

FREQUENTLY ASKED QUESTIONS ABOUT THE PROPOSED MERGER OF MAIN STREET AMERICA GROUP MUTUAL HOLDINGS, INC. WITH AND INTO AMERICAN FAMILY INSURANCE MUTUAL HOLDING COMPANY

The following sets forth brief responses to some frequently asked questions about the proposed merger of Main Street America Group Mutual Holdings, Inc. (“MSA Holdings”) with and into American Family Insurance Mutual Holding Company (“AFIMHC”) (the “Merger”). Readers are encouraged to review the other information made available on this site for more detailed information.

1. What is the transaction that is being proposed?

MSA Holdings and AFIMHC have agreed to a merger of MSA Holdings and AFIMHC, with AFIMHC continuing as the surviving company, subject to member approval and any required regulatory approval.

2. Why did MSA Holdings agree to merge with AFIMHC?

MSA Holdings’ interest in merging with AFIMHC was based on several factors including, among others, the following:

- MSA Holdings’ insurance company subsidiaries and affiliates will be able to substantially increase the speed to market for product enhancements and technology implementation by leveraging the capabilities of AFIMHC.
- MSA Holdings’ insurance company subsidiaries and affiliates will achieve improved pricing and more comprehensive and targeted coverages by leveraging AFIMHC’s analytical capabilities.
- Over time, MSA Holdings’ management will participate in management of the combined commercial lines for the merged organization, thus increasing the scale of this business and realizing the advantages to be derived from such increased size.
- Over time, the proposed combination will increase the range of opportunities for MSA Holdings employees.
- Over time, there will be opportunities to lower expense ratios through the thoughtful and judicious combination of business functions within the two organizations.

3. Why does AFIMHC want to bring MSA Holdings into its organization?

- The insurance company subsidiaries and affiliates of MSA Holdings will be able to benefit from the technology, data analytics, and artificial intelligence capabilities being developed by AFIMHC, thus leveraging those capabilities across a larger enterprise.

- AFIMHC will gain access to an independent agent distribution channel, and a management team and employees with knowledge and experience in working with such distribution channel, for use in distribution of the products offered by the MSA Holdings insurance company subsidiaries and affiliates.
- AFIMHC will add knowledge and experience in management of commercial lines and increase the scale of its combined commercial lines business.
- AFIMHC will add knowledge and experience with the formation and management of mutual insurance company affiliations.
- AFIMHC may be able to reduce expense ratios of the combined enterprise through consolidation of business functions and other economies of scale.
- AFIMHC will expand its geographic scope of operations, thereby diversifying its associated weather and other risks and enhancing its opportunities for growth.

4. Do any of AFIMHC's or MSA Holdings' directors or officers have interests in the Merger that may differ from or be in addition to the interests of the members?

Yes. Certain officers and directors of MSA Holdings have personal interests in the Merger that are, or may be, different from, or in addition to, the interests of the MSA Holdings Members generally, including, but not limited to, the payment of transaction bonuses to certain officers, the continued employment of certain officers by NGM Insurance Company with increased benefits, and the acceleration of certain incentive plan payments to MSA Holdings' non-employee directors. The Board of Directors of MSA Holdings was aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, and in recommending that the Merger Agreement be approved by the MSA Holdings Members.

5. Is the Merger expected to be taxable to the members?

No. The Merger is expected to qualify as a tax-free reorganization.

6. When is the Merger expected to be completed?

The Merger is expected to close in the fourth quarter of 2018.

7. Are there any regulatory approvals that must be obtained?

Yes. The Merger may not be consummated until notification has been given and certain information has been furnished under the federal Hart-Scott-Rodino Act, and specific waiting period requirements have been satisfied. The required notices and information have been filed and early termination of the waiting period under the HSR Act has been granted. The Merger must also be approved by the Florida Office of Insurance Regulation, the Indiana Insurance Commissioner, the Minnesota Department of Commerce, the South Carolina Insurance Department, and the Office of the Wisconsin Commissioner of Insurance.

8. Are there any potential disadvantages or risks associated with the Merger?

There are potential disadvantages and risks associated with the Merger including, without limitation, the challenges of combining the two companies, the uncertainty of retaining key employees and marketing relationships, the costs and distractions of completing the Merger, and the possibility that the anticipated benefits of the Merger may not materialize.

9. Did the MSA Holdings Board consider any alternatives to the Merger?

The MSA Holdings Board spent significant time considering, but ultimately rejected, several alternatives to the proposed Merger, including remaining independent, demutualization, and other change in control transactions. The MSA Holdings Board determined not to pursue any of these alternatives and that the Merger was the best option to achieve its strategic goals and remain part of a mutual insurance holding company.

10. How will the Merger affect the financial strength of the Surviving Company?

Both MSA Holdings and AFIMHC are rated “A-Excellent” by A.M. Best Company, Inc. The combination of the two companies will result in a Surviving Company with more capital, greater earnings, and enhanced growth prospects.

11. Will the Merger result in the relocation of any company headquarters?

No. The headquarters of AFIMHC and each of its subsidiaries and the headquarters of MSA Holdings and each of its subsidiaries are not expected to be closed or relocated as a result of the Merger.

12. What will happen to the MSA Holdings and AFIMHC brands?

It is not anticipated that any of the subsidiaries of MSA Holdings or AFIMHC will stop offering products or services under their existing brands or company identities as a result of the Merger.

13. Will there be any significant management changes as a result of the Merger?

No. It is anticipated that the individuals who are serving as officers of AFIMHC and each of its subsidiaries, and each of the subsidiaries and affiliates of MSA Holdings, other than Main Street America Group, Inc., before the Merger will continue to serve in such capacities after the Merger.

14. How will the AFIMHC Articles of Incorporation be amended by the Merger Agreement?

The Merger Agreement provides for the AFIMHC Articles of Incorporation to be amended to provide for all members of MSA Holdings at the effective time to become members of AFIMHC, and for all future policyholders of NGM Insurance Company to become members of AFIMHC, in accordance with AFIMHC’s membership protocols.

15. How will the Merger impact the voting rights of current members?

The voting power of former MSA Holdings Members and future NGM Insurance Company policyholder members with respect to the election of directors of AFIMHC and other matters requiring a vote of AFIMHC Members will be shared with the existing Members of AFIMHC and future policyholder members of American Family Mutual Insurance Company, S.I., American Family Insurance Company, and American Standard Insurance Company of Ohio, on the basis of one vote per member. As of June 30, 2018, there were approximately 236,000 members of MSA Holdings and 3,340,025 members of AFIMHC.

16. How will the Merger affect the members' rights in surplus?

All members will have such rights in the surplus of the Surviving Company in the event of a dissolution, liquidation, or demutualization as are provided under applicable Wisconsin law, applied to all members on a consistent basis.

17. Is there any current plan to liquidate or demutualize the Surviving Company, or to sell any of the MSA Holdings subsidiaries?

No, there is no such current plan. It is anticipated that the Surviving Company will be managed and operated as a combined enterprise for the foreseeable future.

18. Will there be any changes to the rights and benefits of policyholders under insurance policies issued by insurance company subsidiaries or affiliates of AFIMHC or MSA Holdings as a result of the Merger?

No. The Merger will not result in any changes to outstanding insurance policies.