



EMPLOYERS INSURANCE OF WAUSAU

A Mutual Company

Policyholder Guide

Mutual Holding Company Restructuring

PLEASE READ THIS DOCUMENT FIRST

EMPLOYERS INSURANCE OF WAUSAU
A Mutual Company (“EIOW”) proposes
to change its corporate structure.

*As an EIOW policyholder, you are being asked to
make an important decision about EIOW’s future.*

Please:

- Read the information contained in this Policyholder Guide and the Policyholder Information Statement.
- Read the letter from the Wisconsin Insurance Commissioner.
- Note the time and place of the Public Hearing and Special Meeting listed in this Policyholder Guide.
- Sign and return your proxy.

Guide

YOUR VOTE IS IMPORTANT.
By voting for the plan,
you will help create a more
competitive company
for our members.



Questions? Call our EIOW MHC Information
Line toll-free at 800-442-4295

A MESSAGE FROM THE CHAIRMAN

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

Dear Policyholder:

Three years ago EMPLOYERS INSURANCE OF WAUSAU A Mutual Company entered into its affiliation with Liberty Mutual Insurance Company and became part of the Liberty Mutual Group. Since then, EIOW has improved its operating and financial results, and is far better positioned for growth in its target insurance markets. In the enclosed documents, we describe a restructuring proposal which would build upon this foundation and further strengthen EIOW's operations while preserving its separate identity, strong brand name and Wisconsin presence.

For nearly 90 years the Liberty Mutual Group has helped people live safer, more secure lives by providing high quality insurance products and services. Today, we face a property and casualty insurance industry undergoing rapid and global consolidation. Understanding the unique challenges of being a mutual insurer in this environment and recognizing the importance of mutuality, Wisconsin and 26 other states have enacted legislation to permit the formation of mutual holding companies, a corporate structure that preserves mutuality but provides significantly greater flexibility to meet the challenges ahead. We are preparing to change our structure to that of a mutual holding company.

I am pleased to inform you that your Board of Directors has voted to recommend to our policyholders that they approve the Mutual Holding Company Plan, which is part of a series of transactions designed to bring the companies in the Liberty Mutual Group under the ownership of a single mutual holding company.

We do not propose a change of this nature lightly, but we believe strongly that it is most beneficial to the company and our policyholders. As we look to the future we see an insurance world increasingly dominated by large, financially strong companies. To compete and thrive in a changing world, EIOW must grow both organically and through acquisition, and under our current structure we have very limited means to do so. The mutual holding company structure will provide EIOW with many of the advantages that our stock competitors enjoy, offering greater strategic flexibility to pursue growth through consolidations, mergers, acquisitions and alliances.

*Our overarching objective
is to continue to
serve you and
all our policyholders
with exceptional
products and services
at competitive costs.*

A MESSAGE FROM THE CHAIRMAN

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

As important, the restructuring preserves our mutuality. EIOW was founded on the fundamental belief that having common goals with our policyholders was the best way to prevent accidents and minimize losses when accidents do occur. We still believe that working together with our policyholders is the best way to do business. Additionally, mutuality allows us to focus on the long term needs and objectives of our policyholders, rather than be distracted by quarterly stock earnings and daily market fluctuations.

On a purely administrative level, the mutual holding company structure will align our legal structure with our operating structure, leading to greater efficiency while preserving the separate licenses, identities and brands of the companies in the Liberty Mutual Group.

This legal restructuring will in no way change who we are or what we do. Our overarching objective is to continue to serve you and all our policyholders with exceptional products and services at competitive costs. We thank you for the confidence and trust you've placed in us by choosing EIOW as your insurer...we cherish that trust and look forward to your continued support.

On behalf of the Board of Directors, I urge you strongly to approve this proposal and vote for the Mutual Holding Company Plan. Your vote is important to our company.

Sincerely,



Edmund F. Kelly
Chairman

The mutual holding company structure will provide EIOW with many of the advantages that our stock competitors enjoy... As important, the restructuring preserves our mutuality.

HOW TO INFORM YOURSELF ABOUT EIOW'S PROPOSED RESTRUCTURING

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

What Should I Read?

This mailing contains important information about EIOW's Mutual Holding Company Plan (the "Plan"). Please carefully read the following:

Proxy: Your proxy to vote on the Plan

A letter from the Wisconsin Insurance Commissioner

A notice of the Public Hearing

Policyholder Guide

This guide includes:

- ◆ A brief summary of EIOW's proposed Plan
- ◆ Important questions and answers
- ◆ Instructions on how to vote

Policyholder Information Statement

This contains:

- ◆ A notice of the Special Meeting
- ◆ A detailed explanation of the Plan
- ◆ A copy of the Plan, financial statements, and other important information about the Plan and EIOW's operations

How Do I Vote?

You may vote by proxy by using the enclosed proxy card. Please mark and **sign** your proxy card, and return it in the enclosed postage-paid envelope. **In accordance with the bylaws of EIOW, all proxies must be received by 5:00 p.m. Central Time on October 20, 2001 in order to be counted.**

Please mark your votes as in this example.

8987

EMPLOYERS INSURANCE OF WAUSAU A Mutual Company SPECIAL MEETING OF MEMBERS TO BE HELD ON NOVEMBER 20, 2001

To adopt the Mutual Holding Company Plan, dated as of August 21, 2001. FOR AGAINST PLEASE USE BLUE OR BLACK INK

**P
R
O
X
Y**

Signature of Policyholder/Member: _____ Date Signed: _____

If the policyholder is a corporation or partnership, this ballot should be signed by an authorized officer or partner as the case may be. If the policyholder is an individual, please sign exactly as name appears hereon.

You may also cast your vote in person by attending the Special Meeting to be held at EIOW's office at Westwood Center, 1800 W. Bridge Street, Wausau, Wisconsin at 10:00 a.m. Central Time on November 20, 2001.

What If I Have Other Questions?

If you have any questions, we encourage you to call our toll-free EIOW MHC Information Line at (800) 442-4295 Monday through Friday, 7:00 a.m. to 7:00 p.m., Central Time. For a summary of contact information, please refer to the back cover of this guide.

Please note the times and locations for the Hearings and Special Meeting:

Hearings

October 16, 2001,
Commencing at
1:00 p.m. Central Time
Hilton Madison
Monona Terrace
9 E. Wilson Street
Madison, Wisconsin
(see Notice of
Public Hearing)

Special Meeting of Members

November 20, 2001,
10:00 a.m. Central Time
EIOW
Westwood Center
1800 W. Bridge Street
Wausau, Wisconsin

WHY DOES EIOW NEED TO CHANGE?

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

Our Industry is Undergoing Considerable Changes.

EIOW's mission is to help people live safer, more secure lives. In pursuit of this mission, we are committed to providing high quality products and services at competitive prices. We operate in one of today's most competitive industry segments: property and casualty insurance. Global consolidation, low levels of domestic growth in insurance premiums, as well as excess industry capital have created an environment which has increased competitive pressures and reduced profitability. We have not been immune to these forces. We believe that the changes we are proposing are necessary so that we can continue to compete as a leader and provide the dependable products and high level of service that you have come to expect over the years.

The restructuring to a mutual holding company structure will benefit EIOW – and our policyholders – in three primary ways:

It Provides Greater Operating Flexibility.

We believe that in the future the most successful companies in our increasingly competitive industry will be those with the scale, capital, and financial strength to compete in a mature market with fewer and larger competitors. While EIOW is financially strong today, mutual insurance companies have limited means to raise capital and acquire or merge with other companies. This restructuring will position us to raise capital should the need arise. While the need does not exist today, we will be better prepared for the future. Further, the mutual holding company structure enhances our ability to grow through mergers with other mutual insurance companies.

It Will Preserve Mutuality.

EIOW was founded in 1911 on the fundamental belief that having common goals with our policyholders was the best way to prevent workplace accidents and injuries and minimize losses when accidents occur. Mutuality entails a better alignment of owners' collective interests and customers' individual interests. Further, under a mutual enterprise, management has the benefit of being able to focus on long-term business objectives. The mutual holding company structure will allow us to preserve the mutual culture that the Board of Directors believes has been a key factor in the past, and will continue to be important in the future in the generation of significant value for policyholders.

It Provides the Foundation for the Global Transaction.

Three years ago, EIOW entered into its affiliation with Liberty Mutual Insurance Company, a Massachusetts mutual property and casualty insurance company, and became part of the Liberty Mutual Group. The companies within the Liberty Mutual Group are legally distinct, but the Liberty Mutual Group operates as a single integrated business enterprise. This restructuring is the first step in a series of transactions designed to combine, under a single mutual holding company, EIOW with two of its affiliates within the Liberty Mutual Group. This restructuring will change our legal structure to bring it into alignment with the reality of our existing operational structure. The result will be a more streamlined, efficient governance and administrative process, which at the same time preserves the separate identities and brands of the companies within the Liberty Mutual Group.

KEY THINGS YOU NEED TO KNOW

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

EIOW is a mutual insurance company, which is different from a stock insurance company. A mutual insurance company is owned by its members, who also are its policyholders. In contrast, a stock insurance company is owned by its shareholders, who do not necessarily have to be its policyholders.

When you purchased an insurance policy from EIOW, you became both a **policyholder** and **member** of EIOW.

As a **policyholder** of EIOW, you have certain contractual rights under your insurance policy. Your contractual rights entitle you to the insurance benefits described in your policy.

As a **member** of EIOW, you also have equity rights, which include the right to vote on certain corporate matters and to participate in distributions of EIOW's assets under certain limited circumstances.

You are being asked at this time to vote, as a **member**, on whether EIOW should restructure to a mutual holding company structure (the "Restructuring"). Under the Restructuring, EIOW will form Employers Insurance of Wausau Mutual Holding Company, a Wisconsin mutual holding company ("EIOW MHC"), and EIOW itself will convert to a Wisconsin **stock** property and casualty insurance company ("Converted EIOW"). **As a stock insurance company, Converted EIOW's new name will be "Employers Insurance Company of Wausau."**

The proposed Restructuring is subject to approval by eligible voting members, as well as by the Wisconsin Insurance Commissioner.

The proposed Restructuring will **not** affect your policyholder contractual rights under your insurance policy, your insurance coverage, or your insurance premiums.

Under the Restructuring, your equity rights in EIOW will be extinguished and replaced with equity rights in EIOW MHC.

Under the MHC Merger, which is part of the Global Transaction, Converted EIOW will become a subsidiary of Liberty Mutual Holding Company. Your equity rights in EIOW MHC will be extinguished and replaced with equity rights in Liberty Mutual Holding Company.

The purpose of this Guide and the Policyholder Information Statement is to explain, among other things:

- ◆ Why EIOW believes that the proposed Restructuring, if approved, should enhance its ability to succeed in a highly competitive national and international business environment.
- ◆ The benefits to you from the proposed Restructuring and the anticipated Global Transaction.
- ◆ The principal differences between your equity rights as a member of EIOW and your equity rights as a member of the proposed mutual holding company, EIOW MHC.

How is EIOW Organized Now?

EIOW operates in conjunction with two other major mutual insurers in the Liberty Mutual Group —Liberty Mutual Insurance Company (“LMIC”) and Liberty Mutual Fire Insurance Company (“LMFIC”). Currently, the three companies are legally separate entities within the Liberty Mutual Group; however, they are affiliated through common directors and management with operating services provided by LMIC.

What is EIOW Proposing?

- ◆ EIOW is proposing to restructure into a mutual holding company structure.
- ◆ EIOW would form a mutual holding company, EIOW MHC, owned by existing and future policyholder members of EIOW.
- ◆ EIOW itself would convert to a stock insurance company that is 100% owned by EIOW MHC.

As a result of the Restructuring, you will become a member of EIOW MHC and, as such, will no longer be able to vote directly for the board of directors of Converted EIOW. Instead, you will have the right, among other things, to vote for the election of directors of EIOW MHC, who, in turn, will elect the board of directors of Converted EIOW.

If the Restructuring is approved by EIOW’s members and the Wisconsin Insurance Commissioner, EIOW MHC and Converted EIOW intend to enter into the Global Transaction. The Global Transaction is a series of transactions, at the completion of which all of the policyholders of EIOW, LMIC, and LMFIC will become members

of Liberty Mutual Holding Company, a Massachusetts mutual holding company formed by LMIC as part of its mutual holding company restructuring. Following the Global Transaction, Liberty Mutual Holding Company will ultimately control 100% of EIOW, LMIC and LMFIC.

How Does EIOW Propose to Restructure?

EIOW is proposing to restructure through a series of integrated transactions that involve essentially the following two steps:

The Restructuring — The first step involves:

- ◆ The creation of a mutual holding company called EIOW MHC,
- ◆ The conversion of EIOW into a stock insurance company called “Employers Insurance Company of Wausau,” and
- ◆ The issuance of 100% of the shares of voting stock of Converted EIOW to EIOW MHC.

This is the only matter that you are being asked to vote on. When the first step is completed, EIOW will be structured as shown in the section titled “The Restructuring” in the Policyholder Information Statement.

HOW DOES EIOW PROPOSE TO RESTRUCTURE?

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE

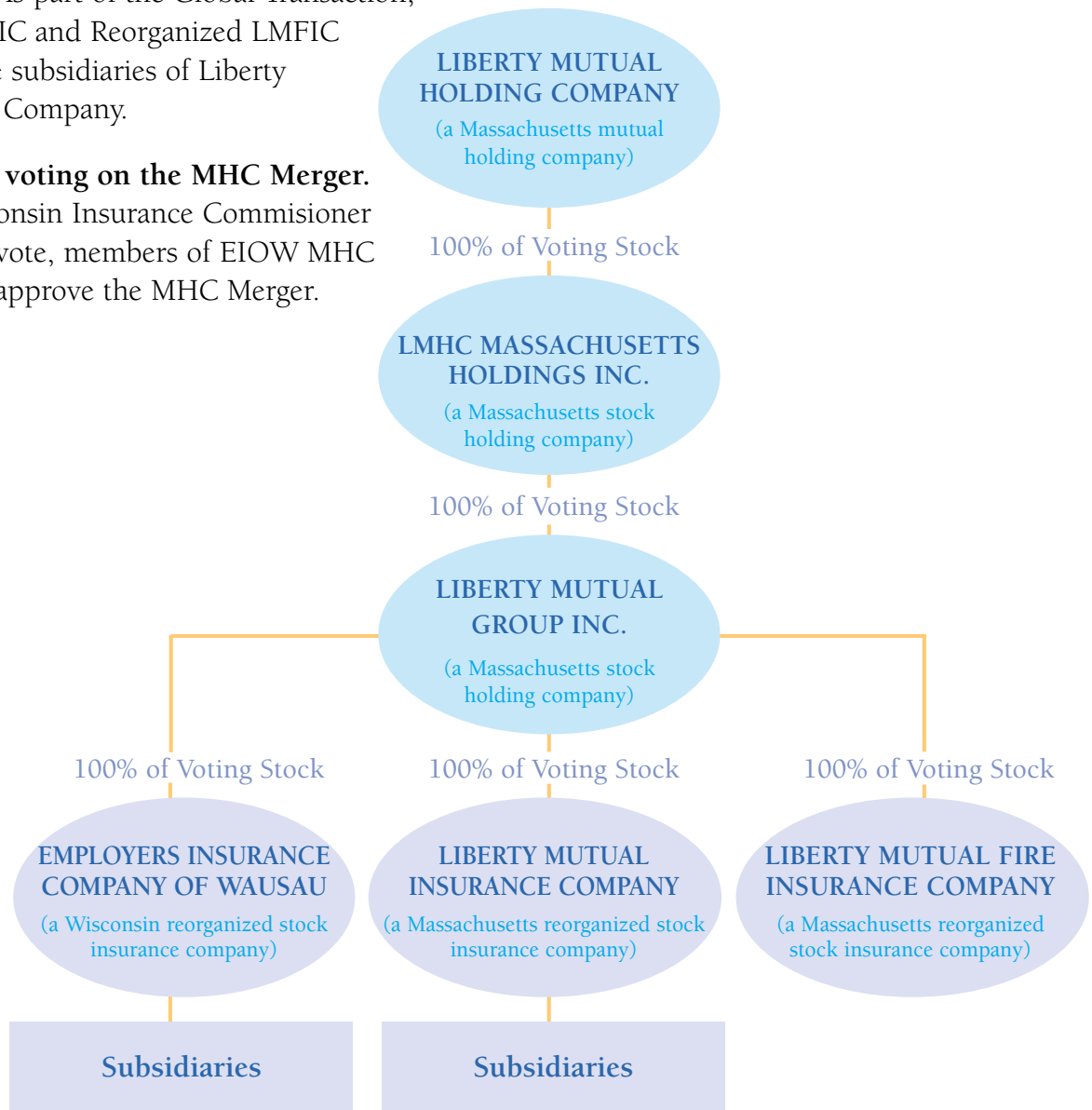
Global Transaction —

The second step involves, in part, two related mergers, resulting in the integration of Converted EIOW into the Liberty Mutual Holding Company corporate structure. As a result, EIOW MHC will be merged out of existence, and Converted EIOW will become a subsidiary of Liberty Mutual Holding Company. These mergers are described in more detail in the Policyholder Information Statement, and are collectively referred to as the “MHC Merger.” As part of the Global Transaction, Reorganized LMIC and Reorganized LMFIC will also become subsidiaries of Liberty Mutual Holding Company.

You will not be voting on the MHC Merger. Unless the Wisconsin Insurance Commissioner requests such a vote, members of EIOW MHC will not vote to approve the MHC Merger.

The Global Transaction also consists of other transactions involving the mutual holding company reorganizations of LMIC and LMFIC. Ultimately, EIOW, LMIC and LMFIC will become wholly-owned, indirect stock subsidiaries of Liberty Mutual Holding Company.

The proposed structure following the Global Transaction is illustrated as follows:





The Restructuring

Q. Why is EIOW proposing to restructure?

A. For the following reasons, EIOW's Board of Directors believes that the proposed Restructuring affords needed financial flexibility to grow and compete more effectively in an increasingly challenging national and global business and economic environment:

EIOW, LMIC and LMFIC currently are mutual insurance companies. Because they are mutual companies, they cannot issue stock and their ability to issue debt is limited. By contrast, most major competitors of EIOW, LMIC and LMFIC are stock insurance companies and they are able to issue stock either to raise capital or to grow by using stock as a currency for acquisitions.

Although we have no plans to do so today, the combination of the Restructuring and the Global Transaction will allow Liberty Mutual Holding Company to raise additional capital through the issuance of no more than 49% (a limit required by Wisconsin and Massachusetts law) of the total equity of the intermediate holding companies as well as the insurance companies themselves.

The Liberty Mutual Group has had a successful history of growth through affiliation with other mutual insurers. The mutual holding company structure will enhance the ability of EIOW, LMIC and LMFIC to continue to grow through affiliations and mergers with other mutual insurers and mutual holding companies.

We believe that the concept of mutuality is important to our members and our business. That is why we structured the Restructuring to preserve mutuality. Converted EIOW will be owned and controlled by EIOW MHC, which retains mutuality for Converted EIOW's policyholders as members of EIOW MHC. Similarly, after the Global Transaction, EIOW, LMIC and LMFIC ultimately will be owned and controlled by Liberty Mutual Holding Company, which retains mutuality for Converted EIOW's policyholders as members of Liberty Mutual Holding Company and for the policyholders of LMIC and LMFIC as well.

EIOW, LMIC and LMFIC have considered a number of strategic alternatives, including demutualization. We selected the mutual holding company structure because, in our judgment, it represents the best strategic alternative, after taking account of policyholder interests, capital flexibility, tax efficiencies and other factors, including preservation of mutuality.

Q. How does the proposed Restructuring compare to a demutualization?

A. The proposed Restructuring is different from a demutualization.

A demutualization would require conversion of the mutual insurance company to a stock insurance company. EIOW's members would exchange their equity rights for compensation in the form of common stock based on the value of EIOW.

EIOW is not proposing that it demutualize, although demutualization is an available option in the future for EIOW MHC after the Restructuring is approved.

Q. Will I receive any compensation in connection with the proposed Restructuring?

A. No. You will not receive any stock, cash or other compensation. You will, however, receive equity rights in the new mutual holding company in exchange for your equity rights in EIOW.

Q. Are there any plans to issue stock in connection with either the proposed Restructuring or the Global Transaction?

A. No. There are no plans as of today to issue stock if the proposed Restructuring or the Global Transaction are completed. But, one result of the proposed Restructuring and the Global Transaction is that the subsidiaries of EIOW MHC or Liberty Mutual Holding Company (as applicable) could issue stock in the future, should their respective boards of directors determine that issuance of stock is necessary or appropriate.

Q. Will the proposed Restructuring or the Global Transaction adversely affect the financial condition of EIOW, LMIC or LMFIC?

A. No. The audited combined surplus (net worth) of EIOW, LMIC and LMFIC and their other affiliated companies was approximately \$7.9 billion, as of December 31, 2000. Their individual and combined financial condition will not be affected by either the proposed Restructuring or the Global Transaction. In fact, we expect they will continue to enjoy the same strong financial ratings after the Restructuring and the Global Transaction are consummated.

Q. Will there be any changes in management or the board of directors as a result of either the proposed Restructuring or the Global Transaction?

A. The directors of EIOW MHC and Converted EIOW will initially be the same as the directors that currently serve as directors of EIOW. The officers of EIOW MHC and Converted EIOW will be the same as the officers that currently serve as officers of EIOW. Following the Global Transaction, however, the directors of Liberty Mutual Holding Company will be the same as the directors that currently serve as directors of LMIC. The directors of the two intermediate stock holding



companies, including the one which will directly own 100% of the shares of voting stock of Converted EIOW, will consist principally of members of the current management of LMIC. The officers of Converted EIOW will remain unchanged. We do not expect these changes to have a dramatic impact. Seven of the ten EIOW board members have been members of LMIC's senior management since EIOW's affiliation with LMIC three years ago.

Q. Are the proposed Restructuring and Global Transaction subject to the approval of the Wisconsin Insurance Commissioner?

A. Yes with respect to the proposed Restructuring and the portion of the Global Transaction involving the MHC Merger. EIOW's proposed Restructuring is currently being reviewed by the Wisconsin Insurance Commissioner.

The Wisconsin Insurance Commissioner has scheduled hearings on the proposed Restructuring. The hearings are scheduled to commence at 1:00 p.m. Central Time, October 16, 2001, to be held at The Hilton Madison Monona Terrace, 9 E. Wilson Street, Madison, Wisconsin. (see Notice of Public Hearing for more details)

Under Wisconsin law, the Wisconsin Insurance Commissioner will approve the Restructuring if she finds that EIOW has complied with the requirements of the Wisconsin mutual holding company law and the members of EIOW have voted to approve the transactions contemplated by the Plan.

Upon consummation of the Restructuring, EIOW MHC and Converted EIOW will submit an application to the Wisconsin Insurance Commissioner for approval of the MHC Merger, which is one of the transactions constituting the Global Transaction. The MHC Merger involves two related mergers, resulting in the integration of Converted EIOW into the Liberty Mutual Holding Company corporate structure. The Wisconsin Insurance Commissioner will review the application, including the MHC Merger Agreement, a form of which is attached as Annex B to the Policyholder Information Statement, and hold a public hearing before approving the MHC Merger in accordance with Wisconsin law.

Q. May I attend the public hearing?

A. Yes. All policyholders, directors and officers of EIOW have the right to appear and be heard at the public hearing. You also may submit a written statement or comments to be considered at the hearing. For more information please read the Notice of Public Hearing.

Q. What are the implications if the Restructuring is not approved?

A. We believe that without the ability to merge easily with other mutual companies, and the financial flexibility and enhanced access to capital afforded by the Restructuring, EIOW will be

increasingly challenged to maintain its position as an industry leader. However, if the Restructuring is not approved, your policy rights and benefits will not be affected and your insurance premiums will not, as a result, increase.

What the Restructuring Means to You

Q. Will this Restructuring cost me anything?

A. No, this Restructuring will not cost you anything, nor are there any expected tax consequences to you.

Q. How will this Restructuring affect my contract rights under my insurance policy?

A. The Restructuring will not affect your contract rights under your insurance policy in any way. **The Restructuring will not reduce the coverage, benefits, or other rights under your insurance policy, nor will it increase your premiums regardless of whether or not it is approved.**

Q. What are my current equity rights as a member of EIOW?

A. Your equity rights as a member of EIOW include the right to vote for directors of EIOW,

to share in its surplus in the highly remote and unlikely event that EIOW is liquidated or dissolved and, if and when the Board of Directors determines it is in the best interests of EIOW, to demutualize. As a member of EIOW, your equity rights relate exclusively to EIOW and you have no voting or other equity rights with respect to either LMIC or LMFIC.

Q. What will my new equity rights be as a member of EIOW MHC?

A. Your equity rights as a member of EIOW MHC include the right to vote for its directors and to share in its surplus in the unlikely event that it is liquidated or dissolved. Your equity rights will also entitle you to compensation if EIOW MHC ever demutualizes, but there are no plans to demutualize EIOW MHC.

Q. How will my voting rights be affected by the Restructuring and the Global Transaction?

A. Your voting rights will be affected as follows:

Currently, you are able to vote for the directors of EIOW, the insurance company from which you purchased an insurance policy. If the Restructuring is approved, you will become a member of EIOW MHC, and will be able to vote directly for its directors, but you will no longer be able to vote for the directors of Converted EIOW. Directors of Converted EIOW will be appointed by EIOW MHC, the sole shareholder of Converted EIOW.

If the Global Transaction occurs, all of the policyholders of EIOW, LMIC and LMFIC will become members of Liberty Mutual Holding Company. Those members then will be able to vote directly for the directors of Liberty Mutual Holding Company, but no longer will be able to vote for the directors of the insurance company that issued their insurance policy.

Although the Global Transaction will result in your voting rights being with a larger and potentially stronger company, it will have the effect of diluting your voting rights because policyholders of LMIC and LMFIC will also be members of, and have voting rights in, Liberty Mutual Holding Company.

Q. If the Global Transaction is approved, how will my rights to a distribution in the event of a future demutualization be affected?

A. As explained above, there are no present plans for a demutualization. However, if a demutualization should occur in the future and you are an eligible member of Liberty Mutual Holding Company **at that time**, you will be entitled to receive compensation in the form of stock, cash or other consideration for the value of Liberty Mutual Holding Company under a formula approved by the Massachusetts Insurance Commissioner as being fair and reasonable.

What Benefits Do I Receive?

Q. What benefits are anticipated if the proposed Restructuring is approved?

A. The main benefit you can expect if the proposed Restructuring is approved is continuation of EIOW as a leading insurance company within a mutual holding company structure with enhanced corporate and financial flexibility.

Q. What benefits can I expect if the Global Transaction is approved?

A. Building upon the benefits of the Restructuring, the Global Transaction will combine three large and separate mutual insurance companies—EIOW, LMIC and LMFIC—under a single mutual holding company owned by its members. The mutual holding company structure will provide enhanced financial flexibility and a simpler, more efficient organizational structure.

The Voting Process

Q. Why should I vote FOR the Plan?

A. EIOW's Board of Directors unanimously recommends that you vote FOR the Plan as it believes that the financial and structural flexibility afforded by the Restructuring, combined with the preservation of mutuality, is fair and equitable to EIOW's policyholders and expected to

benefit EIOW's policyholders. This Restructuring and the Global Transaction constitute one of the most important events in EIOW's and the Liberty Mutual Group's history. We strongly urge your support of the Plan. Prior to voting, however, you should carefully review the "Special Considerations and Risks" sections of the Policyholder Information Statement.

Q. What do I need to do to vote?

A. Simply mark one of the FOR or AGAINST boxes on the enclosed proxy, then sign and return it in the enclosed envelope. Proxies must be received by 5:00 p.m., October 20, 2001, in order to be counted. You may appoint individuals other than designated officers of EIOW to cast your vote by proxy. However, only proxies that meet the standards established by the Wisconsin Insurance Commissioner will be valid. If you prefer, you may attend and vote at the Special Meeting to be held at 10:00 a.m. Central Time on November 20, 2001, at EIOW's offices at Westwood Center, 1800 W. Bridge Street, Wausau, Wisconsin.

Q. What must happen for the Plan to be approved?

A. The Plan must be approved by a majority vote of the eligible policyholders who vote (either in person or by proxy), and by the Wisconsin Insurance Commissioner.

Q. What will happen if the Plan is not approved?

A. If the Plan is not approved, EIOW will remain a mutual insurance company. Whether or not the Plan is approved, the benefits and other rights under your insurance policy will not be reduced, nor will your insurance premiums be increased as a result.

Q. What happens if EIOW's proposed Restructuring into a mutual holding company structure is approved, but the Global Transaction is not approved?

A. If the Global Transaction is not approved, but EIOW's proposed Restructuring is approved, EIOW will become a stock insurance company owned by EIOW MHC, and your equity rights in EIOW will be replaced with equity rights in EIOW MHC. In that case, the potential benefits of the Global Transaction will not be achieved.

OUR CORPORATE MISSION

EMPLOYERS INSURANCE OF WAUSAU AND THE MUTUAL HOLDING COMPANY STRUCTURE



ABOUT WAUSAU

OVER THE YEARS THE WAUSAU STORY HAS COME TO BE TOLD THROUGH THIS HUMBLE DEPOT. IT HAS BECOME SYNONYMOUS WITH OUR COMPANY AND OUR HOMETOWN. WE DIDN'T INVENT THE DEPOT; IT ACTUALLY EXISTS. THE DEPOT EMBODIED IN OUR CURRENT LOGO SYMBOLIZES EVERYTHING WAUSAU STANDS FOR: HONESTY, HARD WORK, SMALL-TOWN FRIENDLINESS, EXCEPTIONAL SERVICE.

IT'S NOT ADVERTISING HYPE; IT'S HOW WAUSAU CONDUCTS ITS BUSINESS. THE DEPOT REMINDS US THAT NO MATTER HOW MUCH THINGS CHANGE, SOME BASIC PRINCIPLES ENDURE.



EMPLOYERS INSURANCE OF WAUSAU

A Mutual Company

U.S. Policyholders should mail their completed proxies to:

EMPLOYERS INSURANCE OF WAUSAU
A Mutual Company
P.O. Box 8245
Edison, NJ 08818-9085

Canadian Policyholders should mail their completed proxies to:

EMPLOYERS INSURANCE OF WAUSAU
A Mutual Company
P.O. Box 1 STN LCD Malton
Malton, ON L4T 9Z9

Policyholders who reside outside the U.S. and Canada should mail their completed proxies to:

EMPLOYERS INSURANCE OF WAUSAU
A Mutual Company
Dept. AA247
P.O. Box 85995
London
Great Britain
EC50 6AA

You may call EIOW at the following numbers:

U.S. and Canadian Policyholders: 800-442-4295

Policyholders using a TDD
(telephone device for the deaf): 888-789-7703



Member of the Liberty Mutual Group