The Hanover Insurance Group, Inc.

Third Quarter 2012 Results

October 31, 2012

To be read in conjunction with the press release dated October 31, 2012 and the conference call scheduled for November 1, 2012

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements: Certain statements in this presentation, including responses to questions, contain or may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Use of the words "believes," "anticipates," "expects," "projections," "outlook," "should," "plan," "confident," "guidance," "on track to," "promise," "line of sight," "will," "on the right path to" and similar expressions are intended to identify forward-looking statements. In particular, this presentation and related earnings call includes or may include forward-looking statements with respect to the ability to continue to improve our financial performance; underlying loss ratio trends; guidance on 2012 segment income per share and outlook for 2013; outlook on the market and economic conditions, especially in respect to the surety business; catastrophe losses for the remainder of 2012, and in particular, the fourth quarter of 2012; building momentum in Personal and Commercial Lines profitability improvement; the pricing environment and the company's ability to increase rates in domestic P&C and in Lloyd's businesses; the impact of foreign exchange fluctuations; competitive position, including with respect to agents; net written premium growth and retention; new business growth; future prior year reserve development and reserve adequacy; the impact of seasonality; the impact of various agency and exposure management actions on net written premiums and segment income; GAAP and accident year loss ratios; expense ratio and expense improvements from improving scale; the ability to improve profitability, earnings growth and returns; return on equity and near-term return on equity goals; adequacy of capital to rating agency expectations; product margins and margin improvement, including with respect to auto lines of business; expected profitability and contribution of Chaucer Holdings plc ("Chaucer") to consolidated earnings, including the ability to realize the benefits of Chaucer's prior pricing and mix management actions; net investment income and the effect of lower yields on future net investment income; product-geographic- and account- based mix changes on future growth and profitability; and may also include forward looking statements on underwriting conditions, capital levels, ratings, the number of shares outstanding, investment impairments and net investment income.

The company cautions investors that neither historical results and trends nor forward-looking statements are guarantees of or necessarily indicate future performance, and actual results could differ materially. Investors are directed to consider the risks and uncertainties in our business that may affect future performance and that are discussed in readily available documents, including the company's earnings press release dated October 31, 2012 and the Annual Report and other documents filed by The Hanover with the Securities and Exchange Commission, which are available at www.hanover.com under "Investors." We assume no obligation to update this presentation, which, unless otherwise noted, speaks as of September 30, 2012.

These uncertainties include the uncertain U.S. and global economic environment, the possibility of adverse catastrophe experience (including terrorism) and severe weather, the uncertainties in estimating catastrophe and non-catastrophe weather-related losses, the uncertainties in estimating property and casualty losses, accident year picks, and incurred, but not reported loss and LAE reserves, the ability to increase or maintain certain property and casualty insurance rates in excess of loss trends, which typically outpace inflation rates, the impact of new product introductions, adverse loss and LAE development for prior years, changes in frequency and loss trends, the ability to improve renewal rates and increase new property and casualty policy counts, adverse selection in underwriting activities, investment impairments, the impact of competition (including rate pressure), adverse and evolving state, federal and, with respect to Chaucer, international, legislation or regulation, adverse regulatory or litigation actions, financial ratings actions, the risks that the company will not achieve the benefits from the Chaucer transaction and those inherent in Chaucer's business.

Basis of Presentation: Prior periods were restated for the effect of the company's adoption of the new Deferred Acquisition Cost ("DAC") methodology. See Book Value and Other Items on page 6 of the press release dated October 31 for more detail.

Non-GAAP Measures: The discussion in this presentation of The Hanover's financial performance includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as total segment income, segment income after taxes, combined ratios and loss ratios excluding catastrophes and/or development and accident year loss ratios excluding catastrophes. A reconciliation of non-GAAP measures to the closest GAAP measure is included in either the press release or statistical supplement, which are posted on our website. The reconciliation of accident year loss ratio and combined ratio excluding catastrophes to the nearest GAAP measure, total loss ratio and combined ratio, is found on pages 7, 10 and 13 of the statistical supplement. Segment income after-tax (segment income after tax per diluted share) is a non-GAAP measure. It is defined as net income excluding the after-tax impact of net realized investment gains (losses), as well as results from discontinued operations for a period divided by the average number of diluted shares of common stock. The definition of other financial measures and terms can be found in the 2011 Annual Report on pages 80-82.

Third Quarter Highlights

- Net income of $40.4 million, or $0.89 per share; segment income after tax[1] of $33 million, or $0.72 per share
- Combined ratio of 100.2%; ex-catastrophe combined ratio of 95.4%[1]
- Net premiums written of $1,120.1 million, 6.6% higher than the prior-year quarter, primarily driven by Commercial Lines growth of 14.1%
- Net investment income of $69.2 million, up 2.1% from the third quarter of last year
- Continuing improvement in pricing trends across all lines; strong retention
- Repurchased approximately 283,000 of common shares for $10.0 million
- Book value per share of $61.00 at September 30, 2012, up 12.1% from September 30, 2011 and 3.7% from June 30, 2012

[1] Non-GAAP measure. See page 2. These measures are used throughout this presentation.

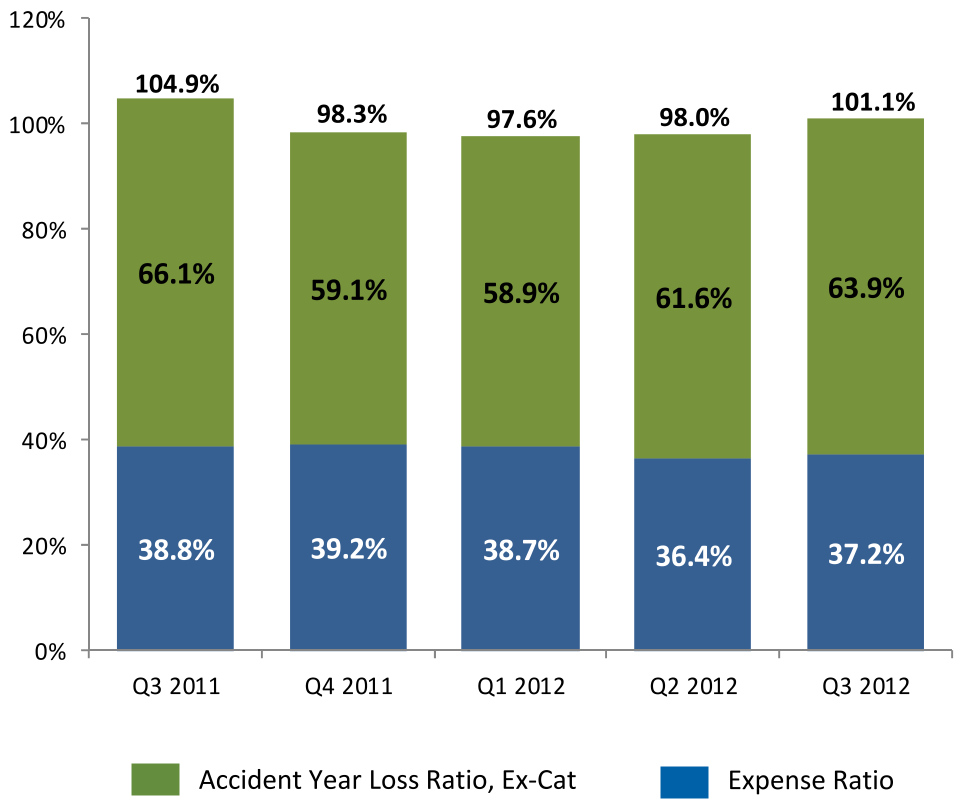
Underwriting Performance

Loss and LAE ratio:	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Nine Months Ended[2] September 30 2012	Nine Months Ended[2] September 30 2011
Current accident year, ex-cat	62.1%	65.2%	61.6%	63.9%
Catastrophe losses	4.8%	9.8%	5.3%	12.0%
Prior year unfavorable (favorable) reserve development	(0.8%)	(2.8%)	(0.3%)	(2.8%)
Loss and LAE ratio	66.1%	72.2%	66.6%	73.1%
Expense ratio	34.1%	34.7%	33.9%	33.9%
Combined ratio	100.2%	106.9%	100.5%	107.0%
Combined ratio, ex-cat	95.4%	97.1%	95.2%	95.0%
Accident year combined ratio, ex-cat[1]	96.2%	99.9%	95.5%	97.8%
Underwriting income (loss)	$ (6.6)	$ (74.1)	$ (27.3)	$ (190.7)
Catastrophes	51.9	99.6	166.6	306.0
Ex-cat, underwriting income[1]	$ 45.3	$ 25.5	$ 139.3	$ 115.3
Ex-cat, ex-dev, underwriting income (loss)[1]	$ 37.0	$ (3.3)	$ 131.0	$ 42.7

(1) Non-GAAP measure. See page 2. These measures are used throughout this presentation.
(2) Nine months ended 2011 include the operations of Chaucer only starting July 1, 2011. Accordingly, current and prior periods are not directly comparable.

Commercial Lines

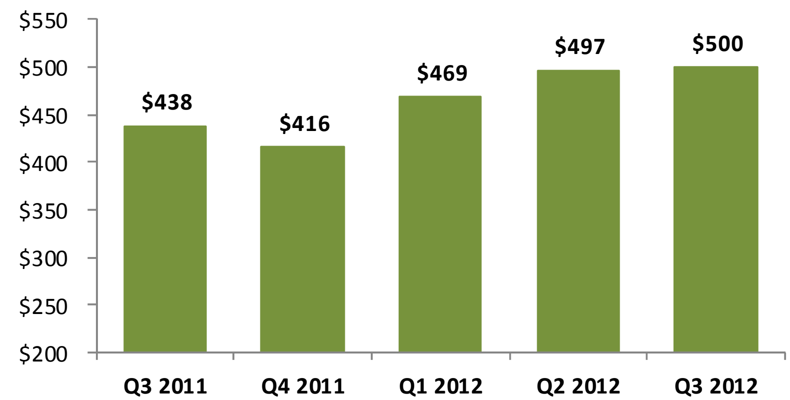
Accident Year Combined Ratio, Ex-Cat



Q3'2012 Highlights

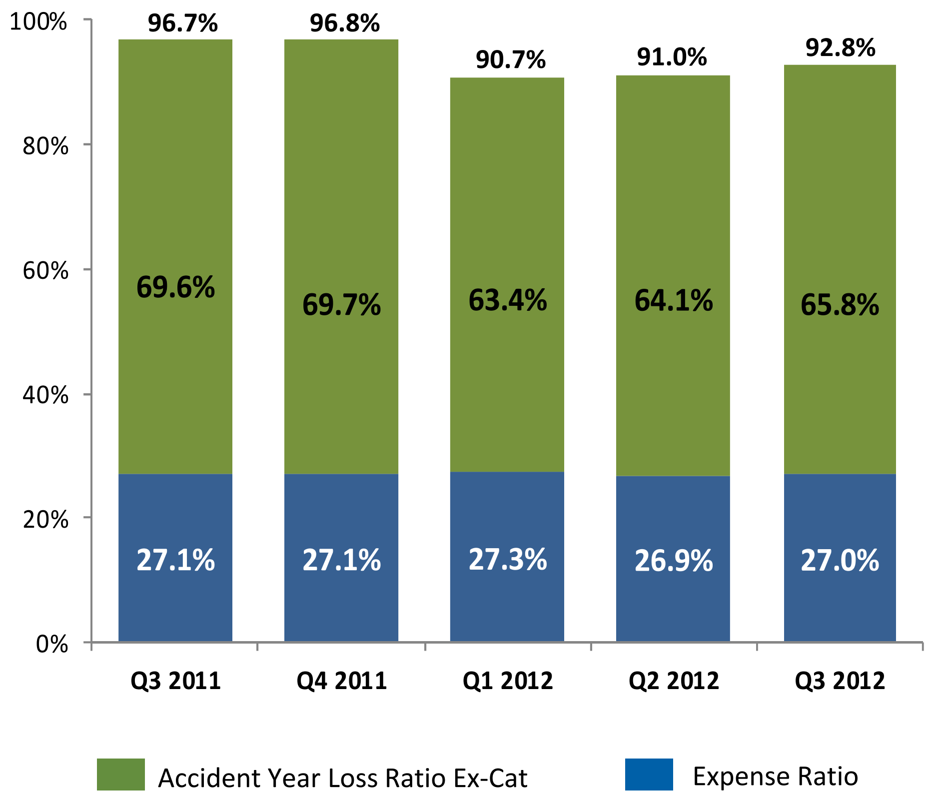
- Accident year combined ratio improvement versus Q3 '11 was primarily driven by lower non-catastrophe weather and improving underlying margins in commercial multi-peril (CMP)
- Expense ratio improved by 1.6 points from Q3 '11, driven by fixed cost leverage from growth and operating model efficiencies
- Net written premium growth of 14.1%, driven by increases in both core commercial and specialty businesses
- Pricing increases of over 8%
- Strong retention at 82.5%

(In millions) **Net Written Premiums**



Personal Lines

Accident Year Combined Ratio, Ex-Cat



Q3'2012 Highlights

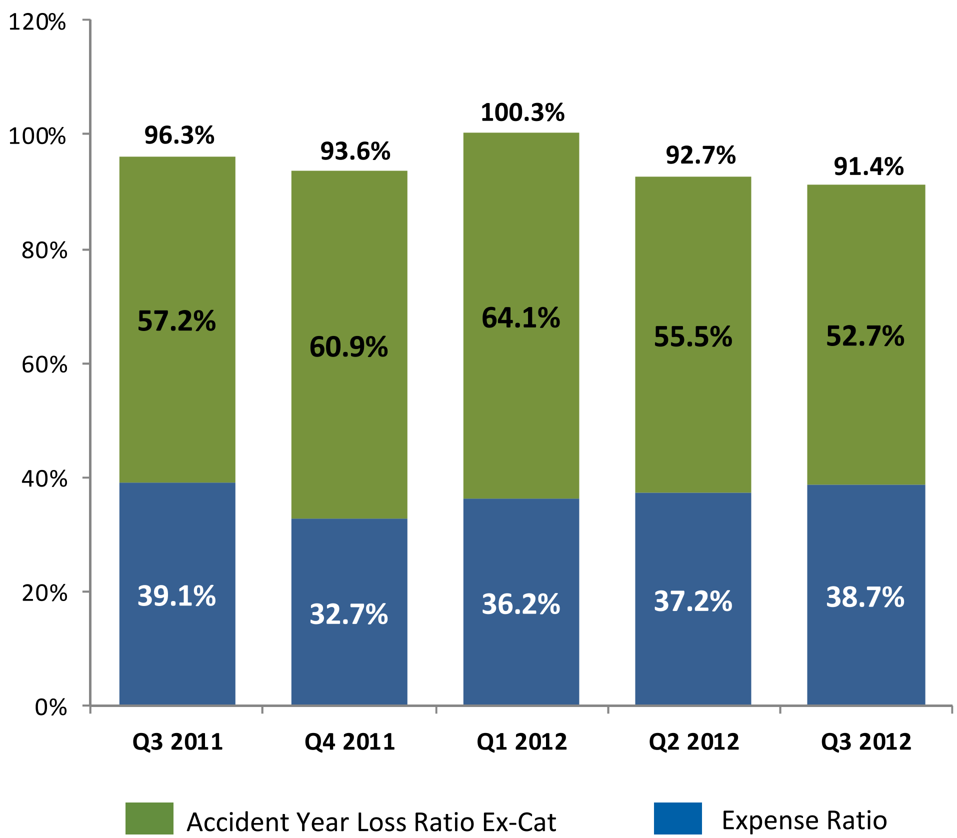
- Lower accident-year combined ratio excluding catastrophes was driven by lower non-catastrophe weather losses and improved underwriting margin in the homeowners' line
- Net written premium increased 1%:
  - Rate increases of 5% in auto and 10% in homeowners
  - Decline in policies in force driven by property exposure management actions
- Strong retention at 80.6%

(In millions)

Net Written Premiums

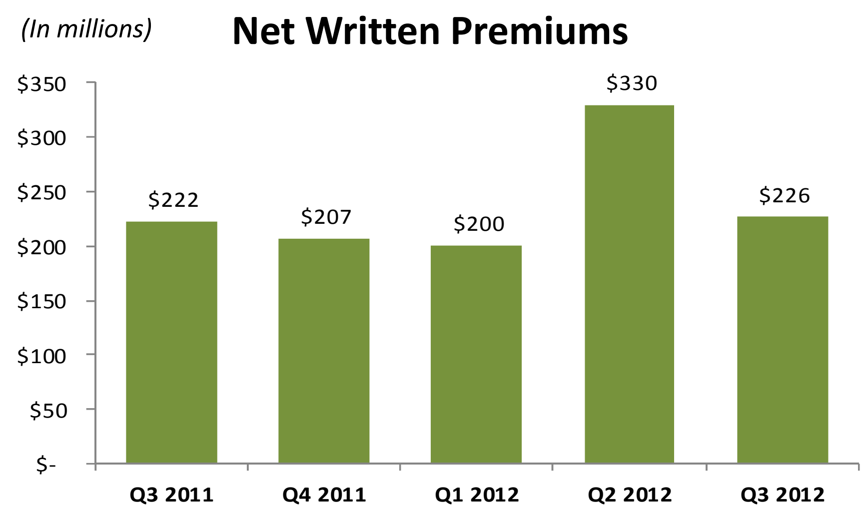
Chaucer

Accident Year Combined Ratio, Ex-Cat



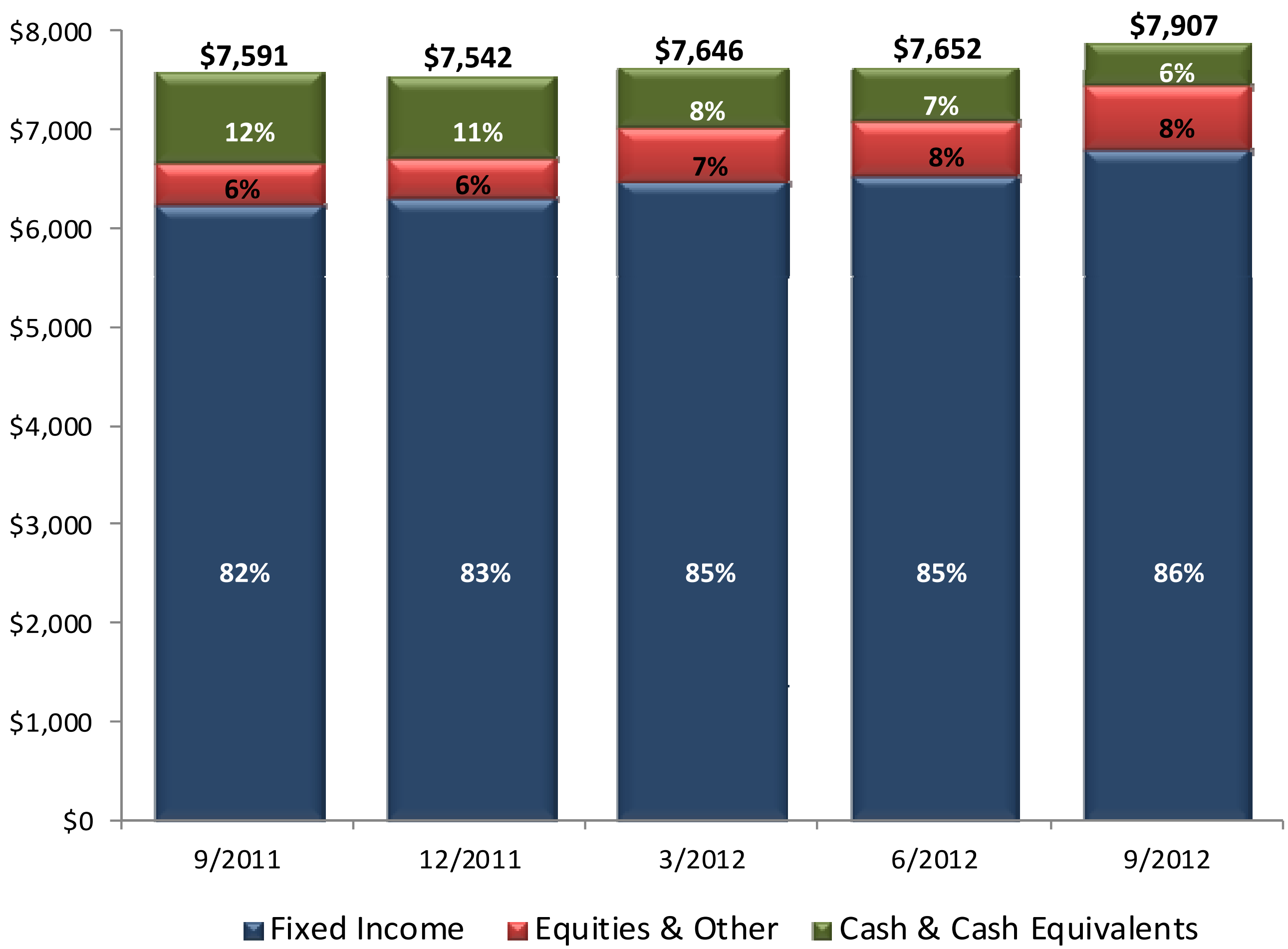
Q3'2012 Highlights

- Combined ratio of 87.4% included 3 points of catastrophe losses and 7 points of prior-year favorable reserve development
- Accident year combined ratio ex cat benefited from lower frequency losses
- Net written premium relatively in line with the prior-year quarter
- Chaucer is experiencing rate increases in most lines



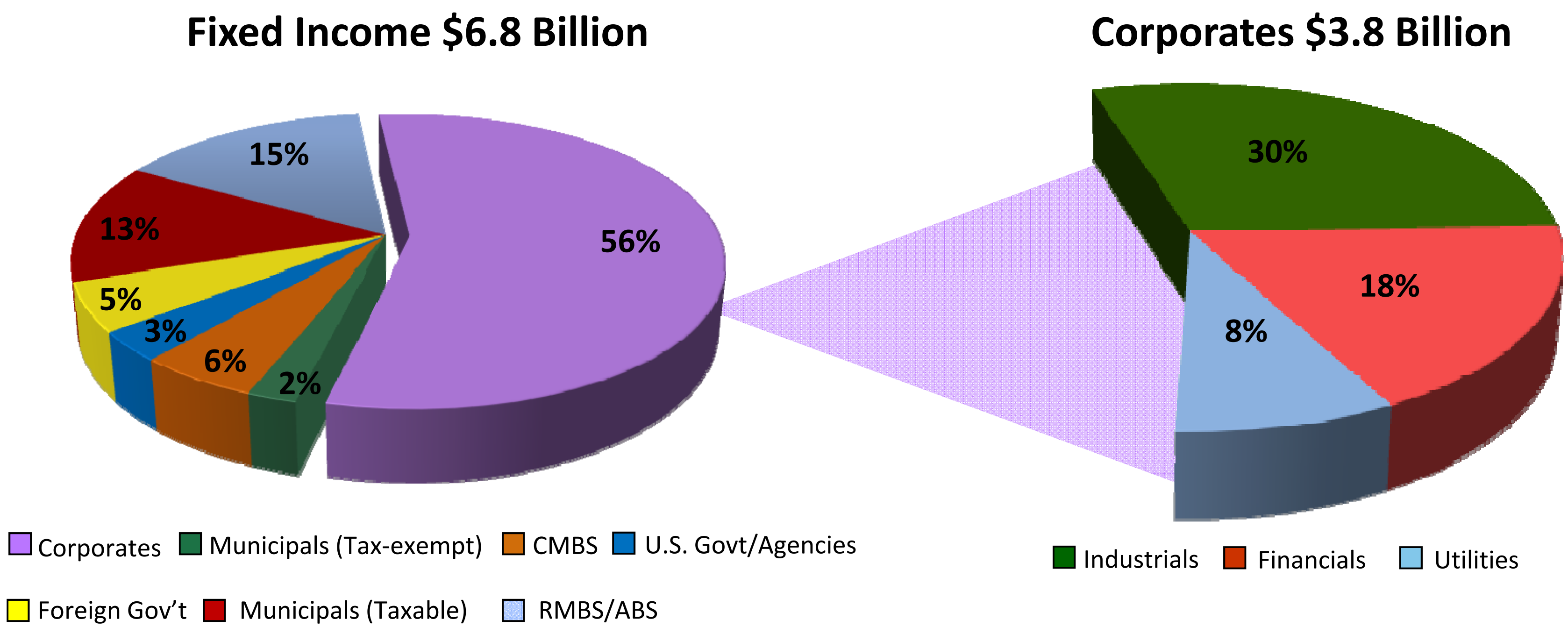
Investment Portfolio

$ in millions



Fixed Income Sector Breakdown

(as of 9/30/2012)



Fixed Income Characteristics:

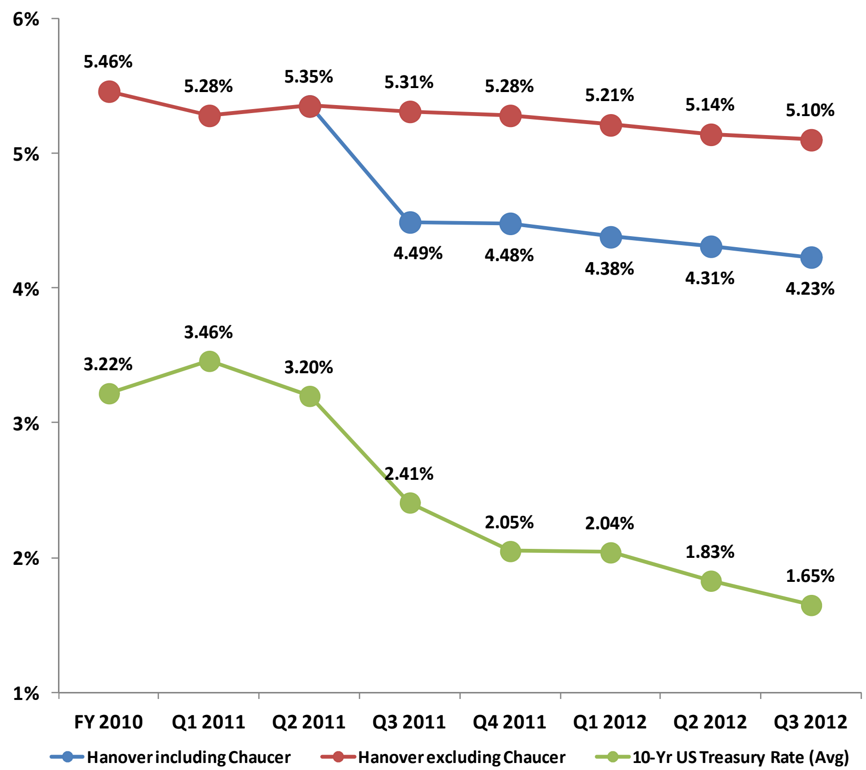
- 95% of fixed income securities are investment grade
- Weighted average quality A+
- Duration: 3.9 years

Corporate Holding Characteristics:

- 91% Investment Grade
- Weighted average quality BBB+
- Duration 3.9 years

Net Investment Income

Fixed Income Earned Yields



- Hanover has a consistent history of strong earned yields due to:
  - Low asset turnover
  - Opportunistic investment of maturing assets

Q3'2012 Highlights

- Net investment income of $69.2 million, up 2% from the third quarter of 2011:
  - Investment of Chaucer cash into fixed maturities
  - Higher dividends from equity investments
  - Partially offset by lower new money yields
- Third quarter 2012 new money yield of 2.2%
- Reinvesting $750 million (annual portfolio turnover) at 200 basis points below current book yield would reduce net investment income by approximately $15 million on an annualized basis

Balance Sheet Strength

$ in millions, except per share data

	September 30 2011	December 31 2011	September 30 2012
Book value per share	$54.40	$55.67	$61.00
Shareholders' equity	$2,429	$2,484	$2,699
Debt	$901	$911	$918
Total capital	$3,330	$3,395	$3,617
Debt/total capital	27.1%	26.8%	25.4%
THG holding company cash and investments	$239	$207	$170

Questions