The Hanover Insurance Group, Inc.

First Quarter 2016 Results

May 4, 2016

To be read in conjunction with the press release dated May 4, 2016 and conference call scheduled for May 5, 2016

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-looking statements: Certain statements in this release or in the above-referenced conference call may be forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Use of the words "believes," "anticipates," "expects," "projections," "forecast", "outlook," "should," "could," "confident," "plan," "guidance," "on track to" and similar expressions is intended to identify forward-looking statements. In particular, statements in this press release or in such conference call regarding our ability to achieve financial goals and generate strong earnings; profitable growth and target returns; deliver value to shareholders; long-term success; continued momentum; ability to succeed; future profitability; ability to drive top quartile returns; use of underwriting and claims management to manage impact of commercial lines development on results; ability to leverage pricing, business mix, expense ratio improvement and reserving actions to drive commercial underwriting improvement; Commercial Lines account size and agency strategy to help manage competitive rate pressure; industry specialization in Commercial Lines to help perform through the cycle; Specialty business as a source of profitable growth; confidence in Personal Lines underwriting and pricing to generate margin accretion; Personal Lines expense ratio; success of technology investments in Personal Lines; success and timing of Personal Lines' entry into Pennsylvania; potential impact of macroeconomic trends on auto frequency; pricing and retention trends (including whether pricing will exceed loss costs); the potential impact of capital actions and business investments; terms and expectations for debt redemption make-whole provisions; balance sheet position; future margin improvement; the ability to manage the challenging market conditions and long-term financial targets related to Chaucer's business; ability to create growth opportunities; success of Chaucer's business initiatives to offset topline headwinds; ability to continue earnings growth and improvement through 2016; increased income from expected "higher yielding assets;" ability of energy investment holdings to manage through the cycle; transition and timing of new CEO and CFO; financial results and earnings guidance for the full year 2016, are all forward-looking statements.

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 May 4, 2016 and the Annual Report, Form 10-Q 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, as of March 31, 2016.

These uncertainties include the pending change in the company's Chief Executive Officer, 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, 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 and returns, 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, and those risks inherent in Chaucer's business.

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 operating income, operating income before taxes, combined ratios and loss ratios, excluding catastrophes and/or development and accident year loss ratios, excluding catastrophes and book value per share excluding net unrealized gains and losses. A reconciliation of non-GAAP measures to the closest GAAP measure is included in either the press release dated May 4, 2016 or financial 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 6, 8, 10 and 12 of the financial supplement. Operating income (operating income 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 divided by, in the case of per share reported figures, the average number of diluted shares of common stock. Book value per share, excluding net unrealized gains and losses, is calculated as total shareholders' equity excluding the after-tax effect of unrealized investment gains and losses, divided by the number of common shares outstanding. The definition of other financial measures and terms can be found in the 2015 Annual Report on pages 78-80.

Financial Priorities

Earnings Stability		Margin Expansion		Targeted Growth		Target ROE

• Geographic diversification
  • Macro level
  • Micro level
• Balanced portfolio
  • Property/casualty
  • Diversified mix
	+	• Business mix improvement
		• Rate above loss cost trends
		• Expense leverage through growth and operating efficiencies
			+	• Growth in domestic businesses through increased rate and improved retention
				• Prudently managing through the cycle at Chaucer
				• Agency and broker penetration
				• Continued investment in product development
					=	• Improved underwriting performance
						• Efficiency from growth and scale
						• Growth in net investment income
						• Effective capital management

We have a strong market position and multiple earnings improvement levers to drive top quartile returns

First Quarter 2016 Highlights

We reported net income of $1.80 per diluted share and a record high first quarter operating income[1] of $1.64 per diluted share

- Growth in operating income per share of 29.1%
- Combined ratio of 95.0%, including 2.7 points of catastrophe losses
- Net premiums written of $1.1 billion; the decrease from the prior-year was principally driven by Chaucer's disposal of its U.K. motor business in June 2015; U.S. net premiums written grew 3.6%
- Continued price increases in Commercial and Personal Lines
- Net investment income of $68.3 million; earned investment yield in line with the prior-year quarter
- Book value per share of $69.30, up 4.7% from December 31, 2015, and up 5.1% from March 31, 2015
- Repurchased approximately 610,000 shares of common stock for $48.4 million at an average price of $79.23 per share
- On April 8, 2016, issued $375 million of Senior Unsecured Notes due in 2026 with a coupon of 4.50%

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

Strong Consolidated Financial Results

($ in millions, except per share amounts)	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
	Three Months Ended				
Operating Income after taxes per share	**$1.27**	**$1.56**	**$1.61**	**$1.82**	**$1.64**
Net Income per share	$1.22	$2.68	$1.74	$1.76	$1.80
Book value per share	**$65.92**	**$66.28**	**$66.55**	**$66.21**	**$69.30**
Shareholders' equity	$2,900	$2,909	$2,878	$2,844	$2,957
Debt	$831	$825	$803	$803	$803
Total capital	$3,731	$3,734	$3,681	$3,647	$3,760
Debt/total capital	22.3%	22.1%	21.8%	22.0%	21.4%
Total assets	$13,915	$14,135	$14,031	$13,781	$14,028
Average equity, excluding net unrealized appreciation (depreciation) on investments, net of tax(2)	**$2,558**	**$2,624**	**$2,678**	**$2,687**	**$2,703**
Operating income after tax	$57	$70	$72	$80	$72
Operating return on equity	**8.9%**	**10.7%**	**10.8%**	**12.0%**	**10.6%**

(2) Non-GAAP measure. Shareholder's equity as of March 31, 2016 of $2,957 million is the closest GAAP measure.

Improved Underwriting Performance

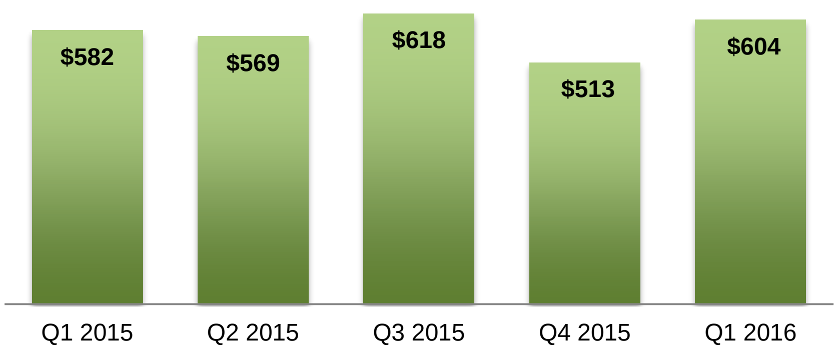
($ in millions)	Three Months Ended March 31 2015	2016
Premiums:		
Net Written	$1,215.1	$1,144.3
Change	3.7%	(5.8)%
Net Earned	$1,211.0	$1,151.3
Change	4.1%	(4.9)%
Loss and LAE ratio:		
Current accident year, ex-cat	60.9%	59.0%
Prior year favorable reserve development, ex-cat	(2.1)%	(0.9)%
Catastrophe losses	5.1%	2.7%
Loss and LAE ratio	**63.9%**	**60.8%**
Expense ratio	**33.2%**	**34.2%**
Combined ratio	**97.1%**	**95.0%**
Combined ratio, ex-cat(3)	92.0%	92.3%
Accident year combined ratio, ex-cat(3)	94.1%	93.2%
Underwriting income	$32.4	$54.1
Catastrophe losses	62.3	31.2
Ex-cat, underwriting income	$94.7	$85.3

(3) Combined ratio, excluding catastrophes, is a non-GAAP measure. This measure and measures excluding prior-year reserve development ("accident-year" ratios) are used throughout this document. The combined ratio (which includes catastrophe losses and prior-year loss reserve development) is the closest GAAP measure. See the disclosure on the use of non-GAAP measures under the heading "Forward-Looking Statements and Non-GAAP Financial Measures."

Commercial Lines Financial Highlights

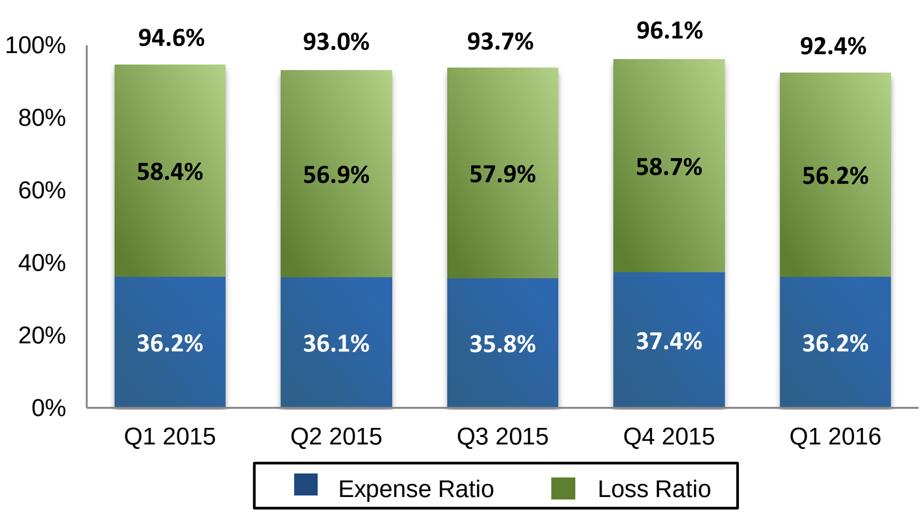
Net Premiums Written

($ in millions)

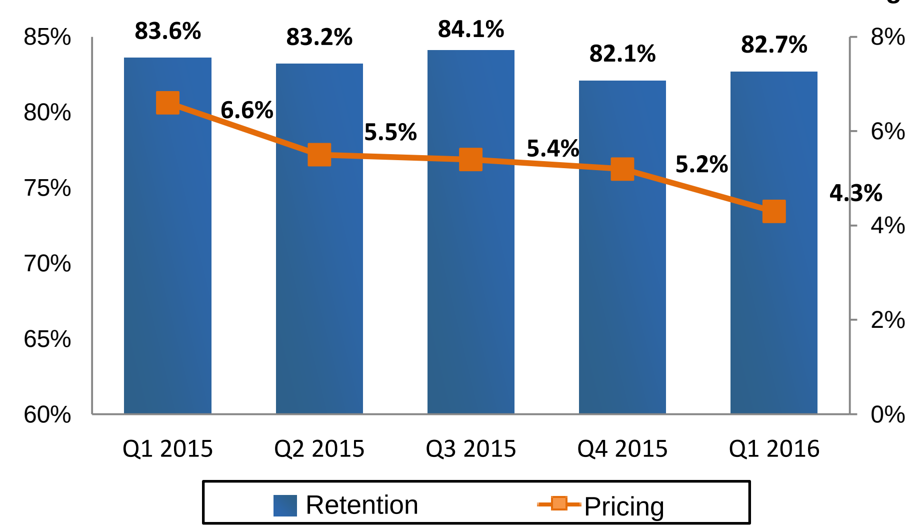


- Net premiums written grew 3.8% compared to prior-year quarter, led by pricing discipline and strong retention.
- Core Commercial maintained strong pricing levels at 4.3% for the quarter, while retention was solid at 82.7%. We continued to execute granular pricing segmentation to achieve the highest retention on the best performing business, while pushing rate on less attractive risks.
- Accident year combined ratio, excluding catastrophes, improved 2.2 points compared to prior-year quarter, driven by improvement in the loss ratio.

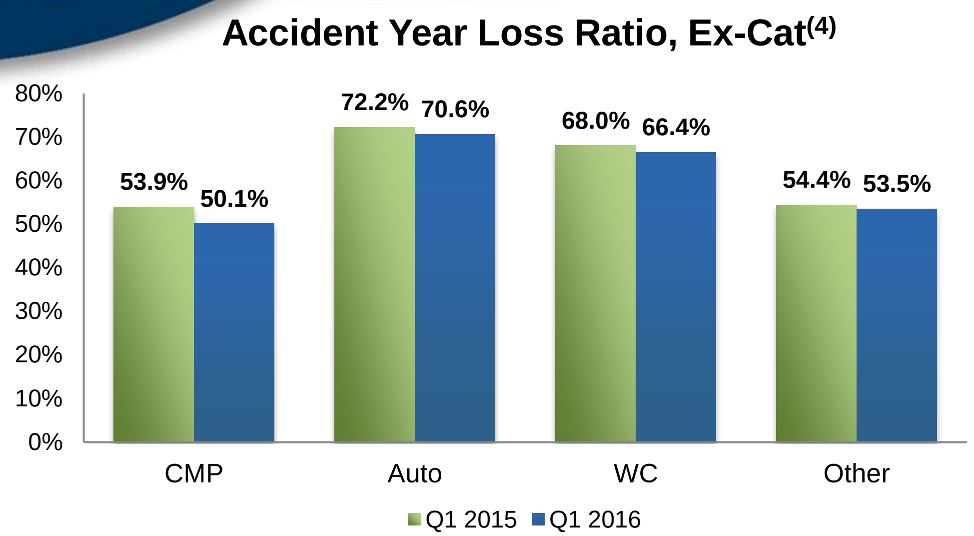
Accident Year Combined Ratio, Ex-Cat



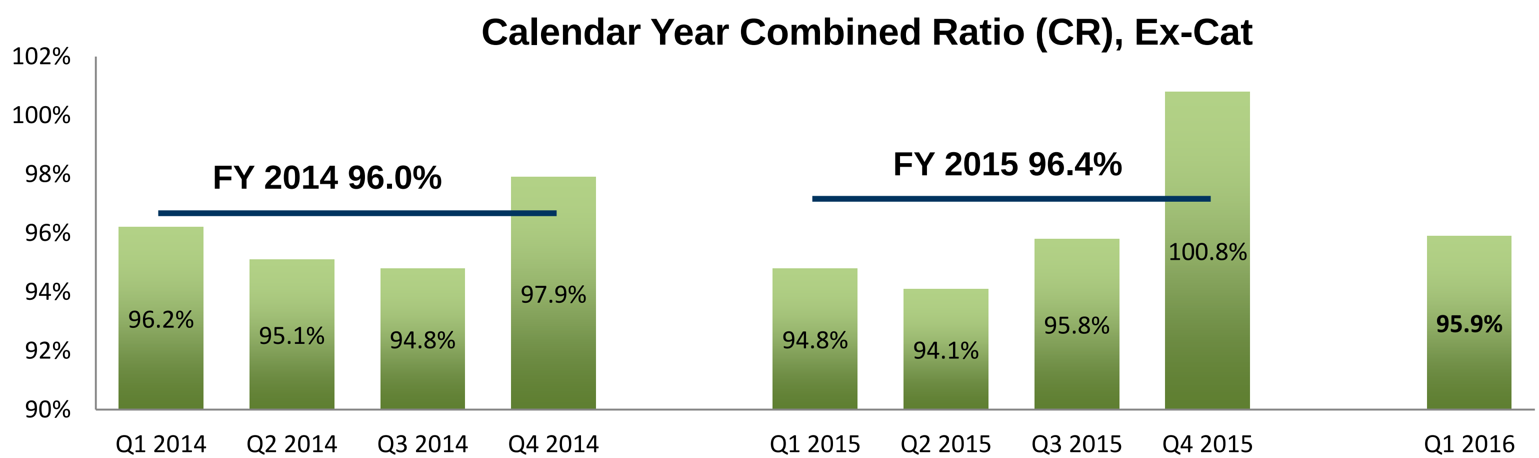
Core Commercial Lines



Commercial Lines
Profitability Continues to Improve



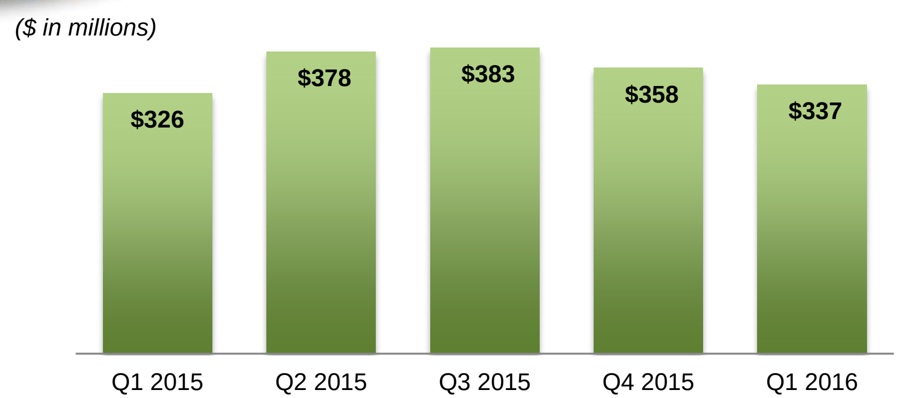
- First quarter accident year loss ratio improved in all lines, driven by continued efforts in both rate and mix management initiatives, as well as lower than usual property losses.
- Combined ratio, excluding catastrophes, increased 1.1 points compared to the prior-year quarter, driven by further unfavorable loss development in AIX, as well as CMP liability and auto coverages within Core Commercial lines.



(4) Loss ratio, excluding catastrophes, is a non-GAAP measure. This measure and measures excluding prior-year reserve development ("accident-year" ratios) are used throughout this document. The loss ratio (which includes catastrophe losses and prior-year loss reserve development) is the closest GAAP measure. See the disclosure on the use of non-GAAP measures under the heading "Forward-Looking Statements and Non-GAAP Financial Measures."

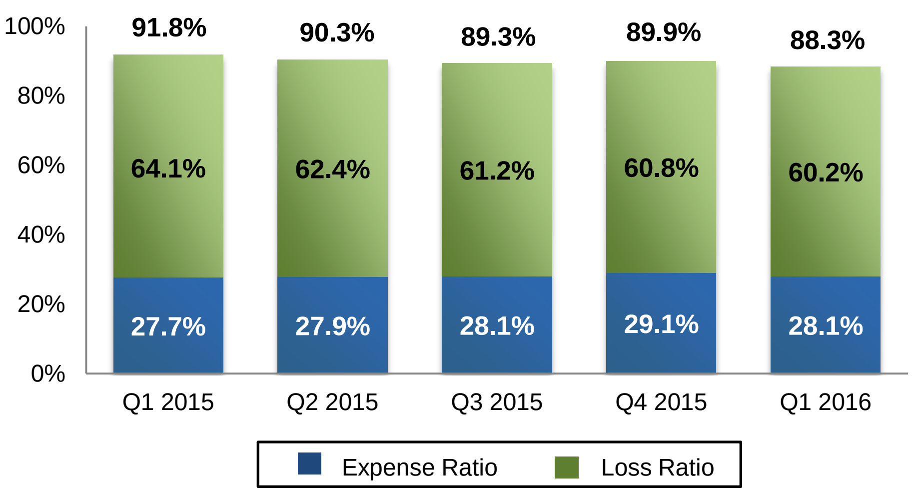
Personal Lines
Financial Highlights

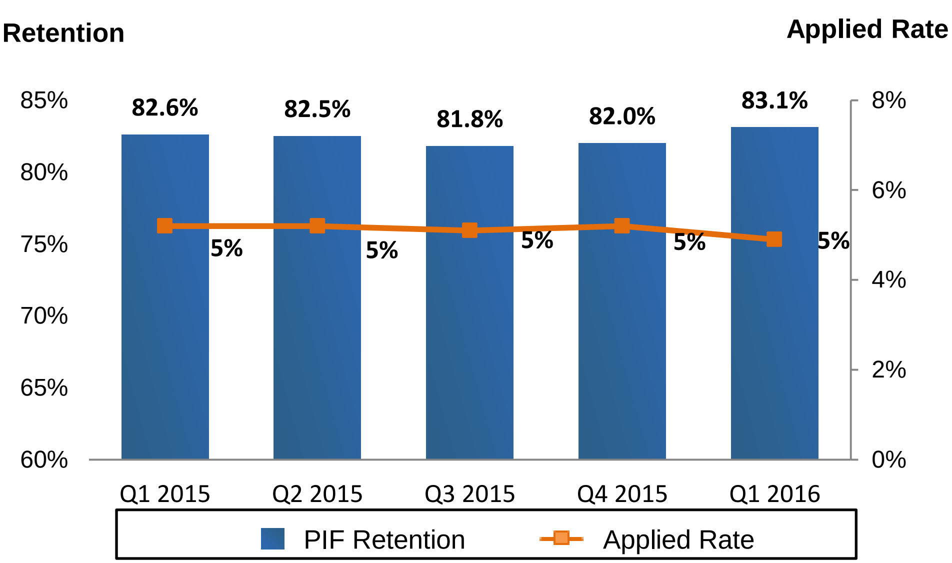
Net Premiums Written



- Net premiums written grew 3.2% compared to the prior-year quarter, driven by strong execution of account business strategy, new business growth, and disciplined rate actions.
- Rates held at 5%, while retention strengthened half a point to 83.1%.
- Continued to improve the quality of the book through further traction of the Hanover Platinum Experience product.
- Accident year combined ratio, excluding catastrophes, improved 3.5 points compared to the prior-year quarter, primarily due to the mild winter weather.

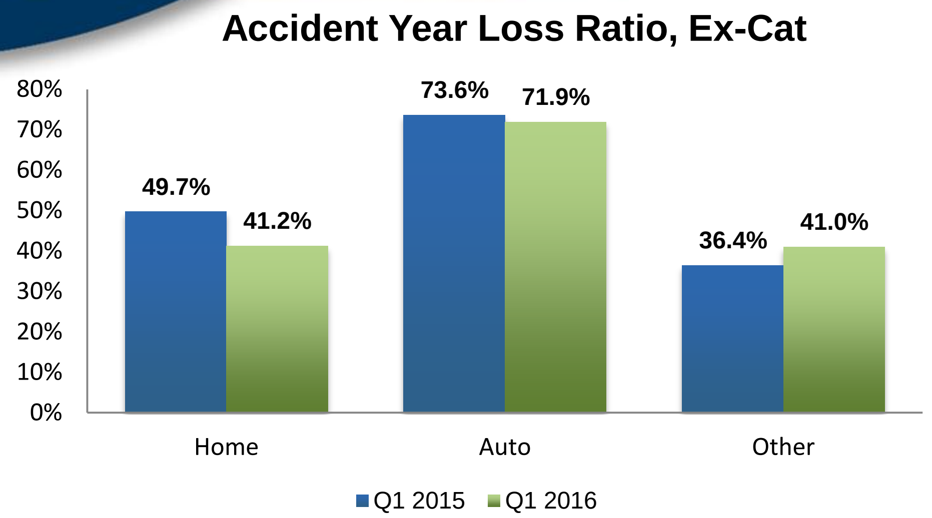
Accident Year Combined Ratio, Ex-Cat



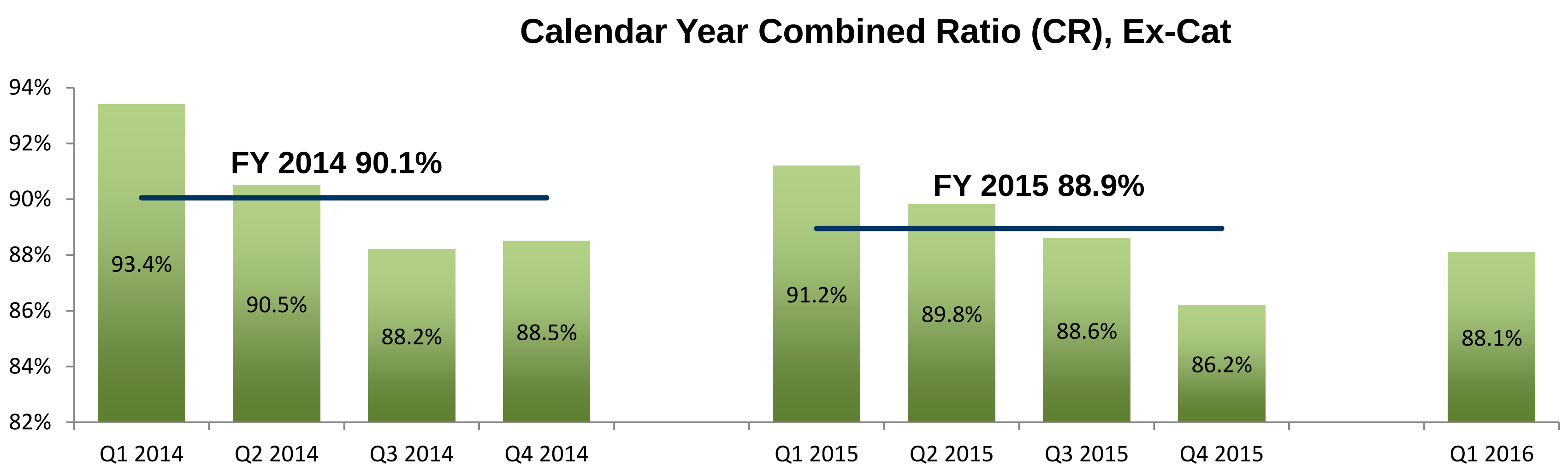


**Retention is defined as ratio of net retained policies for noted period to those policies available to renew over the same period.*

Personal Lines
Profitability Continues to Improve

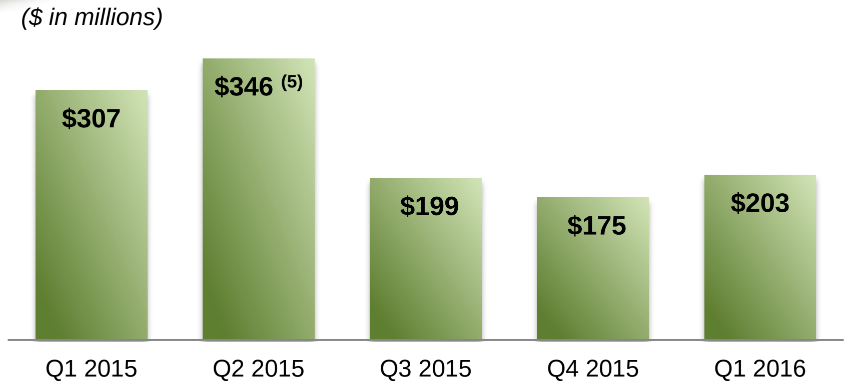


- Accident year loss ratio improved in both auto and home, driven by favorable weather, primarily in property, as well as due to prior pricing and mix initiatives.
- Combined ratio, excluding catastrophes, improved 3.1 points.
- Expense ratio was up 0.4 points compared to the prior-year quarter, and reflected ongoing technology investments to improve ease of use for agents and customer-facing service capabilities.

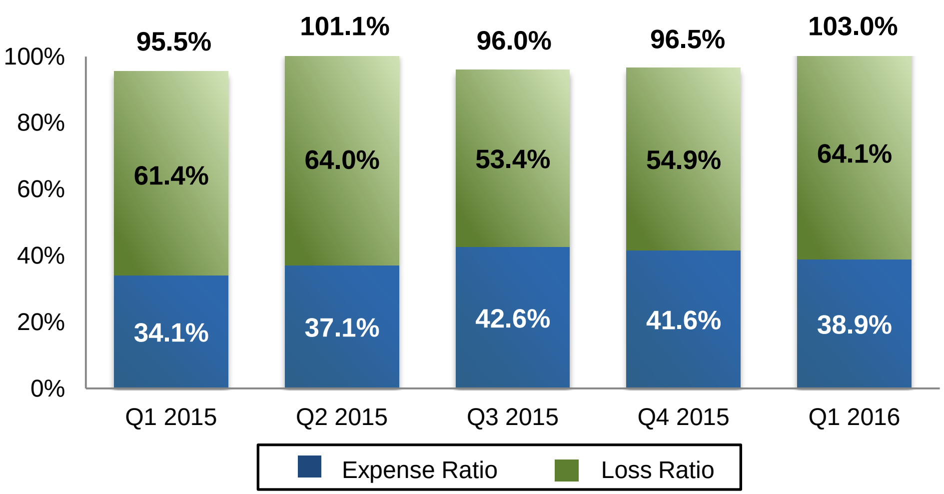


Chaucer Financial Highlights

Net Premiums Written



Accident Year Combined Ratio, Ex-Cat



- Net premiums written declined 20%, excluding the U.K. motor sale (in June 2015), compared to the prior-year quarter. The decline was driven by increased use of reinsurance and challenging market conditions, particularly in the Energy line.
- Q1'16 and Q1'15 combined ratios benefited from lower levels of catastrophe losses, and strong favorable loss development.
- Adjusting for the U.K. motor sale, current accident year loss ratio, excluding catastrophes, deteriorated 8.2 points, and reflected elevated losses in both the Energy and Marine lines.
- The first quarter expense ratio benefited from a reinsurance to close (RITC) transaction, as well as gains from foreign currency fluctuations.

Pro Forma Results, excluding U.K. Motor business

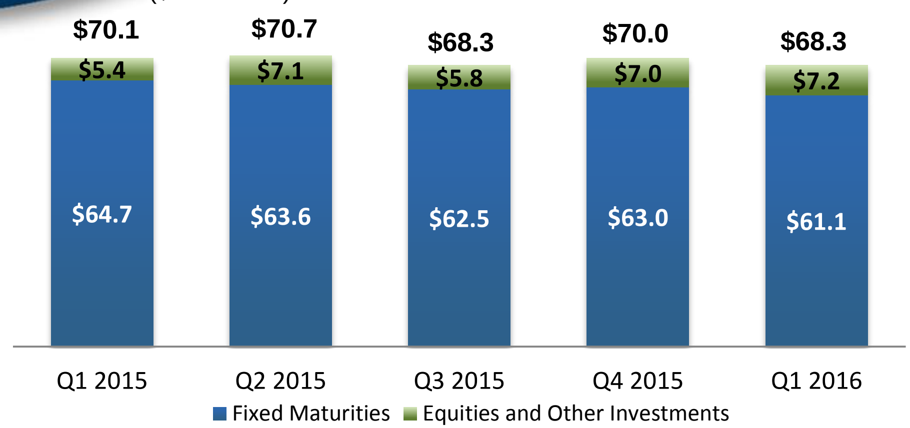
($ in millions)	Q1 2015	Q1 2016
Net premiums written	$254.4	$203.0
Net premiums earned	$241.7	$221.3
CAY Loss and LAE ratio	55.9%	64.1%
PY favorable reserve development	(9.8)%	(13.4)%
Catastrophe losses	1.2%	0.2%
Loss ratio	47.3%	50.9%
Expense ratio	36.2%	38.9%
Combined ratio	83.5%	89.8%

(5) Net premiums written do not reflect the June 30, 2015 transfer of $137.4 million of unearned premium reserves previously written by the U.K. motor business. This transfer of unearned premium reserves is part of the disposition of the U.K. motor business and has no impact on net premiums earned.

Net Investment Income Trends

Net Investment Income*

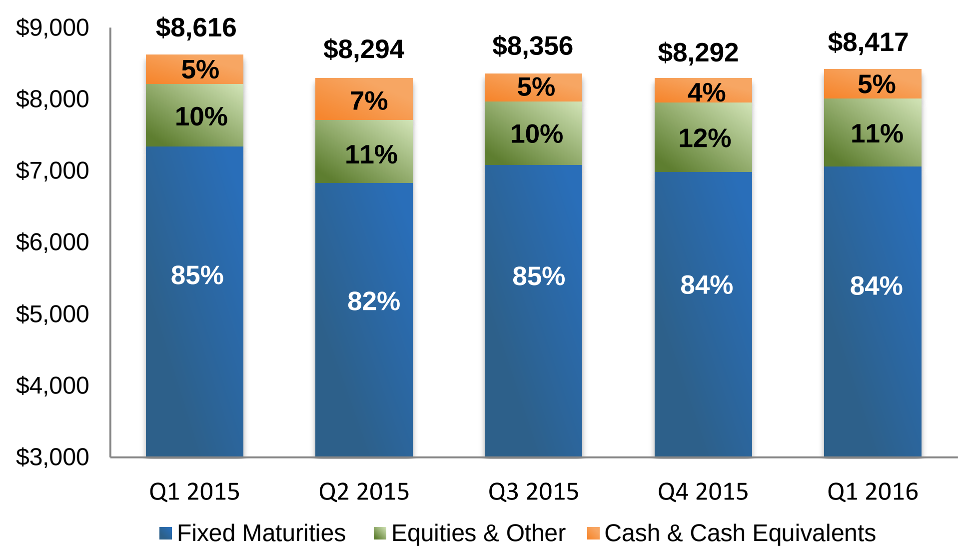
($ in millions)



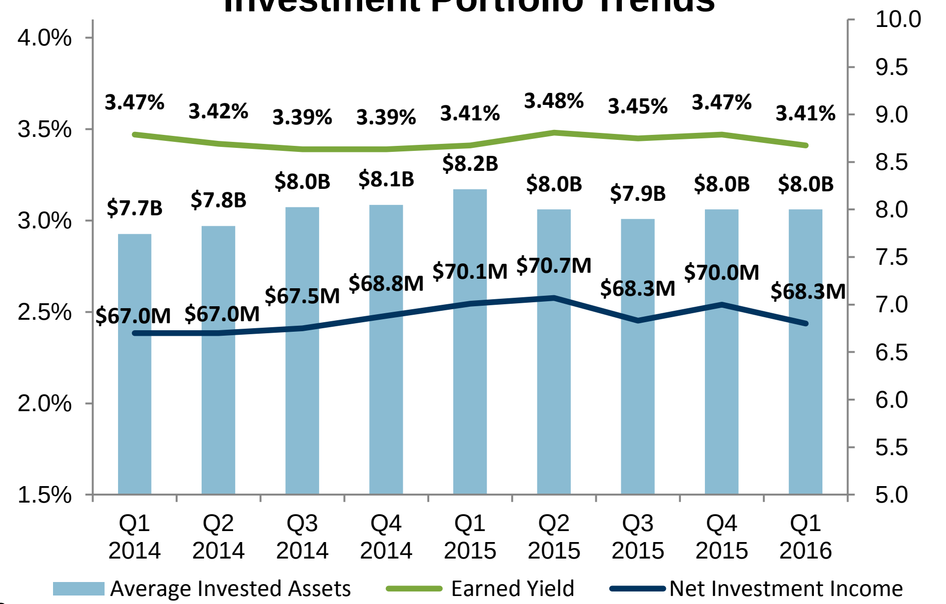
- Net investment income was $68.3 million in the quarter, slightly down compared to the prior-year quarter, associated with a lower average investment asset base, due in large part to the transfer of the U.K. motor business.
- This was partially offset by the investment of higher operating cash flows and income from growing asset classes such as commercial mortgage loan participations, equities and partnerships.
- The total portfolio pretax yield was in line with the prior year quarter at 3.41%, while the earned yield on fixed maturities was 3.57%, slightly lower than 3.64% in the first quarter, 2015.

($ in millions)

Cash and Invested Assets



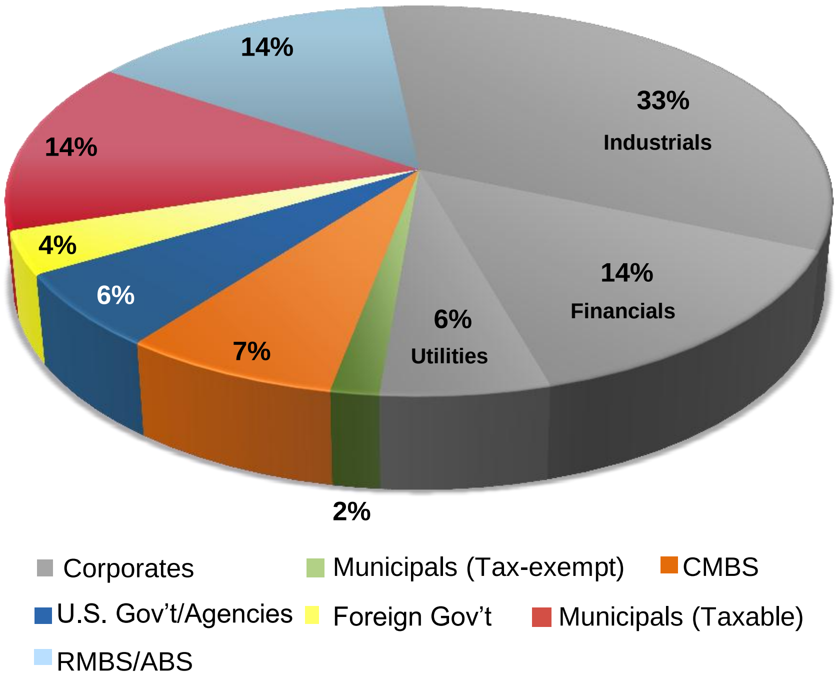
Investment Portfolio Trends



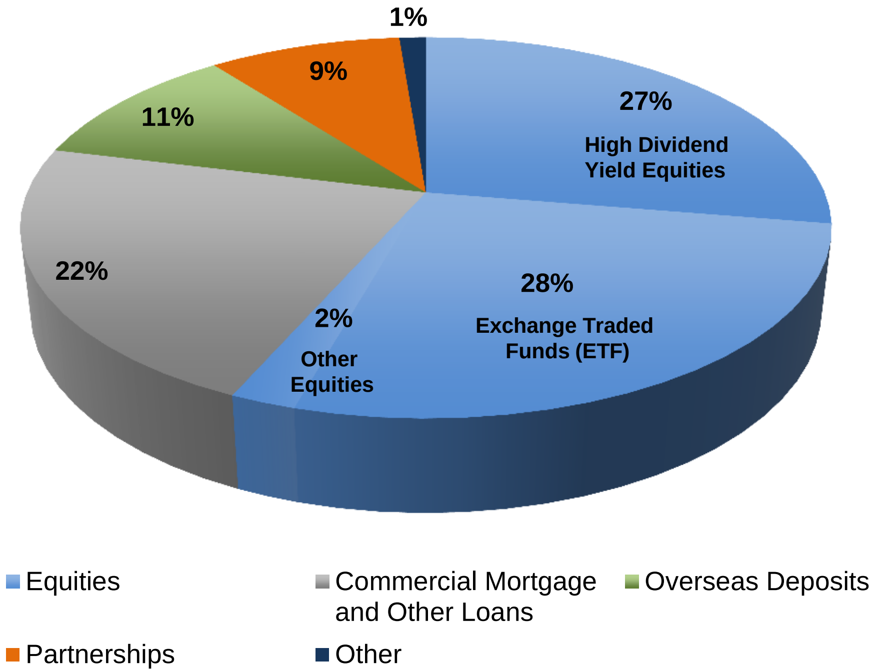
*Net Investment Income from fixed maturities is presented net of investment expenses.

Investment Portfolio Holdings Breakdown as of March 31, 2016

Fixed Income $7.1 Billion



Equities & Other $947.1 Million



<u>Fixed Income Characteristics:</u>

- 94% of fixed income securities are investment grade
- Weighted average quality A+
- Duration: 4.2 years

Energy holdings are well positioned against the current environment

Energy Fixed Maturities by Sub-Sector
As of March 31, 2016

Sub-Sectors	Book Value ($MM)	Fair Value ($MM)	% of Energy	% of Investment Assets
Midstream	$164.7	$158.6	37.6%	1.9%
Independent	128.1	119.6	28.3%	1.4%
Integrated	67.5	69.1	16.4%	0.8%
Oil Field Services	43.1	40.1	9.5%	0.5%
Refining	23.4	23.1	5.5%	0.3%
Foreign Agencies	10.9	11.3	2.7%	0.1%
Total Energy	**$437.7**	**$421.8**	**100.0%**	**5.0%**

- Weighted average rating Baa2
- Number of issuers 92
- Number of bonds 185

- Energy represents 5% of THG's total invested assets, and 15% of total shareholder equity:
  - Fixed Income energy portfolio, which represents 5% of the total investment portfolio, is high quality and well diversified
  - Other energy investments (ETF and Equity Securities) represented only 0.2% of the total portfolio
- Most energy holdings are well positioned against current environment based on significant scale, strong balance sheets and financial flexibility to manage through the cycle.
- In the first quarter 2016, we recognized $16.3 million in impairments related to energy holdings

About The Hanover

The Hanover Insurance Group, Inc., based in Worcester, Mass., is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. For more than 160 years, The Hanover has provided a wide range of property and casualty products and services to businesses, individuals, and families. The Hanover distributes its products through a select group of independent agents and brokers. Together with its agents, the company offers specialized coverages for small and mid-sized businesses, as well as insurance protection for homes, automobiles, and other personal items. Through its international member company, Chaucer, The Hanover also underwrites business at Lloyd's of London in several major insurance and reinsurance classes, including marine, casualty, property and energy. For more information, please visit hanover.com