can be amended in certain respects (as permitted by Chapter 611 of the Wisconsin Insurance Code) by a majority of the Converted West Bend Board of Directors without shareholder approval, and in all respects by majority vote of the shareholders of Converted West Bend.

The Current West Bend Bylaws can be amended (i) by the Board of Directors by a vote of at least two-thirds of the entire Board, unless the Bylaw specifically states that it may not be amended by the Board, or (ii) by majority vote of no fewer than five percent of the Members of West Bend. The Proposed Converted West Bend Bylaws can be amended by (i) by the Board of Directors by a vote of at least two-thirds of the entire Board, unless the Bylaw specifically states that it may not be amended by the Board, or (ii) by majority vote of the shareholders entitled to vote present at any meeting of the shareholders at which a quorum is present.

### ***Summary of Articles of Incorporation and Bylaws of WBMC***

WBMC will be organized as a stock corporation under Chapter 180 of the Wisconsin Statutes. The Articles of Incorporation of WBMC (the “WBMC Articles”) and the Bylaws of WBMC (the “WBMC Bylaws”) are attached to this Policyholder Information Statement as **Exhibits G** and **H**, respectively, and are incorporated herein by reference. You are encouraged to read the WBMC Articles and WBMC Bylaws in their entirety.

Certain provisions of the WBMC Articles and the WBMC Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material, and is subject in all respects to the Wisconsin Statutes and the entirety of the WBMC Articles and the WBMC Bylaws.

#### **Purpose**

WBMC, which will be formed as a Wisconsin business corporation in order to hold the voting stock of Converted West Bend, will after the Effective Date be a direct, wholly-owned subsidiary of WB MHC. As such, WB MHC Members will indirectly control WBMC through the right to elect the Board of Directors of WB MHC, which in turn has the right to elect the Board of Directors of WBMC. WBMC will not be engaged in the insurance business, but it will directly own Converted West Bend, and will directly and indirectly own certain other subsidiaries of WB MHC, including insurance and noninsurance subsidiaries.

#### **Ability to Issue Stock**

WBMC is authorized by the WBMC Articles to issue one class of common stock. Each share of common stock will confer one vote per share on matters subject to a vote of WBMC shareholders. WB MHC must at all times directly or indirectly own not less than 51% of the voting stock of WBMC.

#### **Election of the Board of Directors and Voting Generally**

Under the WBMC Bylaws, each share of common stock of WBMC will confer one vote for the election of directors and all other matters subject to a vote of WBMC shareholders. Accordingly, the number of shares of common stock held by a shareholder of WBMC will determine the relative voting power of that shareholder.

#### Quorum at Meetings of Shareholders

Under the WBMC Bylaws, a majority of the votes of a class of stock entitled to be cast on a matter shall constitute a quorum of the voting group for action on that matter. Therefore, a majority of the votes of common stockholders entitled to be cast on a matter will constitute a quorum.

#### Amendment of Articles of Incorporation and Bylaws

The WBMC Articles can be amended in certain respects (as permitted by Chapter 180 of the Wisconsin Statutes) by the WBMC Board of Directors, and in all respects by majority vote of the shareholders of WBMC.

The WBMC Bylaws can be amended (i) by the Board of Directors by a vote of at least two-thirds of the entire Board, unless the Bylaw specifically states that it may not be amended by the Board, or (ii) by majority vote of the shareholders entitled to vote present at any meeting of the shareholders at which a quorum is present.

#### ***Federal Tax Consequences***

This Policyholder Information Statement does not purport to describe all tax consequences that may be relevant to a Member or to West Bend. For example, it does not discuss federal estate tax or excise tax considerations, or state, local and foreign tax considerations. Additionally, the Internal Revenue Code of 1986, as amended, regulations promulgated by the U.S. Treasury Department, and judicial and administrative rulings and decisions are all subject to change, possibly with retroactive effect. *Accordingly, each Member is urged to consult his or her own tax advisor regarding the specific tax consequences of the MHC Conversion that may be applicable.*

The consummation of the MHC Conversion is subject to the condition that West Bend obtain an opinion of Foley & Lardner LLP or other independent tax counsel to West Bend substantially to the effect that neither West Bend, WBMC, WB MHC nor West Bend's Policyholders will recognize gain or loss for U.S. federal income tax purposes in connection with the MHC Conversion. It is anticipated that such legal opinion will reflect the following:

- On the Effective Date, Voting Rights/Rights in Surplus in West Bend currently held by West Bend Members will be extinguished and such former West Bend Members will automatically receive Voting Rights/Rights in Surplus in WB MHC. Such Policyholders' contract rights and obligations under their Policies will remain with Converted West Bend. The terms and provisions of West Bend Policies in force at the Effective Date will not be changed.
- The extinguishment of Members' Voting Rights/Rights in Surplus in West Bend in exchange for a grant of Voting Rights/Rights in Surplus in WB MHC

pursuant to the Plan is anticipated to qualify as a non-recognition transfer under the Code, meaning that Members will not recognize any gain or loss for U.S. federal income tax purposes. The tax basis of the Voting Rights/Rights in Surplus in WB MHC received by Members whose West Bend Voting Rights/Rights in Surplus are extinguished will be zero.

### ***Federal Securities Law Consequences***

The consummation of the MHC Conversion is subject to the condition that West Bend obtain an opinion of Foley & Lardner LLP or other independent legal counsel to West Bend in form and substance satisfactory to the Board with respect to federal and state securities law matters.

### ***Special Considerations and Risk Factors***

In addition to the benefits of the mutual holding company structure and the pros and cons of the alternatives discussed above, you should consider the following risks and special considerations in connection with the proposed MHC Conversion:

- *No Distribution of Cash or Stock.* No cash consideration or stock will be distributed to the West Bend Members in the MHC Conversion, as would occur if West Bend were to demutualize. In the case of a conversion to a mutual insurance holding company structure, Members of the mutual insurance company receive non-transferable Voting Rights and Rights in Surplus in the mutual insurance holding company. In a demutualization, members receive cash or stock consideration upon the extinguishment of their Voting Rights and Rights in Surplus.
- *Potential for Increased Debt.* After the MHC Conversion, Converted West Bend and WBMC could issue debt in amounts greater than West Bend would be permitted to issue if West Bend were to remain a mutual insurance company, and therefore, it might be possible for the WB MHC group of companies to become financially leveraged to a greater extent than is now possible for West Bend.
- *Benefits May Not Be Achieved.* It is possible that any or all of the anticipated benefits of the mutual insurance holding company structure may never be achieved.
- *Risks Associated with Growth.* There can be no assurance that West Bend will grow more efficiently and cost-effectively as part of a mutual insurance holding company structure than if it remained a mutual insurance company. Moreover, faster growth can mean greater risks; for example, if liabilities are assumed in the acquisition of other companies or books of business.
- *Risks Associated with Investments in or Operation of Non-Insurance Subsidiaries.* West Bend's Board of Directors, officers, and other management employees have a track record of profitable operation of an insurance company. West Bend's management has more limited experience in the operation of non-insurance businesses. Further, such non-insurance businesses are not likely to

be subject to the same degree of government regulation and scrutiny by independent risk analysts and rating agencies as are insurance companies, and therefore may be subject to greater risk of operating at a loss. Profitable investment in and/or operation of such non-insurance businesses will be somewhat dependent upon the recruitment and retention of executives and managers who have relevant experience and knowledge.

- *Acquisitions May Not Be Forthcoming.* WB MHC may not take advantage of the expanded opportunity to make acquisitions, or acquisition opportunities may be limited.
- *Restrictions on Movement of Funds.* The ability of WB MHC to engage in certain transactions may depend in part upon its ability to receive sufficient funds from Converted West Bend and/or WBMC in the form of shareholder dividends or asset transfers, and there are regulatory limitations on such dividends and asset transfers.
- *Risks of Litigation.* Some mutual insurance companies that have reorganized or proposed to reorganize to a mutual insurance holding company structure have been sued by Persons alleging, among other things, that the mutual holding company structure, although expressly authorized by statute, is unfair to Policyholders. The Board has concluded that the MHC Conversion is fair and equitable to West Bend Policyholders and that implementing the MHC Conversion is in the best interests of West Bend and its Policyholders. In addition, the MHC Conversion cannot proceed without the Wisconsin Commissioner's determination that the MHC Conversion is fair and equitable to, and not contrary to the interests of, West Bend's Policyholders or the public. However, there can be no assurance that litigation, if brought, would not entail significant cost, divert the efforts and resources of Company management, and/or delay or impede consummation of the MHC Conversion.
- *Dilution of Share Value.* Although West Bend has no plans to sell any stock to third parties, if shares of stock of Converted West Bend or WBMC were ever approved for sale by the Wisconsin Commissioner and the WB MHC Members in the future and were sold at a per share price less than the per share book value of such shares of stock, then the per share book value of shares owned (directly or indirectly) by WB MHC would be reduced, and the book value of WB MHC Members' indirect aggregate ownership percentage in Converted West Bend or WBMC, as the case may be, would be diluted.
- *Dilution of Voting Rights.* In the future, dilution of the voting control of Converted West Bend Policyholder could occur more quickly than it would have solely as a result of sales of new Policies by West Bend, if the WB MHC Board of Directors takes action to admit Policyholders of any future stock insurance company subsidiaries as Members of WB MHC (such as the currently-contemplated subsidiaries described in the statement), if the Board of Directors and Members of WB MHC approve a merger with another MHC, or if the Board of Directors of WB MHC proposes, and the Wisconsin



Commissioner and the Members approve, a sale of voting stock of WBMC or Converted West Bend.

- *Potential Conflicts among WB MHC Members.* WB MHC Members who are admitted as Members as a result of their status as Policyholders of any additional stock insurance company subsidiary whose Policyholders are admitted as Members of WB MHC by action of the WB MHC Board of Directors in the future may have certain conflicts with the interests of WB MHC Members who are admitted as Members as a result of their status as Converted West Bend Policyholders, in light of the different equitable shares in the proceeds of a demutualization or dissolution of WB MHC to which each such Member would be entitled and their status as Policyholders of different companies. For example, Members who are not (and who have not, within the past five years, been) West Bend Policyholders may be less likely to vote in favor of any future proposed demutualization in which they would have no entitlement to an equitable share of any distributions of cash or stock. Additionally, such Members may exercise their Voting Rights to elect individuals to the Board of Directors of WB MHC who they deem likely to manage the overall enterprise in a manner favorable to the interests of Members who are not Policyholders of Converted West Bend. If the Board of Directors of WB MHC admits the Policyholders of additional stock insurance company subsidiaries as Members of WB MHC, Policyholders of Converted West Bend could come to represent a minority of the voting power of WB MHC. West Bend has no current plans to admit any additional persons as Members of WB MHC.
- *Transfer of Assets Out of Converted West Bend.* The mutual holding company structure creates an opportunity for the future distribution of assets out of Converted West Bend to one or more affiliates which are not directly or indirectly owned by Converted West Bend. Any such distribution which involves assets with a value such that it qualifies as an “extraordinary” dividend or distribution meeting certain thresholds set forth in the Wisconsin Insurance Code would be subject to the prior approval of the Wisconsin Commissioner. Any future distribution of cash or other assets of Converted West Bend to WB MHC or WBMC could result in a reduction of Converted West Bend’s assets and earnings (although Converted West Bend will be required to maintain sufficient assets to meet all obligations to Policyholders following the MHC Conversion).
- *Certain Assets May Not Be Available to Satisfy Policyholder Claims.* Assets held by WB MHC and/or WBMC, whether as a result of distributions of such assets from Converted West Bend to WB MHC or WBMC (which distributions would be subject to regulatory limitations on the payment of dividends or other distributions to shareholders of a Wisconsin stock insurance company) or the accumulation of such assets through the profitable operations of other subsidiaries of WB MHC, may not be available to pay claims of Converted West Bend Policyholders. This could, in turn, under certain extreme

circumstances, contribute to pressure for Converted West Bend to increase premiums in order to pay claims, or an inability of Converted West Bend to pay claims as they come due.

- *Potential Conflicts between Interests of Members and Possible Future Shareholders.* The current duties and obligations of the Board are to act in the best interests of West Bend and its Members, who are the Policyholders of West Bend. After the MHC Conversion, the duties and obligations of the Board of Directors of WB MHC will be to act in the best interests of WB MHC and its Members. There may be conflicts among the interests of the Members of WB MHC in connection with certain types of transactions. Furthermore, if Converted West Bend or WBMC were to undertake an initial public offering or other issuance of stock, the obligations and duties of the Board of Directors of the issuer of such stock would extend to outside investors in addition to the majority shareholder of such issuer (*i.e.*, WBMC, in the case of Converted West Bend, and WB MHC, in the case of WBMC). Accordingly, there would be the potential for the development of conflicting interests between the Members of WB MHC and the minority shareholders of Converted West Bend or WBMC (collectively, the “Shareholders”). One potential conflict would be between the interests of the Members of WB MHC in receiving insurance with the greatest possible value and the interests of Shareholders in receiving the highest possible return on their investment. Additionally, there may be conflicts over how the growth of, and profit from, the business should be apportioned between growing the enterprise and distributions to the Shareholders. These conflicts could be exacerbated if incentive stock or options were awarded to the officers or directors of such companies.
- *Market Conditions.* Any future decision to issue capital stock or debt securities would depend upon, among other factors, the then-current needs of the enterprise for additional capital, then-prevailing market conditions, the financial performance and business prospects of the enterprise, and the interests of the Members of WB MHC. There can be no assurance as to if, when, or on what terms any such capital raising efforts would take place, or whether they would be successful.
- *No Fairness Opinion from an Investment Banker.* In connection with its approval of the Plan, the Board did not seek a fairness opinion of an investment banker. No opinion was deemed necessary in this case because, among other reasons, (i) no sale of stock to outside investors is being undertaken or is presently contemplated, (ii) any initial stock offering in the future would require the approval of the Wisconsin Commissioner and the WB MHC Members, and (iii) the Plan is generally similar to plans for forming mutual holding companies which have been approved and adopted in Wisconsin and other states.
- *Uncertain Regulatory Environment.* Certain activities that are regulated by the Wisconsin Commissioner under the present structure may not be regulated, or may be regulated differently, under the mutual holding company structure. Uncertainty in this area is heightened by the fact that there have been only seven

Wisconsin mutual insurance companies that have completed a mutual holding company conversion in Wisconsin, one of which is no longer domiciled in Wisconsin.

- *Absence of Implementing Regulations.* The Wisconsin Insurance Code provides that the Wisconsin Commissioner may issue regulations to implement the mutual holding company laws set forth in Chapter 644 of the Wisconsin Insurance Code and establish applicable procedures thereunder. Although no regulations or procedures have been promulgated to date, the Wisconsin Commissioner may at some future point propose and/or promulgate regulations or procedures that may adversely affect WB MHC and/or its Members. Converted West Bend Policyholders will receive Voting Rights/Rights in Surplus in WB MHC that may be subject to different insurance regulatory oversight from that of an insurance company. There can be no assurances that any regulations adopted by the Wisconsin Commissioner will not affect the future operations of WB MHC.
- *Differences in Insolvency Laws.* A Wisconsin mutual insurer, such as West Bend, is subject to the jurisdiction of the Wisconsin Commissioner in the event of the insolvency of the Company. While it is not clear, a Wisconsin mutual holding company may be under the jurisdiction of the federal bankruptcy laws. There can be no assurance that federal bankruptcy laws will not reduce the priority (if any) of the claims of Policyholders of West Bend, or preempt Wisconsin law and/or make it difficult for the Wisconsin Commissioner to recover assets of the mutual holding company for the benefit of the Policyholders of Converted West Bend.

The Board has concluded that these special considerations and possible disadvantages and risks are outweighed by the potential benefits of the MHC Conversion for the reasons discussed above.

## **SPECIAL MEETING OF MEMBERS**

### **Date, Time and Place**

This Policyholder Information Statement is being furnished to Eligible Members of West Bend in connection with the solicitation of proxies by the Board for use at the Special Meeting to be held on [●], 2023 at 10:00 am, Central Time, at the Company's headquarters at 1900 South 18th Avenue, West Bend, Wisconsin. See the **NOTICE OF SPECIAL MEETING OF MEMBERS** included with this Policyholder Information Statement for more details.

### **Matters to be Considered**

At the Special Meeting, Eligible Members will be asked to consider and vote upon the proposal to approve the Plan and the transactions contemplated thereby, including the amendment and restatement of the Articles of Incorporation of the Company in the form of the Amended and Restated Articles of Incorporation of Converted West Bend.

## **Eligibility to Vote; Voting; Proxies**

If you are an Eligible Member, you will be entitled to one vote regarding the Plan. Each Eligible Member will be entitled to vote either by ballot cast in person at the Special Meeting, or by proxy. Without regard to whether you are receiving these materials, if you are not an Eligible Member, you will not be entitled to vote at the Special Meeting, by ballot cast in person or by proxy. The Plan will be deemed approved if it is approved by the vote of three-fourths of the Members present and voting in person or by proxy at the Special Meeting.

Proxies must be received before 11:59 pm on [●] in order to be counted. The Special Meeting requires a quorum of at least ten Eligible Members present in person or represented by proxy. Any proxy given pursuant to this solicitation may be revoked by the Eligible Member at any time prior to the voting thereof on the matter to be considered at the Special Meeting by filing with the Secretary of West Bend a written revocation. Attending the Special Meeting and voting in person will constitute a revocation of an Eligible Member's prior proxy.

## **CONDITIONS TO CLOSING OF MHC CONVERSION**

The consummation of the MHC Conversion is subject to the prior satisfaction of several conditions, as described below.

### **Approval of Wisconsin Commissioner and Receipt of Other Regulatory Approvals**

As required by the Plan and the Wisconsin Insurance Code, the Plan must be approved by the Wisconsin Commissioner. Any other required regulatory approvals must also be received.

### **Approval of Eligible Members of West Bend**

As required by the Plan, the Wisconsin Insurance Code, and applicable provisions of the Current West Bend Articles and Current West Bend Bylaws, the Plan and the transactions contemplated thereby must be approved by the vote of at least three-fourths of the Members present and voting in person or by proxy at the Special Meeting.

### **Receipt of Tax Opinion**

West Bend must receive an opinion of Foley & Lardner LLP or other independent tax counsel to West Bend substantially to the effect that:

- None of the Policyholders of West Bend will recognize taxable gain or loss in connection with the MHC Conversion; and
- Neither WB MHC, WBMC nor West Bend will recognize taxable gain or loss in connection with the MHC Conversion.

## **U.S. Federal Securities Matters**

West Bend must receive an opinion of Foley & Lardner LLP or other independent legal counsel to West Bend in form and substance satisfactory to the Board with respect to federal and state securities law matters.

### **Issuance of New Certificates**

The Wisconsin Commissioner must issue a new certificate of authority to Converted West Bend and a certificate of incorporation to WB MHC.

### **Amendment or Withdrawal of the Plan**

At any time prior to the Effective Date, the Board may amend the Plan or any related documents. If an amendment to the Plan is made after the approval of the Plan at the Special Meeting, and if the Wisconsin Commissioner determines that such amendment is materially disadvantageous to any of West Bend's Policyholders, the amended Plan must be submitted for reconsideration by the Policyholders. If the amendment is made after the Public Hearing, and the Wisconsin Commissioner determines that the amendment is materially disadvantageous to any Policyholder of West Bend, the Wisconsin Commissioner may require a further Public Hearing on the Plan. The Board also may withdraw the Plan at any time prior to the Effective Date, notwithstanding prior approval thereof by West Bend's Policyholders, the Wisconsin Commissioner, or both.

## **REGULATION**

West Bend is licensed to transact the business of insurance in, and is therefore subject to regulation and supervision by the insurance regulatory agencies of, all fifty states and the District of Columbia. The degree of regulation and supervision varies by jurisdiction, but Wisconsin and the other jurisdictions with regulatory authority over West Bend have similar laws and regulations governing the financial health of insurers, including standards for solvency, required reserves, reinsurance, capital adequacy, and the business conduct and sales operations of insurers.

After consummation of the MHC Conversion, Converted West Bend will continue to be subject to the same degree of insurance regulation and supervision in each of the states where West Bend is currently licensed to transact the business of insurance, except that Converted West Bend will be regulated as a stock insurance company whereas West Bend is currently regulated as a mutual insurance company. Additionally, certain provisions of Chapter 644 of the Wisconsin Insurance Code will apply to Converted West Bend that do not currently apply to West Bend.

As a Wisconsin mutual holding company, WB MHC will be subject to regulation by the Wisconsin Commissioner. Generally, the Wisconsin Commissioner will have power over WB MHC to ensure that the interests of the Policyholders of Converted West Bend and any other insurance company subsidiaries of WB MHC are protected. The Wisconsin Insurance Code regulates mutual holding companies in a number of ways, including the following:

- Requiring WB MHC to at all times maintain direct or indirect ownership and control of at least 51% of the outstanding shares of Converted West Bend's voting stock;

- Allowing WB MHC to make substantive amendments to its Articles of Incorporation only with approval by not less than a majority of votes cast by WB MHC's Members;
- Requiring WB MHC to file with the Wisconsin Commissioner, within 60 days after adoption, a copy of its Bylaws and any subsequent amendments to its Bylaws;
- Prohibiting WB MHC from engaging in the business of insurance (other than through insurance company subsidiaries, including Converted West Bend);
- Prohibiting WB MHC from entering into any contract or agreement that has the effect of delegating to any Person, to the substantial exclusion of WB MHC's Board of Directors, the authority to exercise management and control of WB MHC or any of its major corporate functions;
- Prohibiting WB MHC from dissolving, liquidating or otherwise winding up without the prior approval of the Wisconsin Commissioner or a court having jurisdiction over such matters;
- Prohibiting the demutualization of WB MHC except with approval by not less than a majority of votes cast by WB MHC's Members and prior written approval from the Wisconsin Commissioner; and
- Prohibiting the merger of WB MHC with any other mutual holding company except with approval from the Wisconsin Commissioner.

### **SELECTED FINANCIAL INFORMATION**

The selected financial information set out below for West Bend for each of the three years ended December 31, 2022, 2021, and 2020 is derived from audited annual statutory financial statements of West Bend. This selected financial information is presented on a statutory basis in conformity with statutory accounting practices ("SAP") described or permitted by the Wisconsin Commissioner, which is a comprehensive basis of accounting different from generally accepted accounting principles ("GAAP"). This financial information should be read in conjunction with the audited statutory financial statements on file with the Wisconsin Commissioner of Insurance.

Because the financial statements of WB MHC after consummation of the MHC Conversion, prepared on either a GAAP or SAP basis, will not differ materially from the financial statements of Converted West Bend on a GAAP or SAP basis, respectively, no pro forma financial information for WB MHC is presented in this Policyholder Information Statement.

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**West Bend Mutual Insurance Company Consolidated  
Statutory Financial Highlights**

**Year Ended December 31,**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Premiums earned	1,626,409,800	1,458,043,770	1,299,174,630
Losses incurred	1,049,813,260	737,127,966	635,814,535
Loss adjustment expenses incurred	158,882,582	147,186,926	139,086,724
Other underwriting expenses	<u>498,159,111</u>	<u>482,418,651</u>	<u>432,430,680</u>
Net underwriting income	(80,445,154)	91,310,227	91,842,691
Net investment income	90,987,289	80,241,646	91,365,968
Net realized capital gains	(1,909,321)	50,505,802	13,300,453
Other income	4,931,177	6,614,834	3,256,076
Dividends to policyholders	<u>24,892,062</u>	<u>22,723,925</u>	<u>32,411,840</u>
Income before taxes	(11,328,070)	205,948,584	167,353,348
Income tax expense	<u>(1,632,179)</u>	<u>37,247,703</u>	<u>35,664,091</u>
Net income	(9,695,891)	168,700,881	131,689,257
Total admitted assets	3,997,189,129	3,830,408,654	3,551,353,792
Total liabilities	2,483,190,976	2,233,385,171	2,150,838,032
Total policyholders' surplus	1,513,998,153	1,597,023,483	1,400,515,760

## CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Policyholder Information Statement. These definitions are qualified in their entirety by the definitions of such terms in the Plan, a copy of which is attached hereto as **Exhibit A**. These definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Current West Bend Articles” means the Amended and Restated Articles of Incorporation of West Bend in effect prior to the Effective Date.

“Current West Bend Bylaws” means the Bylaws of West Bend in effect prior to the Effective Date.

“Effective Date” means the date upon which the MHC Conversion becomes effective, which will be the date upon which the Wisconsin Commissioner issues the certificate of authority to Converted West Bend and a certificate of incorporation to WB MHC.

“Eligible Member” means any Policyholder with one or more West Bend Policies in force on both the Resolution Date and the Record Date, as shown on West Bend’s records.

“Member” means a Policyholder who, by the records of West Bend and by the articles of incorporation and bylaws of West Bend and WB MHC, as applicable, is a member of West Bend or WB MHC, as applicable.

“Person” means an individual, partnership, firm, association, corporation, joint-stock company, limited liability company, limited liability partnership, trust, government, government agency, state or political subdivision of a state, public or private corporation, board of directors, association, estate, trustee, or fiduciary, or any similar entity.

“Policy” means an insurance policy or contract (other than a reinsurance contract), including any fidelity bond or any surety bond, or any binder or a renewal certificate issued by an insurer and not cancelled or otherwise terminated.

“Policyholder” means, with respect to an insurer, the Person identified in the declarations of the Policy and/or the records of such insurer as the holder of a Policy.

“Public Hearing” means the public hearing conducted by the Wisconsin Commissioner or a hearing examiner designated by the Wisconsin Commissioner and regarding the Plan, pursuant to the provisions of Section 644.07(6) of the Wisconsin Insurance Code.

“Record Date” means [●], the date established by the Board to determine Eligible Members entitled to vote at the Special Meeting of Members.

“Resolution Date” means [●], the date the Board passed the resolution to the effect that the final form of the Plan and the transactions contemplated thereby are fair and equitable to West Bend Policyholders and expected to benefit West Bend Policyholders, and are approved by the Board.



“Rights in Surplus” means any rights of a Member of West Bend arising under the Current West Bend Articles or Chapter 611 of the Wisconsin Insurance Code to a return of the surplus in respect of Policies of West Bend that may exist with regard to the surplus not apportioned or declared by the Board as divisible surplus, including rights of Members to a distribution of such surplus in dissolution or conversion proceedings under Chapter 611 of the Wisconsin Insurance Code. On and after the Effective Date, “Rights in Surplus” means any rights of a Member of WB MHC arising under its articles of incorporation or Chapter 644 of the Wisconsin Insurance Code to the net worth of WB MHC, including rights of Members of WB MHC to a distribution of any portion of the net worth of WB MHC in dissolution or conversion proceedings under Chapter 644 of the Wisconsin Insurance Code. “Rights in Surplus” shall not include any right to divisible surplus expressly conferred solely by the terms of an insurance policy.

“Voting Rights” means the voting rights of a Member of West Bend arising under the Wisconsin Insurance Code and the articles of incorporation and bylaws of West Bend, including the right to vote for the Board and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. On and after the Effective Date, “Voting Rights” means the voting rights of a Member of WB MHC arising under the Wisconsin Insurance Code and the articles of incorporation and bylaws of WB MHC, including the right to vote for the Board of Directors of WB MHC and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. “Voting Rights” does not include Rights in Surplus, if any. Note that the term “Voting Rights” as used herein is equivalent to the defined term “Membership Interests” as defined in Chapter 644 of the Wisconsin Insurance Code.

“Wisconsin Insurance Code” means the insurance laws of the State of Wisconsin, codified in Chapters 600 to 655 of the Wisconsin Statutes, and all applicable regulations.