



MUNICIPAL MUTUAL

13 November 2012

Dear Scheme Creditor

MMI Scheme of Arrangement

When I wrote to you on 23 October I advised you that at the Annual General Meeting of the Company on 10 October the Chairman had informed members that, whilst discussions were continuing with our professional advisers, it was anticipated that a decision regarding the potential 'triggering' of the Scheme would be made before the end of December.

I can now confirm that, at a meeting of the Board of Directors of MMI held today, the decision was taken to trigger the Scheme of Arrangement. After completing discussions held with our professional advisers, it was concluded by the Directors that there was no other alternative to insolvent liquidation than to take such a decision.

Control of the Company now passes to the Scheme Administrator, Gareth Hughes of Ernst & Young LLP, who will, in accordance with the terms of the Scheme, undertake a financial review of the Company and, in consultation with the Scheme Creditors Committee, consider the extent to which any levy is to be imposed upon Scheme Creditors.

Please note that until a decision on the levy is made and communicated to Scheme Creditors all claims will continue to be paid in full, subject to the applicable policy terms and conditions.

Yours sincerely

Ian Willett

Claims Director

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