

19<sup>th</sup> December 2008

Dear Member

TRANSFER OF INSURANCE BUSINESS AND DISTRIBUTION OF ASSETS TO MEMBERS

Further to my letter of 25<sup>th</sup> June 2008, sent with the Company's Annual Report and Accounts, I am now writing to update Members on the current position.

You will recall that the distribution of the Company's remaining assets to Members was to take place once we had ceased trading as an insurance company. This necessitated the divestment of our remaining insurance business, which required Court approval. This is a complex process but we hoped to obtain the necessary permissions by the end of 2008. I am pleased to advise that the Court has approved the transfer of our remaining insurance business to NPA Insurance Limited and this took effect from 15<sup>th</sup> December 2008.

Some Members have enquired as to how the current global financial problems have affected PMI, its reserves and investments. I am very happy to report that around the time of the final negotiations for the sale of the business in 2007, your board took the decision to sell the Company's equity and property portfolios, which accounted for roughly 60% of its total assets. This crystallised the substantial gains made by the Company's investments and avoided any volatility in the markets pending distribution to Members. These sales took place close to the top of the market and therefore we have not been affected by the substantial fall in the world's stock markets or the reduction in UK property values. The proceeds from these sales, together with existing cash, which together totalled some fifty three million pounds were then deposited prudently, but at good rates, and no loss from defaulting banks or countries has been experienced.

We are now able to proceed with finalising the remaining liabilities of the Company, move towards liquidation, and make the second, and most likely final, distribution to Qualifying Members, which we hope to accomplish in April 2009. To ensure that this goes as smoothly as possible, it is important that Members keep the Company advised of any changes in personal circumstances (eg change of address) so that our records can be kept up to date. Members should write to the Company Secretary at the above address or telephone on 0845 618 5070.

Yours sincerely



Michael Major  
Chairman