

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

**NOTICE OF PROPOSED AMENDED PLAN OF CONVERSION**

Dear Current or Former Policyholder:

The board of directors of Saucon Mutual Insurance Company (“Saucon”) would like to inform you that on March 22, 2017, the board adopted an amended plan to convert Saucon from a mutual insurance company to a stock insurance company. That amended plan is referred to in this notice as the “Amended Plan of Conversion.” The Amended Plan of Conversion further amends the Plan of Conversion that Saucon’s board of directors had initially adopted on August 27, 2014. That date (August 27, 2014) continues to be the “Record Date” under the Amended Plan of Conversion, which means that the provisions of the Amended Plan of Conversion would apply to any person who was a policyholder on the Record Date even if that person subsequently ceased to be a policyholder.

Saucon’s board of directors believes that the Amended Plan of Conversion, if it becomes effective, will be beneficial to Saucon’s policyholders, such as you. Policies of insurance issued by Saucon that are currently in effect would remain in full force and effect, and policyholders on the Record Date would be entitled to either (1) receive compensation including cash payments and enhancements to their insurance policies or (2) subscribe for shares of Saucon Holding Company (the company that will become Saucon’s sole shareholder upon its conversion into a stock insurance company pursuant to the Amended Plan of Conversion). However, certain rights of policyholders, such as the right to vote to elect Saucon’s directors, would be extinguished. Saucon’s board of directors does not believe that the conversion will have any negative impact on Saucon’s financial strength nor on its ability to pay claims and policy benefits.

The Amended Plan of Conversion was filed with the Pennsylvania Insurance Department (“Department”) on April 3, 2017, and the approval of the Department is required in order for the Amended Plan of Conversion to become effective. The Department filed a notice of receipt of this filing in the *Pennsylvania Bulletin*, and a copy of that notice is enclosed.

**As a policyholder of Saucon Mutual Insurance Company on the Record Date, you have the right to provide comments on the Amended Plan of Conversion to the Department and to Saucon.** The process and the deadline for submitting comments on the Amended Plan of Conversion are detailed in the Department’s notice. Please note that the Amended Plan of Conversion and related documents are available for review and download from the Department’s website at: [www.insurance.pa.gov](http://www.insurance.pa.gov). Click the “Companies” link on the top of the home page, then click “Industry Activity,” “Corporate Transactions of Public Interest: Current,” and finally “Saucon Mutual Insurance Company.”

Please be advised that the filed Amended Plan of Conversion is not the final approved plan and that the Department's approval, if any, of the final plan does not constitute or imply endorsement of this Amended Plan or the conversion itself by the Department. Furthermore, the Amended Plan of Conversion cannot be effected unless it is duly approved by a vote of those persons who were Saucon's policyholders as of the Record Date. Saucon intends to call a special meeting of those persons who were Saucon's policyholders as of the Record Date for this purpose, and Saucon will provide a formal notice of that meeting and other voting details at a later date.

**If you have any questions about the Amended Plan of Conversion or on your rights to provide comments, please contact Stephen Bajan, the Chief Executive Officer of Saucon Mutual Insurance Company, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832, or e-mail at [steve.bajan@sauconinsurance.com](mailto:steve.bajan@sauconinsurance.com).**

By Order of the Board of Directors,

Brian Regan, Chairman of the Board  
Bethlehem, PA