



**NEW YORK  
LIQUIDATION BUREAU**

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**Eric R. Dinallo**  
Superintendent

**Mark G. Peters**  
Special Deputy Superintendent

June 1, 2007

As Special Deputy Superintendent in charge of the New York Liquidation Bureau and on behalf of Eric R. Dinallo, New York State Superintendent of Insurance and Liquidator of Midland Insurance Company, I am pleased to announce that Midland will be issuing its second dividend distribution to allowed Class 2 Creditors.

After a thorough review of Midland's current financial condition, I have determined that a 5% distribution to allowed Class 2 Creditors, in accordance with the provisions of Section 7434 of the New York Insurance Law, is viable at this time. The distribution is expected to be paid to creditors by the end of the second quarter of 2007. Such distribution will result in an additional payout of approximately \$29.9M (with further payouts once other claims are allowed), of which \$21.2M will be paid to the 48 impacted Guaranty Funds and \$8.7M to 1,068 allowed Policy Claims.

With this distribution, a total of \$84.8M will have been paid from the assets of the Midland Insurance Company in Liquidation.

Additional information regarding the distribution will be disseminated to the public as it becomes available.

Sincerely,

Mark G. Peters  
Special Deputy Superintendent