

**FORM OF NOTICE TO POLICYHOLDERS TO  
VOTE ON PLAN AND FORM OF PROXY**

Dear Member:

As a member of Saucon Mutual Insurance Company, you are receiving the accompanying member information statement in connection with a Special Meeting of the members of Saucon Mutual. The Special Meeting will be held on [DATE], 2015.

On February 4, 2015, the Board of Directors of Saucon Mutual approved an Amended and Restated Alternative Plan of Conversion (which this document refers to as the Plan of Conversion). The Plan of Conversion and certain related documents were then filed with the Pennsylvania Insurance Department for its approval on February 6, 2015. Subsequently, on [DATE], the Pennsylvania Insurance Department approved the Plan of Conversion and certain related filings and transactions. The transactions contemplated by the Plan of Conversion have not yet closed, and cannot close until the Plan of Conversion is approved by the vote of at least two-thirds of the members of Saucon Mutual that are cast at the Special Meeting.

At the Special Meeting, we are seeking the members' approval of Saucon Mutual's conversion from a mutual insurance company to a stock insurance company and related amendments to Saucon Mutual's articles of incorporation.

**Saucon Mutual's Board of Directors has approved and adopted the Plan of Conversion and recommends that you vote:**

**"FOR" the adoption of the Plan of Conversion; and**

**"FOR" the related amendment of Saucon Mutual's articles of incorporation.**

Saucon Mutual's Board of Directors wishes to reward the members for their loyalty to the company, and give them an opportunity to receive cash payments and other consideration while leaving the policies in force. This proposed transaction would also result in Saucon Mutual making a \$1 million charitable contribution in furtherance of the company's ongoing commitment to the community.

If the Plan of Conversion is approved and the proposed transactions close, you will be entitled to receive:

**A total cash payment of \$4,023.00**

This will be comprised of a \$3,414 return of deposit and a \$609 payment in recognition of your loyalty to Saucon Mutual. In addition, an indexed inflation-protection endorsement will continue for the life of your policy with no further deposits required from you. **[FOR PERPETUAL POLICYHOLDERS ONLY:** The balance of your deposit will be returnable in accordance with policy terms.]

**[This section is a sample individual compensation for a perpetual policyholder. It will be individualized for each policyholder. This section will be adjusted accordingly for non-perpetual policyholders].**

The enclosed member information statement summarizes the important features of the Plan of Conversion, such as cash payments and other consideration that members will receive if the proposed transactions close. A copy of the Plan of Conversion is also enclosed. We urge you to read these materials carefully.

You can vote (1) by attending the Special Meeting and voting in person or (2) by completing and returning the enclosed proxy card. Please see the Voting Instructions for more information.

If you have any questions, please contact Stephen Bajan, the Chief Executive Officer of Saucon Mutual, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832. We look forward to receiving your proxy vote or seeing you at the Special Meeting. Your vote is important.

Best regards,

Stephen Bajan  
Chief Executive Officer

**SAUCON MUTUAL INSURANCE COMPANY**  
**74 W. Broad Street**  
**Suite 300**  
**Bethlehem, PA 18018**

**NOTICE OF SPECIAL MEETING OF MEMBERS**

To be held on [DATE], 2015

To the Members of Saucon Mutual Insurance Company:

NOTICE IS HEREBY GIVEN that a special meeting of members (the "Special Meeting") of Saucon Mutual Insurance Company, a Pennsylvania mutual insurance company ("Saucon Mutual"), will be held on [DATE], 2015, at \_\_\_\_\_ beginning at \_\_\_\_\_, for the following purposes:

1. To consider and vote upon a proposal to adopt the Amended and Restated Plan of Conversion, approved by the Board of Directors of Saucon Mutual on February 4, 2015 (the "Plan of Conversion").
2. To consider and vote upon amendments to Saucon Mutual's articles of incorporation required to convert the company from a mutual insurance company to a stock insurance company.
3. To transact such other business, if any, as may properly come before the Special Meeting or any adjournments, postponements, rescheduling or continuations thereof.

A copy of the Plan of Conversion is enclosed with the member information statement accompanying this notice.

**Saucon Mutual's Board of Directors has approved and adopted the Plan of Conversion and recommends that you vote:**

**"FOR" the adoption of the Plan of Conversion; and**

**"FOR" the related amendment of Saucon Mutual's articles of incorporation.**

All members of Saucon Mutual are cordially invited to attend the Special Meeting. To ensure your representation at the Special Meeting, however, you are urged to sign, date and complete the enclosed proxy card and mail it in the accompanying envelope, whether or not you expect to attend the Special Meeting. No postage is required if mailed in the United States. A Saucon Mutual member may vote in person, even if such member has returned a proxy card, by revoking his, her or its proxy at or before the meeting.

**If you have any questions about the Special Meeting, please contact Stephen Bajan, the Chief Executive Officer of Saucon Mutual, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832. You can vote (1) by attending the Special Meeting**

**and voting in person or (2) by completing and returning the enclosed proxy card to our attention. Please see the attached voting instruction sheet for more information.**

By Order of the Board of Directors,

Phillip Bell  
Corporate Secretary  
Bethlehem, PA

**YOUR VOTE IS IMPORTANT. TO VOTE, PLEASE SIGN, DATE AND COMPLETE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE.**

**Saucon Mutual Insurance Company  
Special Meeting of Members  
Voting Instructions**

**Special Meeting: Date, Time and Place**

The Special Meeting of members of Saucon Mutual Insurance Company will be held on [DATE], 2015, at \_\_\_\_\_, at \_\_\_\_\_.

**Ways to Vote:**

- **In Person** - Attend the Special Meeting and cast your vote(s).
- **By Mail** - You can vote by mail by filling out the enclosed proxy card(s) and returning it (or them if you have multiple proxy cards) in the envelope provided.

**Who is Eligible to Vote?**

- Saucon Mutual Insurance Company members as of the close of business on the Record Date, which is August 27, 2014, are eligible to vote. If you received a proxy statement, you are entitled to vote.
- Each policyholder with a policy of insurance that was in effect on the Record Date is a member of Saucon Mutual Insurance Company and has one (1) vote.

**What is the Vote Required?**

- The Plan of Conversion will be adopted if the proposal receives approval from at least two-thirds of votes cast at the Special Meeting through voting in person, by proxy, (return by mail), by telephone or by Internet.
- The articles of incorporation will be amended if the proposed amendment receives approval from at least two-thirds of votes cast at the Special Meeting through voting in person or by proxy (return by mail).

**Revoking Your Vote:**

- You can change or revoke your vote by mailing a notice of revocation or a later dated proxy to Saucon Mutual, which must be received by Saucon Mutual prior to 11:59 p.m., Eastern Standard Time on [DATE], 2015, or by attending the Special Meeting and voting in person.

**Receipt of Proxy Statement**

Certain members of Saucon Mutual who share the same address may receive only one copy of the proxy statement, but this will not impact the number of votes you are entitled to cast. This practice, known as "householding," is designed to reduce printing and postage costs. If you would like additional copies of the proxy statement, please contact Stephen Bajan, the Chief Executive Officer of Saucon Mutual, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832.

# Special Meeting Proxy Card

[Proxy Card Number]

Saucon Mutual Insurance Company  
74 W. Broad Street  
Suite 300  
Bethlehem, PA 18018

Special Meeting of Members  
[DATE], 2015  
[LOCATION]

Mr. / Mrs. Member  
1234 Main Street  
Anywhere, USA 12345

Upon arrival, please present this admission ticket and photo identification and any other required documents.

**Please review the Special Meeting of Members - Voting Instructions, which provide detailed instructions for completing this Proxy Card. Using a black ink pen, mark your votes with an X. You must complete Sections A (Voting Items) and C (Authorized Signature). You are urged to mail this Proxy Card in the accompanying envelope, whether or not you expect to attend the Special Meeting.**

## A. Voting Items

The Board of Directors recommend voting FOR items 1 and 2.

1. Adopt the Amended and Restated Plan of Conversion of Saucon Mutual Insurance Company, which was approved by the Board of Directors of Saucon Mutual on February 4, 2015.
2. Amend Saucon Mutual Insurance Company's articles of incorporation as necessary to convert the company from a mutual insurance company to a stock insurance company.

For

Against

Abstain

## B. Non-Voting Items

Change of Address

Please print your new address below.

## C. Authorized Signature

Please sign exactly as the name(s) appears. Joint policyholders should each sign. When signing as an attorney, executor, administrator corporate officer, trustee, guardian, or custodian, please give your full title.

Date (mm/dd/yy)

Signature 1

Signature 2