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**Section 1: 8-K (8-K)**

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): December 28, 2018**

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**THE HANOVER INSURANCE GROUP, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-13754**  
(Commission  
File Number)

**04-3263626**  
(IRS Employer  
Identification No.)

**440 Lincoln Street**  
**Worcester, Massachusetts**  
(Address of principal executive offices)

**06153**  
(Zip Code)

**Registrant's telephone number, including area code: (508) 855-1000**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement.**

On December 30, 2018, The Hanover Insurance Group, Inc. (the “**Company**”) entered into an accelerated share repurchase agreement with JPMorgan Chase Bank, National Association, London Branch (the “**Dealer**”) to repurchase an aggregate of \$250.0 million of the Company’s common stock (the “**ASR Agreement**”). The Company will acquire the shares under the ASR Agreement as part of its Share Repurchase Program (as defined in Item 8.01).

Pursuant to the terms of the ASR Agreement, on January 2, 2019, the Company paid \$250.0 million to the Dealer and received an initial delivery of 1,790,831 shares of the Company’s common stock from the Dealer, which is approximately 80% of the total number of shares of the Company’s common stock expected to be repurchased under the ASR Agreement. At settlement, the Dealer may be required to deliver additional shares of common stock to the Company or, under certain circumstances, the Company may be required to deliver shares of its common stock or may elect to make a cash payment to the Dealer, based generally on the average of the daily volume-weighted average prices of the Company’s common stock during the term of the ASR Agreement. The ASR Agreement contains provisions customary for agreements of this type, including provisions for adjustments to the transaction terms, the circumstances generally under which the ASR Agreement may be accelerated, extended or terminated early by the Dealer and various acknowledgments, representations and warranties made by the parties to one another. Final settlement of the ASR Agreement is expected to be completed in the second quarter of 2019.

The foregoing description of the ASR Agreement is qualified in its entirety by reference to such agreement, which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

The information in Item 2.01 with respect to the Supplemental Agreement (as defined below) is incorporated herein by reference.

**Item 1.02 Termination of a Material Definitive Agreement.**

On December 28, 2018, the Amended and Restated Guaranty Agreement (the “**Guaranty Agreement**”), dated October 27, 2017, between the Company and Lloyds Bank plc, was terminated in connection with the consummation of the Transaction (as defined below). Under the Guaranty Agreement, the Company had provided a guaranty for the benefit of Chaucer to support the Amendment and Restatement Agreement with Amended and Restated Standby Letter of Credit Facility Agreement, dated October 27, 2017, among Chaucer Holdings Limited, Chaucer Corporate Capital (No. 3) Limited, the lenders party thereto from time to time, Lloyds and ING Bank N.V., London Branch, which Chaucer supplied to support Chaucer’s Funds at Lloyds’ requirement.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On December 28, 2018, pursuant to the Agreement for the Sale and Purchase of Shares in the Capital of The Hanover Insurance International Holdings Limited (“**Chaucer**”), Chaucer Insurance Company Designated Activity Company (“**Chaucer Dublin**”) and Hanover Australia HoldCo Pty Ltd. (“**Hanover Australia**”), dated September 13, 2018, by and among the Company and China Reinsurance (Group) Corporation (the “**Buyer**”) (the “**SPA**”), the Company sold to the Buyer one hundred percent (100%) of its ownership interest (the “**Chaucer Shares**”) in Chaucer (the “**Transaction**”). The Transaction did not include the sale of Chaucer Dublin or Hanover Australia which are pending final regulatory approvals. The SPA contemplated that sales of Chaucer Dublin and Hanover Australia could occur in separate closings. The sale of these two entities is expected to close in the first quarter of 2019, at which time the Company expects to receive proceeds of \$27.8 million and \$13.2 million for Chaucer Dublin and Hanover Australia, respectively.

At the effective time of the Transaction, the Company received from the Buyer initial cash consideration of \$779.0 million. In addition, the Company expects to receive from Buyer (i) an aggregate of \$41.0 million upon the sale of Chaucer Dublin and Hanover Australia, and (ii) up to an additional \$45.0 million in contingent consideration, which may be adjusted downward depending on the amount of catastrophe losses suffered by Chaucer for catastrophes occurring during 2018, measured at June 30, 2019. To the extent Chaucer’s catastrophe losses exceed 10% of the net premiums earned by Chaucer in 2018, the contingent consideration will be reduced on a dollar-for-dollar basis.

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In connection with the consummation of the Transaction, on December 28, 2018, the Company and Buyer entered into a Supplemental Agreement relating to the SPA (the “**Supplemental Agreement**”). The Supplemental Agreement provides for the delayed sale and purchase of Chaucer Dublin and Hanover Australia on or before March 31, 2019, or such other date that the parties agree, on or before December 31, 2019. The Supplemental Agreement also makes certain conforming edits to the SPA provisions relating to the delayed sale of these entities, and in the event the sales are not consummated between the Company and Buyer by December 31, 2019, provides for cooperation in any subsequent wind-down, run-off or sale of the entities to a third party.

The foregoing description of the SPA, the Supplemental Agreement and the Transaction does not purport to be complete and is qualified in its entirety by reference to the (i) SPA, which was filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 13, 2018, and (ii) Supplemental Agreement which is filed herewith as Exhibit 2.1, each of which are incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information with respect to the ASR Agreement in Item 1.01 is incorporated herein by reference.

**Item 8.01 Other Events.**

On December 30, 2018, the Board of Directors of the Company (the “**Board**”) declared a special cash dividend (the “**Special Dividend**”) of \$4.75 per share of the Company’s common stock. The Special Dividend, which will result in an aggregate payment of approximately \$200.0 million to the Company’s stockholders, will be paid on January 25, 2019 to stockholders of record as of the close of business on January 10, 2019. The Special Dividend will be funded from the proceeds from the sale of the Chaucer Shares pursuant to the consummation of the Transaction.

On December 30, 2018, the Board terminated the Company’s existing share repurchase program, initially approved in October 2007, and adopted a new share repurchase program authorizing an aggregate of \$600 million in share repurchases (the “**Share Repurchase Program**”). In addition to the shares to be repurchased pursuant to the ASR Agreement, repurchases under the Share Repurchase Program may be made at the Company’s discretion from time to time using open market purchases, privately negotiated transactions, accelerated repurchase programs or other transactions. The Share Repurchase Program has no time limit and does not obligate the Company to make any repurchases.

On December 30, 2018, the Board authorized and directed the repayment of the principal amount outstanding (\$125 million) and associated pre-payment fees (approximately \$20.0 million, after-tax) due under that certain Federal Home Loan Bank of Boston (“**FHLB**”) Agreement for Advances, Collateral Pledge, and Security Agreement dated September 11, 2009. It is expected that such amounts will be paid during the first week of January 2019. The principal amount due FHLB under this agreement was fully collateralized.

On December 30, 2018, the Company issued a press release announcing the consummation of the Transaction, the execution of the ASR Agreement, the declaration of the Special Dividend, the new Share Repurchase Program authorization, and the repayment of the FHLB debt. A copy of the press release is furnished as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) Pro forma financial information.

The unaudited pro forma financial information required by this Item 9.01(b) with respect to the Transaction is filed as Exhibit 99.2 and is incorporated herein by reference.

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(c) Not applicable.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Document</u>
Exhibit 2.1	<a href="#"><u>Supplemental Agreement relating to the SPA by and between The Hanover Insurance Group, Inc. and China Reinsurance (Group) Corporation, dated December 28, 2018.</u></a>
Exhibit 10.1	<a href="#"><u>Form of Accelerated Share Repurchase Confirmation between The Hanover Insurance Group, Inc. and JPMorgan Chase Bank, National Association, London Branch, dated December 30, 2018.</u></a>
Exhibit 99.1	<a href="#"><u>Press release dated December 30, 2018.</u></a>
Exhibit 99.2	<a href="#"><u>Unaudited Pro Forma Condensed Financial Statements.</u></a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE HANOVER INSURANCE GROUP, INC.

By: /s/ J. Kendall Huber

Name: J. Kendall Huber

Title: Executive Vice President, General Counsel and Asst.  
Secretary

Date: January 2, 2019

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**Section 2: EX-2.1 (EX-2.1)**

EXHIBIT 2.1

Dated 28 December 2018

- (1) **THE HANOVER INSURANCE GROUP, INC.**
- (2) **CHINA REINSURANCE (GROUP) CORPORATION**

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SUPPLEMENTAL AGREEMENT  
relating to the sale and purchase agreement  
dated 13 September 2018

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MAYER • BROWN

LONDON

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**THIS DEED** is dated 28 December 2018 and made between:

- (1) **THE HANOVER INSURANCE GROUP, INC.** a Delaware corporation with its headquarters at 440 Lincoln Street, Worcester, Massachusetts, United States of America (“**THG**”); and
- (2) **CHINA REINSURANCE (GROUP) CORPORATION** a joint stock limited company incorporated in the People’s Republic of China whose registered office is at No.11 Jinrong Avenue, Xicheng District, Beijing, China (the “**Buyer**”).

**BACKGROUND:**

- (A) The parties entered into the SPA on 13 September 2018.
- (B) The parties are in the position where they are able to complete the sale and purchase of the HIIIH Shares but not simultaneously complete the sale and purchase of the CIC Shares and the HAH Shares with the HIIIH Shares.
- (C) Pursuant to clause 22.3 and as contemplated by clause 3.15 of the SPA, the parties wish to amend the SPA on the terms of this Agreement so that the parties may proceed to complete the sale and purchase of the HIIIH Shares, and defer completion of the CIC Shares and the HAH Shares.
- (D) It is noted that the Buyer has nominated another member of the Buyer’s Group, China Re International Company Limited, to acquire the Shares.

**THIS DEED WITNESSES that:**

1. **DEFINITIONS**

1.1 **Defined terms**

In this Agreement:

“**CIC Completion**” means completion of the sale and purchase of the CIC Shares in accordance with clause 7 of the SPA (as amended by this Agreement);

“**CIC Completion Date**” means the fifth Business Day following satisfaction or waiver (in accordance with the SPA) of the Condition set out in clause 3.1.5 of the SPA, or such other date as THG and the Buyer shall agree in writing;

“**HAH Completion**” means completion of the sale and purchase of the HAH Shares in accordance with clause 7 of the SPA (as amended by this Agreement);

“**HAH Completion Date**” means the fifth Business Day following satisfaction or waiver (in accordance with the SPA) of the Condition set out in clause 3.1.8 of the SPA, or such other date as THG and the Buyer shall agree in writing;

“**HIIIH Completion**” means completion of the sale and purchase of the HIIIH Shares in accordance with clause 7 of the SPA (as amended by this Agreement);

“**HIIIH Completion Date**” means the day on which the HIIIH Completion occurs; and

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“SPA” means the sale and purchase agreement dated 13 September 2018 between the parties.

**1.2 Definitions in the SPA**

Unless the context requires otherwise, words and expressions used but not defined in this Agreement shall have the meanings given to them in the SPA.

**2. AMENDMENTS TO THE SPA**

**2.1 Amendments**

The SPA shall be amended as follows:

- (a) clause 1.1 of the SPA shall be amended so that it shall include the definitions set out in Clause 1.1;
- (b) the definition of Transaction Documents set out in clause 1.1 of the SPA shall be amended so that it shall include this Agreement;
- (c) clause 2.1.1 of the SPA shall be amended so that the agreement by THG to sell or procure the sale by the Sellers (as applicable) of, and the agreement by the Buyer to purchase, the CIC Shares and the HAH Shares shall take effect from and including the CIC Completion and the HAH Completion respectively;
- (d) clause 2.2 of the SPA shall be deleted in its entirety;
- (e) clause 3.1 of the SPA shall be amended so that:
  - (i) the CIC Completion is subject to, and conditional upon the satisfaction or waiver (in accordance with the SPA) of, the Condition set out in clause 3.1.5 of the SPA and the HIIIH Completion only; and
  - (ii) the HAH Completion is subject to, and conditional upon the satisfaction or waiver (in accordance with the SPA) of, the Condition set out in clause 3.1.8 of the SPA and the HIIIH Completion only,

in each case, before 5 p.m. on 31 March 2019 or such later date as the parties may agree in writing, subject to any required regulatory approvals or extensions thereto, and, in any case, before 5 p.m. on 31 December 2019 (or such other date as the Buyer and THG may agree in writing) (the parties hereby acknowledge and agree the postponement of the Initial Longstop Date pursuant to this Clause 2.1(e) in relation to the Conditions set out in clauses 3.1.5 and 3.1.8 of the SPA only). For the avoidance of doubt, the relevant provisions of clause 3 of the SPA shall continue to apply until the CIC Completion and the HAH Completion, as applicable;

- (f) clause 4.2 of the SPA shall be amended so that:
  - (i) the Initial Consideration payable at the HIIIH Completion shall be US\$779,063,473;

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- (ii) the Initial Consideration payable at the CIC Completion shall be US\$27,761,138; and
  - (iii) the Initial Consideration payable at the HAH Completion shall be US\$13,175,389;
- (g) clause 4.3 of the SPA shall be amended so that the reductions referred to in such clause shall only be applied to:
- (i) the Initial Consideration payable at the HIIIH Completion (as amended by this Agreement) to the extent such reductions do not relate to CIC, HAH and/or any of the HAH Subsidiaries;
  - (ii) the Initial Consideration payable at the CIC Completion (as amended by this Agreement) to the extent such reductions do not relate to HIIIH, any of the HIIIH Subsidiaries, HAH and/or any of the HAH Subsidiaries; and
  - (iii) the Initial Consideration payable at the HAH Completion (as amended by this Agreement) to the extent such reductions do not relate to HIIIH, any of the HIIIH Subsidiaries, and/or CIC,

provided that there shall be no duplication in any reductions made to the Initial Consideration payable at each of the HIIIH Completion, the CIC Completion and the HAH Completion;

- (h) clause 5 of the SPA shall be amended so that:
- (i) with effect from the HIIIH Completion (and conditional upon the HIIIH Completion occurring), the Leakage Undertaking shall be repeated in respect of the period from (and including) the HIIIH Completion Date up to (and including) the later of the CIC Completion Date or the HAH Completion Date;
  - (ii) THG shall provide a Leakage Certificate to the Buyer on the Business Day immediately prior to the CIC Completion and/or the HAH Completion; and
  - (iii) the undertaking to pay referred to in clause 5.3 of the SPA shall apply in the event of a breach of the repeated Leakage Undertaking referred to in Clause 2.1(h)(i),

provided that the Leakage Undertaking, the respective Leakage Certificates and the undertaking to pay referred to in clause 5.3 of the SPA (as amended by this Agreement) shall be at the relevant time in respect of Leakage relating to CIC or HAH and/or any of the HAH Subsidiaries, as applicable, only;

- (i) clause 6 of the SPA shall be amended by the addition of the following new clause 6.10:
- “Upon the HIIIH Completion, it is acknowledged that the Buyer may, pursuant to certain intercompany agreements (including the agreements contained in the

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Data Room at 12.1.5.5.1 and 12.1.5.5.2) entered into between HIIIH and/or certain HIIIH Subsidiaries, on the one hand, and CIC, HAH and/or certain HAH Subsidiaries, on the other hand (the “**Relevant Intercompany Agreements**”), acquire, indirectly, a degree of operational control over CIC, HAH and/or any of the HAH Subsidiaries. Accordingly, with effect from the HIIIH Completion Date until the CIC Completion Date or the HAH Completion Date, as applicable, the Buyer shall indemnify and keep THG indemnified against all Losses from time to time made, suffered or incurred by THG, THIC, CIC, HAH and/or any of the HAH Subsidiaries during the period commencing on the HIIIH Completion Date and ending on the CIC Completion or the HAH Completion, as applicable, as a result of any act or omission of the Buyer, HIIIH and/or any of the HIIIH Subsidiaries which causes a breach of the Relevant Intercompany Agreements or any breach of Schedule 10 (as amended) by the Buyer, provided that nothing in this Clause shall require the Buyer to pay THG, THIC, CIC, HAH and/or any of the HAH Subsidiaries under this indemnity in the event that the CIC Completion or the HAH Completion, as applicable, occurs. THG and the Buyer shall procure that none of the Relevant Intercompany Agreements are terminated, other than for cause in accordance with the relevant terms thereto, by the applicable party thereto over which they have control prior to the CIC Completion or the HAH Completion, as applicable.”

- (j) clause 7.1 of the SPA shall be amended so that:
  - (i) the CIC Completion shall take place on the CIC Completion Date; and
  - (ii) the HAH Completion shall take place on the HAH Completion Date;
- (k) clauses 7.2 and 7.3 of the SPA shall be amended so that:
  - (i) at the CIC Completion, THG shall comply with the obligations under clauses 7.2 and 7.3 of the SPA that are relevant to the sale and purchase of the CIC Shares only and can be satisfied by THIC or CIC, and have not otherwise been satisfied at the completion of the sale and purchase of any Shares prior to the CIC Completion. For the avoidance of doubt, THG shall not be required to comply with such obligations (including the obligation under clause 7.2.6(d) of the SPA) at the HIIIH Completion; and
  - (ii) at the HAH Completion, THG shall comply with the obligations under clause 7.2 and 7.3 of the SPA that are relevant to the sale and purchase of the HAH Shares only and can be satisfied by THG, HAH or any of the HAH Subsidiaries, and have not otherwise been satisfied at the completion of the sale and purchase of any Shares prior to the HAH Completion. For the avoidance of doubt, THG shall not be required to comply with such obligations at the HIIIH Completion;
- (l) clause 7.4.3(c) of the SPA shall be amended so that the Buyer shall deliver to THG the novation referred to in such clause at the CIC Completion;

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- (m) clause 8.1 of the SPA shall be amended so that, insofar as the Fundamental Warranties relate to CIC and HAH (including the CIC Shares and the HAH Shares) and the HAH Subsidiaries respectively, THG warrants to the Buyer that such Fundamental Warranties shall be true and accurate as at the CIC Completion and the HAH Completion, as applicable (as if immediately repeated before the CIC Completion or the HAH Completion, as applicable);
- (n) clause 10 of the SPA shall be amended so that:
- (i) the Buyer warrants to THG that the Buyer Warranties are true and accurate as at the date of the CIC Completion and the HAH Completion, as applicable; and
  - (ii) the Buyer's obligations referred to in clauses 10.6, 10.12, 10.13 and 10.15 of the SPA shall be with effect from:
    - (A) the CIC Completion, to the extent such obligations relate to CIC; and
    - (B) the HAH Completion, to the extent such obligations relate to HAH and/or any of the HAH Subsidiaries;
- (o) clause 11 of and Schedule 9 to the SPA shall be amended so that:
- (i) any provisions that relate to CIC shall come into full force and effect from the CIC Completion; and
  - (ii) any provisions that relate to HAH or any of the HAH Subsidiaries shall come into full force and effect from the HAH Completion;
- (p) clause 15 of the SPA shall be amended so that the notice details of THG's Solicitors shall be Jeremy Hill, Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF, United Kingdom ([JHill@mayerbrown.com](mailto:JHill@mayerbrown.com));
- (q) paragraph 2 of schedule 3 to the SPA shall be amended so that the time limits set out in such paragraph shall apply from:
- (i) the CIC Completion in relation to any Claims relating to CIC; and
  - (ii) the HAH Completion in relation to any Claims relating to HAH and/or any of the HAH Subsidiaries; and
- (r) schedule 10 to the SPA shall be amended so that:
- (i) insofar as the obligations of THG under paragraphs 1 and 2 of schedule 10 relate to CIC or HAH and the HAH Subsidiaries, such obligations shall continue to apply until the CIC Completion Date or the HAH Completion Date, as applicable; and
  - (ii) with effect from the HAH Completion Date until the CIC Completion Date or the HAH Completion Date, as applicable, the Buyer shall

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procure that each of HIIIH and the HIIIH Subsidiaries shall, insofar as such business relates to or has an effect on the operation of CIC, HAH and/or any of the HAH Subsidiaries, conduct its business in the ordinary course of business and in the manner in which it has been conducted prior to the date of this Agreement and, without prejudice to the foregoing, but subject always to Clause 6.1, the Buyer shall procure that, without the prior written consent of THG (such consent not to be unreasonably withheld or delayed), neither HIIIH nor any of the HIIIH Subsidiaries shall do, insofar as such things relate to or have an effect on the operation of CIC, HAH and/or any of the HAH Subsidiaries, any of the things set out in paragraph 1 of schedule 10 to the SPA.

**2.2 Extent of amendments**

For the avoidance of doubt, the provisions of the SPA referred to in Clause 2.1 shall be amended only to the extent required to give effect to the amendments contemplated by Clause 2.1 and, unless expressly provided for in Clause 2.1, Clause 2.1 shall not have the effect of deleting or replacing such provisions of the SPA insofar as they relate to the sale and purchase of the HIIIH Shares or otherwise.

**2.3 Conflict with the SPA**

The parties acknowledge that the amendments set out in Clause 2.1 are non-exhaustive and, in the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the SPA then, insofar as such conflict or inconsistency relates:

- (a) to the sale and purchase of the CIC Shares or the sale and purchase of the HAH Shares, this Agreement shall prevail and the provisions of the SPA shall be deemed amended so as to accord with the provisions of this Agreement; or
- (b) to any other provision of the SPA, the SPA shall prevail.

**2.4 When amendments take effect**

The amendments to the SPA set out in Clause 2.1 shall take effect immediately.

**3. ALL OTHER TERMS UNCHANGED**

Save as amended by this Agreement, the terms of the SPA shall remain in full force and effect.

**4. THE CIC COMPLETION OR THE HAH COMPLETION NOT OCCURRING**

If the sale and purchase of the CIC Shares and/or the HAH Shares does not complete by 31 December 2019 (or such later date as the parties may agree in writing), THG (in its sole discretion) may elect to sell or wind-down and run-off CIC and/or HAH and the HAH Subsidiaries. If THG so elects, the parties shall use all reasonable endeavours and co-operate fully in good faith in all actions necessary to establish arrangements for the orderly sale or wind-down and run-off of CIC and/or HAH and the HAH Subsidiaries, as applicable, including by:

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- (a) each party providing the other on a timely basis with all information belonging to the party or to which the party has access that the other party deems necessary to make any notification or filing to, or to respond to any information request from, any relevant authority;
  - (b) the parties keeping each other informed of the progress of any such notification or filing; and
  - (c) the parties providing each other with such assistance as may reasonably be required,

provided that THG shall be solely responsible for the costs, fees and expenses (including the costs, fees and expenses of professional advisers) of the sale or wind-down and run-off of CIC and/or HAH and the HAH Subsidiaries.

5. **CLAUSES REPEATED**

Save as amended by this Agreement, clauses 1.2, 1.4, 1.10 and 13 to 28 of the SPA shall be deemed repeated in this Agreement and shall apply to this Agreement as if set out in full, and words and expressions used in those clauses shall have the meanings given to them in the SPA.

**EXECUTION:**

The parties have shown their acceptance of the terms of this Agreement by executing it as a deed below.

**EXECUTION:**

SIGNED as a deed on behalf of **THE** )  
**HANOVER INSURANCE GROUP, INC.**, a )  
corporation incorporated in Delaware, by )  
Jeffrey M. Farber, )  
being a person who, in accordance with the )  
laws of that jurisdiction, is acting under the ) /s/ Jeffrey M. Farber  
authority of the corporation: )

Authorised signatory

SIGNED as a deed on behalf of **CHINA** )  
**REINSURANCE (GROUP)** )  
**CORPORATION**, a corporation )  
incorporated in the People's Republic of )  
China, by Chun Ling Yu, )  
being a person who, in accordance with the )  
laws of that jurisdiction, is acting under the ) /s/ Chun Ling Yu  
authority of the corporation: )

Authorised signatory

*[Hydrangea – SPA supplemental agreement]*

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**Section 3: EX-10.1 (EX-10.1)**

EXHIBIT 10.1

Execution Version

**J.P.Morgan**

JPMorgan Chase Bank, National Association  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
England

December 30, 2018

To: The Hanover Insurance Group, Inc.  
440 Lincoln Street,  
Worcester, MA 01653  
Attention: Craig Leslie, Vice President & Treasurer  
Telephone No.:

Re: Master Confirmation—Uncollared Accelerated Share Repurchase

This master confirmation (this “**Master Confirmation**”), dated as of December 30, 2018, is intended to set forth certain terms and provisions of certain Transactions (each, a “**Transaction**”) entered into from time to time between JPMorgan Chase Bank, National Association, London Branch (“**JPMorgan**”) and The Hanover Insurance Group, Inc., a Delaware corporation (“**Counterparty**”). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a “**Supplemental Confirmation**”), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a “Confirmation” as referred to in the Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the “**Equity Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and JPMorgan as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the ISDA 2002 Master Agreement (the “**Agreement**”) as if JPMorgan and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) the election of New York law as the governing law (without reference to its choice of law provisions) and (ii) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions). In addition, Section 5(a)(vi) of the Agreement shall be amended by (i) deleting in the seventh line thereof the words “or becoming capable at such time of being declared” and (ii) adding at the end of such section the

following: “*provided*, that, notwithstanding the foregoing, an Event of Default shall not be deemed to have occurred at any time under clause (2) hereof if the default is a failure to pay caused, as demonstrated to the reasonable satisfaction of the other party, solely by an error or omission of an administrative or operational nature where (i) funds or securities required to make payment or delivery, as the case may be, were available to the relevant party to enable it to make the relevant payment or delivery when due and (ii) such payment or delivery is in fact made within two Local Business Days after the relevant party receives written notice from an interested party of such default.”

JPMorgan Chase Bank, N.A. at its London Branch is a bank authorised and subject to supervision and regulation by the Office of the Comptroller of the Currency, and is also supervised and regulated with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. (Firm Reference Number: 124491).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between JPMorgan and Counterparty or any confirmation or other agreement between JPMorgan and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between JPMorgan and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which JPMorgan and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement, and the occurrence of any Event of Default or Termination Event under the Agreement with respect to either party or any Transaction shall not, by itself, give rise to any right or obligation under any such other agreement or deemed agreement. Notwithstanding anything to the contrary in any other agreement between the parties or their Affiliates, the Transactions shall not be "Specified Transactions" (or similarly treated) under any other agreement between the parties or their Affiliates.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, such Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

General Terms.

Trade Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Buyer:	Counterparty
Seller:	JPMorgan
Shares:	The common stock of Counterparty, par value USD 0.01 per share (Exchange symbol "THG").
Exchange:	The New York Stock Exchange
Related Exchange(s):	All Exchanges.
Prepayment/Variable Obligation:	Applicable
Prepayment Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Prepayment Date:	For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation.

VWAP Price:	For any Exchange Business Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for United States exchanges and quotation systems, during the regular trading session for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Exchange Business Day, (iii) trades that occur in
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	<p>the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3) under the Securities Exchange Act of 1934, as amended (the “<b>Exchange Act</b>”), as determined by the Calculation Agent (all such trades other than any trades described in clauses (i) to (iv) above, “<b>Rule 10b-18 Eligible Transactions</b>”). Counterparty acknowledges that the Calculation Agent may refer to the Bloomberg Page “THG US &lt;Equity&gt; AQR SEC” (or any successor thereto), in its judgment, for such Exchange Business Day to determine the VWAP Price.</p>
Forward Price:	<p>For each Transaction, the arithmetic average of the VWAP Prices for all of the Exchange Business Days in the Calculation Period for such Transaction, subject to “Valuation Disruption” below.</p>
Forward Price Adjustment Amount:	<p>For each Transaction, as set forth in the related Supplemental Confirmation.</p>
Calculation Period:	<p>For each Transaction, the period from, and including, the Calculation Period Start Date for such Transaction to, and including, the Termination Date for such Transaction.</p>
Calculation Period Start Date:	<p>For each Transaction, as set forth in the related Supplemental Confirmation.</p>
Termination Date:	<p>For each Transaction, the Scheduled Termination Date for such Transaction; provided that JPMorgan shall have the right to designate any Exchange Business Day on or after the First Acceleration Date to be the Termination Date for all or any part of such Transaction (an “<b>Accelerated Termination Date</b>”) by delivering notice (an “<b>Accelerated Notice</b>”) to Counterparty of any such designation prior to 6:00 p.m. (New York City time) on the Exchange Business Day immediately following the designated Accelerated Termination Date. JPMorgan shall specify in each Acceleration Notice the portion of the Prepayment Amount that is subject to acceleration (which may be less than the full Prepayment Amount). If the portion of the Prepayment Amount that is subject to acceleration is less than the full Prepayment Amount, then the Calculation Agent shall make such mechanical, computational or formulaic adjustments (and any related adjustments the Calculation Agent deems necessary for the operation of the Transaction) to the terms of the Transaction as appropriate in order to take into account the occurrence of such Accelerated Termination Date (including cumulative adjustments to take into account all prior Accelerated Termination Dates).</p>
Scheduled Termination Date:	<p>For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in “Valuation Disruption” below.</p>

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First Acceleration Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation Disruption:

The definition of “Market Disruption Event” in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words “at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and inserting the words “at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period” after the word “material,” in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, if a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date, or (ii) in the Settlement Valuation Period, the Calculation Agent may extend the Settlement Valuation Period. If any such Disrupted Day is a Disrupted Day because of a Market Disruption Event (or a deemed Market Disruption Event as provided herein), the Calculation Agent shall also determine whether (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case may be, or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 Eligible Transactions in the Shares on such Disrupted Day effected before the relevant Market Disruption Event occurred and/or after the relevant Market Disruption Event ended (in each case, as determined by the Calculation Agent), and the weighting of the VWAP Price for the relevant Exchange Business Days during the Calculation Period or the Settlement Valuation Period, as the case may be, shall be adjusted in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full. If a Disrupted Day is due to a Regulatory Disruption, and in particular is deemed to have occurred solely in

response to self-regulatory requirements or related policies and procedures (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by JPMorgan), then such Disrupted Day shall be deemed a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period for any Transaction or the Settlement Valuation Period for any Transaction, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day (a “**Disruption Event**”), then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such Disruption Event (and each consecutive Disrupted Day thereafter) to be either (x) a Potential Adjustment Event in respect of such Transaction or (y) an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.

Settlement Terms.

Settlement Procedures:

For each Transaction:

- (i) if the Number of Shares to be Delivered for such Transaction is positive, Physical Settlement shall be applicable to such Transaction; *provided* that JPMorgan does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by JPMorgan to Counterparty under any Transaction; or
- (ii) if the Number of Shares to be Delivered for such Transaction is negative, then the Counterparty Settlement Provisions in Annex A hereto shall apply to such Transaction.

Number of Shares to be Delivered:

For each Transaction, a number of Shares (rounded down to the nearest whole number) equal to (a)(i) the Prepayment Amount for such Transaction, *divided by* (ii)(A) the Forward Price for such Transaction *minus* (B) the Forward Price Adjustment Amount for such Transaction, *minus* (b) the number of Initial Shares for such Transaction; *provided* that if the result of the calculation in clause (a)(ii) is equal to or less than the Floor Price for such Transaction, then the Number of Shares to be Delivered for such Transaction shall be determined as if clause (a)(ii) were replaced with “(ii) the Floor Price for such Transaction”. For the avoidance of doubt, if the Forward Price Adjustment Amount for any Transaction is a negative number, clause (a)(ii) of the immediately preceding sentence shall be equal to (A) the Forward Price for such Transaction, *plus* (B) the absolute value of the Forward Price Adjustment Amount.

Floor Price:	For each Transaction, as set forth in the related Supplemental Confirmation.
Excess Dividend Amount:	For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section 9.2(a)(iii) of the Equity Definitions.
Settlement Date:	For each Transaction, if the Number of Shares to be Delivered for all or such portion of such Transaction is positive (x) in the case of an Accelerated Termination Date, the date that is one Settlement Cycle immediately following the date on which Dealer delivers notice of such Accelerated Termination Date and (y) in the case of a Termination Date occurring on the Scheduled Termination Date, the date that is one Settlement Cycle immediately following the Termination Date, in either case, for all or such portion of such Transaction (the final Settlement Date, the “ <b>Final Settlement Date</b> ”).
Settlement Currency:	USD
Initial Share Delivery:	For each Transaction, JPMorgan shall deliver a number of Shares equal to the Initial Shares for such Transaction to Counterparty on the Initial Share Delivery Date for such Transaction in accordance with Section 9.4 of the Equity Definitions, with such Initial Share Delivery Date deemed to be a “Settlement Date” for purposes of such Section 9.4.
Initial Share Delivery Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Initial Shares:	For each Transaction, as set forth in the related Supplemental Confirmation.

Share Adjustments.

Potential Adjustment Event:	In addition to the events described in Section 11.2(e) of the Equity Definitions, it shall constitute an additional Potential Adjustment Event if (x) the Scheduled Termination Date for any Transaction is postponed pursuant to “Valuation Disruption” above (including, for the avoidance of doubt, pursuant to Section 7 hereof), (y) a Regulatory Disruption as described in Section 7 hereof occurs or (z) a Disruption Event occurs. In the case of any event described in clause (x), (y) or (z) above occurs, the Calculation Agent may adjust any relevant terms of such Transaction as necessary to preserve as nearly as practicable the fair value of such Transaction prior to such postponement, Regulatory Disruption or Disruption Event, as the case may be, which adjustments shall be based upon changes in stock price, volatility, interest rates, stock loan rate, any commercially reasonable Hedge Positions in connection with the Transaction, liquidity relevant to the Shares or to such Transaction and taking into account whether the Calculation Period had fewer Scheduled Trading Days than originally anticipated.
Excess Dividend:	For any Dividend Period, any dividend or distribution on the Shares with an ex-dividend date occurring during such

	<p>Dividend Period (other than any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or any Extraordinary Dividend) (a “<b>Dividend</b>”) the amount or value of which per Share (as determined by the Calculation Agent), when aggregated with the amount or value (as determined by the Calculation Agent) of any and all previous Dividends with ex-dividend dates occurring in the same Dividend Period, exceeds the Ordinary Dividend Amount for such Dividend Period. “<b>Extraordinary Dividend</b>” means the per Share cash dividend or distribution, or a portion thereof, declared by Counterparty on the Shares that is classified by the board of directors of Counterparty as an “extraordinary” dividend.</p>
Dividend Period:	For each Transaction, as set forth in the related Supplemental Confirmation.
Consequences of Excess Dividend:	The declaration by the Issuer of any Excess Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period for any Transaction, may, at JPMorgan’s election in its commercially reasonable discretion, either (x) constitute an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction or (y) result in an adjustment, by the Calculation Agent, to the Floor Price as the Calculation Agent determines appropriate to preserve the fair value of such Transaction after taking into account such Excess Dividend.
Ordinary Dividend Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Method of Adjustment:	Calculation Agent Adjustment
Early Ordinary Dividend Payment:	For each Transaction, if an ex-dividend date for any Dividend that is not (x) an Excess Dividend, (y) a dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or (z) an Extraordinary Dividend, occurs during any Dividend Period occurring (in whole or in part) during the Relevant Dividend Period for such Transaction and is prior to the Scheduled Ex-Dividend Date for such Transaction for the relevant Dividend Period (as determined by the Calculation Agent), the Calculation Agent shall make such adjustment to the exercise, settlement, payment or any other terms of the relevant Transaction as the Calculation Agent determines appropriate to preserve the fair value of such Transaction after taking into account such Dividend.
Scheduled Ex-Dividend Dates:	For each Transaction, as set forth in the related Supplemental Confirmation for each calendar quarter.
Relevant Dividend Period:	For each Transaction, the period from, and including, the Trade Date for such Transaction to, and including, the Relevant Dividend Period End Date for such Transaction.

Relevant Dividend Period End Date:

For each Transaction, if the Number of Shares to be Delivered for such Transaction is negative, the last day of the Settlement Valuation Period; otherwise, the Termination Date for such Transaction.

Extraordinary Events.

Consequences of Merger Events:

(a) Share-for-Share:

Modified Calculation Agent Adjustment

(b) Share-for-Other:

Cancellation and Payment

(c) Share-for-Combined:

Component Adjustment

Tender Offer:

Applicable; *provided* that (a) Section 12.1(l) of the Equity Definitions shall be amended by (i) deleting the parenthetical in the fifth line thereof, (ii) replacing “that” in the fifth line thereof with “whether or not such announcement” and (iii) adding immediately after the words “Tender Offer” in the fifth line thereof “, and any publicly announced change or amendment to such an announcement (including, without limitation, the announcement of an abandonment of such intention)” and (b) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words “Tender Offer Date” by “Announcement Date.”

Consequences of Tender Offers:

(a) Share-for-Share:

Modified Calculation Agent Adjustment

(b) Share-for-Other:

Modified Calculation Agent Adjustment

(c) Share-for-Combined:

Modified Calculation Agent Adjustment

Nationalization, Insolvency or Delisting:

Cancellation and Payment; *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

Additional Disruption Events:

(a) Change in Law:

Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of, the formal or informal interpretation”, (ii) replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Positions” and (iii) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date”; *provided further* that (i) any

determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute) or (B) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, and (ii) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word "regulation" in the second line thereof with the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)".

(b) Failure to Deliver:	Applicable
(c) Insolvency Filing:	Applicable
(d) Loss of Stock Borrow:	Applicable
Maximum Stock Loan Rate:	For each Transaction, as set forth in the related Supplemental Confirmation.
Hedging Party:	JPMorgan
Determining Party:	JPMorgan
(e) Hedging Disruption:	Applicable
Hedging Party:	JPMorgan
Determining Party:	JPMorgan
(f) Increased Cost of Hedging:	Applicable
Hedging Party:	JPMorgan
Determining Party:	JPMorgan
(g) Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	For each Transaction, as set forth in the related Supplemental Confirmation.
Hedging Party:	JPMorgan
Determining Party:	JPMorgan
Hedging Adjustments:	For the avoidance of doubt, whenever the Calculation Agent or the Hedging Party is called upon to make an adjustment pursuant to the terms of this Master Confirmation or the Equity Definitions to take into

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account the effect of an event, the Calculation Agent or the Hedging Party, as the case may be, shall make such adjustment by reference to the effect of such event on JPMorgan, assuming that JPMorgan maintains a commercially reasonable Hedge Position.

Determining Party Provisions:

All calculations, adjustments and determinations by JPMorgan acting in its capacity as the Determining Party shall be made in good faith and in a commercially reasonable manner. Following any calculation, adjustment or determination by the Determining Party hereunder, upon a written request by Counterparty, the Determining Party will promptly (but in any event within five Exchange Business Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation, adjustment or determination as the case may be, it being understood and agreed that the Determining Party shall not be obligated to disclose any proprietary or confidential models or any other confidential or proprietary information, in each case, used by it for such calculation, adjustment or determination.

Non-Reliance/Agreements and Acknowledgements Regarding Hedging Activities/Additional Acknowledgements: Applicable

**2. Calculation Agent.**

JPMorgan; *provided* that following the occurrence of an Event of Default under Section 5(a)(vii) of the Agreement, with respect to which JPMorgan is the Defaulting Party, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent with respect to the Transactions under this Master Confirmation. Whenever the Calculation Agent is required to act or to exercise judgment in any way with respect to any Transaction hereunder, it will do so in good faith and in a commercially reasonable manner. Following any calculation, adjustment or determination by the Calculation Agent hereunder, upon a written request by Counterparty, the Calculation Agent will promptly (but in any event within five Exchange Business Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation, adjustment or determination, as the case may be, it being understood and agreed that the Calculation Agent shall not be obligated to disclose any proprietary or confidential models or any other confidential or proprietary information, in each case, used by it for such calculation, adjustment or determination.

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**3. Account Details.**

- (a) Account for payments to Counterparty:

Bank:  
ABA#:  
Acct No.:  
Beneficiary:  
Ref:

Account for delivery of Shares to Counterparty:

To be provided by Counterparty

- (b) Account for payments to JPMorgan:

Bank:  
ABA#:  
Acct No.:  
Beneficiary:  
Ref:

**4. Offices.**

- (a) The Office of Counterparty for each Transaction is: Inapplicable, Counterparty is not a Multibranch Party.  
(b) The Office of JPMorgan for each Transaction is: London

JPMorgan Chase Bank, National Association  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
England

**5. Notices.**

- (a) Address for notices or communications to Counterparty:

The Hanover Insurance Group, Inc.  
440 Lincoln Street,  
Worcester, MA 01653  
Attention: Craig Leslie, Vice President & Treasurer  
Telephone No.:  
Email Address:

- (b) Address for notices or communications to JPMorgan:

JPMorgan Chase Bank, National Association  
EDG Marketing Support  
Email:

With a copy to:

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Attention: James B. Lee III  
Title: Executive Director  
Telephone No.:  
Email Address:

**6. Representations, Warranties and Agreements.**

- (a) *Additional Representations, Warranties and Covenants of Each Party.* In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:
- (i) It is an “eligible contract participant” (as such term is defined in the Commodity Exchange Act, as amended).
  - (ii) The offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), by virtue of Section 4(a)(2) thereof. Accordingly, each party represents and warrants to the other that (A) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss of its investment, (B) it is an “accredited investor” as that term is defined under Regulation D under the Securities Act and (C) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.
- (b) *Additional Representations, Warranties and Covenants of Counterparty.* In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to JPMorgan that:
- (i) As of the Trade Date for each Transaction hereunder, Counterparty is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of this Master Confirmation and the Supplemental Confirmation for such Transaction has been duly authorized, executed and delivered by Counterparty and (assuming due authorization, execution and delivery thereof by JPMorgan) this Master Confirmation, as supplemented by such Supplemental Confirmation, constitutes a valid and legally binding obligation of Counterparty. Counterparty has all corporate power to enter into this Master Confirmation and such Supplemental Confirmation and to consummate the transactions contemplated hereby and thereby and to purchase the Shares and deliver any Settlement Shares in accordance with the terms hereof and thereof.
  - (ii) As of the Trade Date for each Transaction hereunder, the execution and delivery by Counterparty of, and the performance by Counterparty of its obligations under, this Master Confirmation and the Supplemental Confirmation for such Transaction, and the consummation of the transactions herein and therein contemplated, do not conflict with or violate (A) any provision of the certificate of incorporation, by-laws or other constitutive documents of Counterparty, (B) any statute or order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over Counterparty or any of its subsidiaries or any of their respective assets or (C) any contractual restriction binding on or affecting Counterparty or any of its subsidiaries or any of its assets.
  - (iii) As of the Trade Date for each Transaction hereunder, all governmental and other consents that are required to have been obtained by Counterparty with respect to performance, execution and delivery of this Master Confirmation and the Supplemental Confirmation for such Transaction have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
  - (iv) As of the Trade Date for each Transaction hereunder, (A) such Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program, and (B) there is no internal policy of Counterparty, whether written or oral, that would prohibit Counterparty from entering into any aspect of such Transaction, including, without limitation, the purchases of Shares to be made pursuant to such Transaction.

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- (v) As of the Trade Date for each Transaction hereunder, the purchase or writing of such Transaction and the transactions contemplated hereby will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.
- (vi) As of the Trade Date for each Transaction hereunder, it is not entering into such Transaction, and as of the date of any election with respect to any Transaction hereunder, it is not making such election, in each case (A) on the basis of, and is not aware of, any material non-public information regarding Counterparty or the Shares, (B) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer in violation of the Exchange Act or (C) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).
- (vii) Counterparty (A) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (B) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (C) has total assets of at least USD 50,000,000 as of the date hereof.
- (viii) As of the Trade Date for each Transaction hereunder, and as of the date of any election with respect to any Transaction hereunder, Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed by it pursuant to the Exchange Act, taken together and as amended and supplemented to the date of this representation, do not, as of their respective filing dates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (ix) Counterparty has made, and will make, all material filings required to be made by it with the Securities and Exchange Commission, any securities exchange or any other regulatory body with respect to each Transaction.
- (x) The Shares are not, as of the Calculation Period Start Date, and (B) Counterparty will not, at any time during any Regulation M Period (as defined below) for any Transaction, cause the Shares to be, subject to a “restricted period” (as defined in Regulation M promulgated under the Exchange Act) unless, in the case of clause (B), Counterparty has provided written notice to JPMorgan of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such “restricted period”; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 7 hereof; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 hereof. Counterparty is not currently contemplating any “distribution” (as defined in Regulation M promulgated under the Exchange Act) of Shares, or any security for which Shares are a “reference security” (as defined in Regulation M promulgated under the Exchange Act). “**Regulation M Period**” means, for any Transaction, (A) the Relevant Period (as defined below) for such Transaction, (B) the Settlement Valuation Period, if any, for such Transaction and (C) the Seller Termination Purchase Period (as defined below), if any, for such Transaction. “**Relevant Period**” means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the later of (1) the earlier of (x) the Scheduled Termination Date and (y) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by JPMorgan and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to “Special Provisions for Acquisition Transaction Announcements” below) and (2) if Section 15 hereof is applicable to such Transaction, the date on which all deliveries owed pursuant to such Section 15 have been made.

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- (xi) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date, the Settlement Date, any Cash Settlement Payment Date and any Settlement Method Election Date for each Transaction, Counterparty is not, and will not be, “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “**Bankruptcy Code**”)) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty’s incorporation.
- (xii) Counterparty is not, and after giving effect to each Transaction will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.
- (xiii) [Reserved.]
- (xiv) Counterparty has not entered, and will not enter, into any repurchase transaction with respect to the Shares (or any security convertible into or exchangeable for the Shares) (including, without limitation, any agreements similar to the Transactions described herein) where any initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period (each however defined) in such other transaction will overlap at any time (including, without limitation, as a result of extensions in such initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period as provided in the relevant agreements) with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period in any other transaction overlaps with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to “Valuation Disruption” above or any analogous provision in such other transaction, Counterparty shall promptly amend such other transaction to avoid any such overlap.
- (xv) Counterparty shall, at least one day prior to the first day of the Calculation Period, the Settlement Valuation Period, if any, or the Seller Termination Purchase Period, if any, for any Transaction, notify JPMorgan of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception set forth in paragraph (b)(4) of Rule 10b-18 under the Exchange Act (“**Rule 10b-18**”) by or for Counterparty or any of its “affiliated purchasers” (as defined in Rule 10b-18) during each of the four calendar weeks preceding such day and during the calendar week in which such day occurs (“Rule 10b-18 purchase” and “blocks” each being used as defined in Rule 10b-18), which notice shall be substantially in the form set forth in Schedule B hereto.
- (xvi) As of the Trade Date for each Transaction hereunder, and as of the date of any election with respect to any Transaction hereunder, there has not been any Merger Announcement (as defined below).
- (xvii) The assets of Counterparty do not constitute “plan assets” under the Employee Retirement Income Security Act of 1974, as amended, the Department of Labor Regulations promulgated thereunder or similar law.
- (c) *Additional Representations, Warranties and Covenants of Dealer.* In addition to the representations, warranties and covenants in the Agreement, JPMorgan represents, warrants and covenants to Counterparty that:
- (i) For purposes of Section 3(f) of the Agreement, Dealer makes the following representation:

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Dealer is a national banking association organized and existing under the laws of the United States of America, a “U.S. person” (as that term is used in section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury Regulation 1.1441-4(a)(3)(ii)) for U.S. federal income tax purposes, is a “dealer” within the meaning of Treasury Regulation Section 1.1001-4(b)(1) and is an exempt recipient under U.S. Treasury Regulation Section 1.6049-4(c)(1)(ii).

7. **Regulatory Disruption.** In the event that JPMorgan based on the advice of counsel concludes, in its good faith and reasonable discretion, that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by JPMorgan) that are generally applicable to transactions of the same nature as the Transactions under this Master Confirmation and consistently applied, for it to refrain from or decrease any market activity as it relates to a commercially reasonable hedge position on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, JPMorgan may by written notice to Counterparty elect to deem that a Market Disruption Event has occurred and will be continuing on such Scheduled Trading Day or Days.
8. **10b5-1 Plan.** It is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c), as defined below. Counterparty represents, warrants and covenants to JPMorgan that:
- (a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.
  - (b) During the Calculation Period and the Settlement Valuation Period, if any, for any Transaction and in connection with the delivery of any Alternative Delivery Units for any Transaction, JPMorgan (or its agent or Affiliate) may effect transactions in Shares in connection with such Transaction. The timing of such transactions by JPMorgan, the price paid or received per Share pursuant to such transactions and the manner in which such transactions are made, including, without limitation, whether such transactions are made on any securities exchange or privately, shall be within the sole judgment of JPMorgan. Counterparty acknowledges and agrees that all such transactions shall be made in JPMorgan’s sole judgment and for JPMorgan’s own account.
  - (c) Counterparty does not have, and shall not attempt to exercise any control or influence over how, when or whether JPMorgan (or its agent or Affiliate) makes any “purchases or sales” (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) in connection with any Transaction entered into under this Master Confirmation, including, without limitation, over how, when or whether JPMorgan (or its agent or Affiliate) enters into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.
  - (d) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or any Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
  - (e) Counterparty shall not, directly or indirectly, communicate any information relating to the Shares or any Transaction (including, without limitation, any notices required by Section 10(a) hereof) to any employee of JPMorgan, other than as set forth in the Communications Procedures attached as Annex B hereto.

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9. **Counterparty Purchases.** Counterparty (or any “affiliate” or “affiliated purchaser” as defined in Rule 10b-18) shall not, without the prior written consent of JPMorgan, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or equivalent interest, including, without limitation, a unit of beneficial interest in a trust or limited partnership or a depository share), listed contracts on the Shares or securities that are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable), under this Master Confirmation. Notwithstanding the foregoing, in its ordinary course of business, the Counterparty may withhold Shares to satisfy tax withholding amounts due from employees related to the receipt of stock which resulted from the exercise or vesting of equity awards.
- 9A. **JPMorgan Purchases.** With respect to purchases of Shares by JPMorgan in its capacity as Hedging Party in connection with any Transaction during the Calculation Period and Settlement Valuation Period, if any, for such Transaction (other than any purchases made by JPMorgan in such capacity in connection with dynamic hedge adjustments of JPMorgan’s exposure to any Transaction as a result of any equity or timing optionality contained in such Transaction), JPMorgan will use good faith, commercially reasonable efforts to effect such purchases in a manner so that, if such purchases were made by Counterparty, they would meet the requirements of Rule 10b-18(b)(2), (3) and (4), and effect calculations in respect thereof, taking into account any applicable Securities and Exchange Commission no-action letters as appropriate and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond JPMorgan’s control. Notwithstanding the foregoing, JPMorgan shall not be responsible for any failure to comply with paragraph (b)(3) of Rule 10b-18 that would not have resulted if (i) a bid that was actually entered or deemed to be entered by or on behalf of Counterparty had instead been an “independent bid” for purposes of paragraph (b)(3) of Rule 10b-18, or (ii) a transaction that was actually executed or deemed to be executed by or on behalf of Counterparty had instead been an “independent transaction” within the meaning of paragraph (b)(3) of Rule 10b-18.
10. **Special Provisions for Merger Transactions.** Notwithstanding anything to the contrary herein or in the Equity Definitions:
- (a) Counterparty agrees that it:
- (i) will not during the period commencing on the Trade Date for any Transaction and ending on the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction make, or permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a “**Merger Announcement**”) unless such Merger Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;
  - (ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify JPMorgan following any such Merger Announcement that such Merger Announcement has been made; and
  - (iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide JPMorgan with written notice specifying (i) Counterparty’s average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date of any Merger Transaction or potential Merger Transaction that were not effected through JPMorgan or its Affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the announcement date of any Merger Transaction or potential Merger Transaction. Such written notice shall be deemed to be a certification by Counterparty to JPMorgan that

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such information is true and correct. In addition, Counterparty shall promptly notify JPMorgan of the earlier to occur of the completion of the relevant Merger transaction and the completion of the vote by target shareholders.

- (b) Counterparty acknowledges that any such Merger Announcement or delivery of a notice with respect thereto may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 hereof.
- (c) Upon the occurrence of any Merger Announcement (whether made by Counterparty or a third party), JPMorgan in its sole discretion may (i) in good faith and a commercially reasonable manner make adjustments to the terms of any Transaction to account for the economic effect on the Transaction of such Merger Announcement, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount, and/or suspend the Calculation Period and/or any Settlement Valuation Period (including adjustments limited to account for changes in stock price, volatility, interest rates, stock loan rate, any commercially reasonable Hedge Positions in connection with the Transaction, liquidity relevant to the Shares or to such Transaction and taking into account whether the Calculation Period had fewer Scheduled Trading Days than originally anticipated, but excluding, for the avoidance of doubt, adjustments to account for changes in expected dividends) or (ii) treat the occurrence of such Merger Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated.

“**Merger Transaction**” means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.

**11. Special Provisions for Acquisition Transaction Announcements.** Notwithstanding anything to the contrary herein or in the Equity Definitions:

- (a) If an Acquisition Transaction Announcement occurs on or prior to the Final Settlement Date for any Transaction, then the Calculation Agent shall make such adjustments to the exercise, settlement, payment or any other terms of such Transaction as the Calculation Agent determines is commercially reasonable (including, without limitation and for the avoidance of doubt, adjustments that would allow the Number of Shares to be Delivered to be less than zero), at such time or at multiple times as the Calculation Agent determines appropriate, to account for the economic effect on such Transaction of such Acquisition Transaction Announcement (including adjustments to account for changes in volatility, stock loan rate, any commercially reasonable Hedge Positions in connection with the Transaction and liquidity relevant to the Shares or to such Transaction but excluding, for the avoidance of doubt, adjustments to account for changes in expected dividends). If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement.
- (b) “**Acquisition Transaction Announcement**” means (i) the announcement of an Acquisition Transaction or an event that, if consummated, would result in an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement or a letter of intent designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that is reasonably likely to include, an Acquisition Transaction (provided that for such purposes the Calculation Agent may take into account the effect of such announcement on the market price of the Shares or options on the Shares), (iv) any other announcement that in the reasonable judgment of the Calculation Agent is reasonably likely to result in an Acquisition Transaction (provided that for such purposes the Calculation Agent may take into account the effect of such announcement on the market price of the Shares or options on the Shares), or (v) any announcement of any material change or amendment to any previous Acquisition Transaction Announcement (including

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any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by the Issuer or a third party.

- (c) **“Acquisition Transaction”** means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to “100%” being replaced by “20%” and references to “50%” being replaced by “75%” and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction with respect to Counterparty, (iv) any acquisition, lease, exchange, transfer, disposition (including by way of spin-off or distribution) of assets (including any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 20% of the market capitalization of Counterparty or (v) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

## 12. Acknowledgments.

- (a) The parties hereto intend for:
- (i) each Transaction to be a “securities contract” as defined in Section 741(7) of the Bankruptcy Code and a “forward contract” as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;
  - (ii) the Agreement to be a “master netting agreement” as defined in Section 101(38A) of the Bankruptcy Code;
  - (iii) a party’s right to liquidate, terminate or accelerate any Transaction, net out or offset termination values or payment amounts, and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a “contractual right” (as defined in the Bankruptcy Code); and
  - (iv) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute “settlement payments” and “transfers” (as defined in the Bankruptcy Code).
- (b) Counterparty acknowledges that:
- (i) during the term of any Transaction, JPMorgan and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;
  - (ii) JPMorgan and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to any Transaction;

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- (iii) JPMorgan shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;
  - (iv) any market activities of JPMorgan and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price, the VWAP Price and the Settlement Price, each in a manner that may be adverse to Counterparty; and
  - (v) each Transaction is a derivatives transaction in which it has granted JPMorgan an option; JPMorgan may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.
13. **No Collateral, Netting or Setoff.** Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations under any Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under any Transaction, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.
14. **Delivery of Shares.** Notwithstanding anything to the contrary herein, JPMorgan may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "**Original Delivery Date**") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.
15. **Alternative Termination Settlement.** In the event that (a) an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction or (b) any Transaction is cancelled or terminated upon the occurrence of an Extraordinary Event (except as a result of (i) a Nationalization, Insolvency or Merger Event in which the consideration to be paid to holders of Shares consists solely of cash, (ii) a Merger Event or Tender Offer that is within Counterparty's control, or (iii) an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party other than an Event of Default of the type described in Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or a Termination Event of the type described in Section 5(b) of the Agreement, in each case that resulted from an event or events outside Counterparty's control), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement or any Cancellation Amount pursuant to Article 12 of the Equity Definitions (any such amount, a "**Payment Amount**"), then, in lieu of any payment of such Payment Amount, unless Counterparty makes an election to the contrary no later than the Early Termination Date or the date on which such Transaction is terminated or cancelled, Counterparty or JPMorgan, as the case may be, shall deliver to the other party a number of Shares (or, in the case of a Nationalization, Insolvency or Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Nationalization, Insolvency or Merger Event, as the case may be (each such unit, an "**Alternative Delivery Unit**")) with a value equal to the Payment Amount, as determined by the Calculation Agent over a commercially reasonable period of time (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including, without limitation, the market price of the Shares or Alternative Delivery Units on the Early Termination Date or the date of early cancellation or termination, as the case may be, and, if such delivery is made by JPMorgan, the prices at which JPMorgan purchases Shares or Alternative Delivery Units in a commercially reasonable manner to fulfill its delivery obligations under this Section 15); *provided* that in determining the composition of any Alternative Delivery Unit, if the relevant Nationalization, Insolvency or Merger Event

involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and *provided further* that Counterparty may make such elections only if Counterparty represents and warrants to JPMorgan, in writing on the date it notifies JPMorgan of such election, that, as of such date, Counterparty is not aware of any material non-public information regarding Counterparty or the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. If delivery of Shares or Alternative Delivery Units, as the case may be, pursuant to this Section 15 is to be made by Counterparty, paragraphs 2 through 7 of Annex A hereto shall apply as if (A) such delivery were a settlement of such Transaction to which Net Share Settlement applied, (B) the Cash Settlement Payment Date were the Early Termination Date or the date of early cancellation or termination, as the case may be, and (C) the Forward Cash Settlement Amount were equal to (x) zero *minus* (y) the Payment Amount owed by Counterparty. For the avoidance of doubt, if Counterparty validly elects for the provisions of this Section 15 relating to the delivery of Shares or Alternative Delivery Units, as the case may be, not to apply to any Payment Amount, the provisions of Article 12 of the Equity Definitions, or the provisions of Section 6(d)(ii) of the Agreement, as the case may be, shall apply. If delivery of Shares or Alternative Delivery Units, as the case may be, is to be made by JPMorgan pursuant to this Section 15, the period during which JPMorgan purchases Shares or Alternative Delivery Units to fulfill its delivery obligations under this Section 15 shall be referred to as the “**Seller Termination Purchase Period**”.

16. **Calculations and Payment Date upon Early Termination.** The parties acknowledge and agree that in calculating (a) the Close-Out Amount pursuant to Section 6 of the Agreement and (b) the amount due upon cancellation or termination of any Transaction (whether in whole or in part) pursuant to Article 12 of the Equity Definitions as a result of an Extraordinary Event, JPMorgan may (but need not) determine such amount based on (i) expected losses assuming a commercially reasonable (including, without limitation, with regard to reasonable legal and regulatory guidelines) risk bid were used to determine loss or (ii) the price at which one or more market participants would offer to sell to the Seller a block of Shares equal in number to the Seller’s hedge position in relation to the Transaction. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement or Article 12 of the Equity Definitions, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement or upon cancellation or termination of the relevant Transaction under Article 12 of the Equity Definitions will be payable on the day that notice of the amount payable is effective; *provided* that if Counterparty elects to receive or deliver Shares or Alternative Delivery Units in accordance with Section 15 hereof, such Shares or Alternative Delivery Units shall be delivered on a date selected by JPMorgan as promptly as practicable.
17. **Limit on Beneficial Ownership.** Notwithstanding any other provisions hereof, JPMorgan may not be entitled to take delivery of any Shares deliverable hereunder to the extent (but only to the extent) that, after such receipt of any Shares hereunder, the Equity Percentage would exceed 7.5%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery the Equity Percentage would exceed 7.5%. If any delivery owed to JPMorgan hereunder is not made, in whole or in part, as a result of this provision, Counterparty’s obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Business Day after, JPMorgan gives notice to Counterparty that, after such delivery, the Equity Percentage would not exceed 7.5%. The “Equity Percentage” as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that JPMorgan and any of its affiliates or any other person subject to aggregation with JPMorgan for purposes of the “beneficial ownership” test under Section 13 of the Exchange Act, or any “group” (within the meaning of Section 13) of which JPMorgan is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.
18. **Maximum Share Delivery.** Notwithstanding anything to the contrary in this Master Confirmation, in no event shall JPMorgan be required to deliver any Shares, or any Shares or other securities comprising Alternative Delivery Units, in respect of any Transaction in excess of the Maximum Number of Shares set forth in the Supplemental Confirmation for such Transaction.

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**19. Additional Termination Events.**

- (a) The occurrence of an event described in paragraph III of Annex B hereto will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and the Transactions specified in such paragraph III as the Affected Transactions.
- (b) Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in the Supplemental Confirmation for any Transaction, then an Additional Termination Event will occur without any notice or action by JPMorgan or Counterparty if on two consecutive Exchange Business Days the price of the Shares on the Exchange at any time falls below such Termination Price, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.

**20. Non-confidentiality.** JPMorgan and Counterparty hereby acknowledge and agree that, subject to Section 8(e) hereof, each is authorized to disclose every aspect of this Master Confirmation, any Supplemental Confirmation and the transactions contemplated hereby and thereby to any and all persons, without limitation of any kind, and there are no express or implied agreements, arrangements or understandings to the contrary.

**21. [Reserved.]**

**22. Assignment and Transfer.** Notwithstanding anything to the contrary in the Agreement, JPMorgan may assign any of its rights or duties hereunder to any one or more of its Affiliates without the prior written consent of Counterparty provided that the senior unsecured debt rating (“Credit Rating”) of such affiliate (or guarantor of its obligations under the transferred Transaction) is equal to or greater than the Credit Rating of JPMorgan, as specified by at least one of Standard & Poor’s and Moody’s, at the date of this Master Confirmation or the time of such assignment or transfer (whichever is higher). In the event of any transfer or assignment of any rights, title and interest, powers, privileges and remedies of Dealer under any Transaction, the transferee or assignee shall assume and enter into all of the transferor’s covenants and representations under Sections 3(e), 3(f), 4(a)(i) and 4(a)(iii) of the Agreement or enter into new covenants and representations that are agreed by the other party under the Agreement, and the identity of the transferee or assignee shall be entered on the books and records maintained by each party or its respective agents. Notwithstanding any other provision in this Master Confirmation to the contrary requiring or allowing JPMorgan to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, JPMorgan may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform JPMorgan’s obligations in respect of any Transaction and any such designee may assume such obligations. JPMorgan may assign the right to receive Settlement Shares to any third party who may legally receive Settlement Shares. JPMorgan shall be discharged of its obligations to Counterparty only to the extent of any such performance. For the avoidance of doubt, JPMorgan hereby acknowledges that notwithstanding any such designation hereunder, to the extent any of JPMorgan’s obligations in respect of any Transaction are not completed by its designee, JPMorgan shall be obligated to continue to perform or to cause any other of its designees to perform in respect of such obligations.

**23. Amendments to the Equity Definitions.**

- (a) Section 11.2(a) of the Equity Definitions is hereby amended by deleting the words “a diluting or concentrative” and replacing them with the word “an”; and adding the phrase “or such Transaction” at the end of the sentence.
- (b) Section 11.2(c) of the Equity Definitions is hereby amended by (i) replacing the words “a diluting or concentrative” with “an” in the fifth line thereof, (ii) adding the phrase “or such Transaction” after the words “the relevant Shares” in the same sentence, (iii) deleting the words “diluting or concentrative” in the sixth to last line thereof, and (iv) deleting the phrase “(provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares)” and replacing it with the phrase “(and, for the avoidance of doubt, adjustments may be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares).”

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- (c) Section 11.2(e)(vii) of the Equity Definitions is hereby amended by deleting the words “a diluting or concentrative” and replacing them with the words “a material”; and adding the phrase “or the relevant Transaction” at the end of the sentence.
- (d) Section 12.6(a)(ii) of the Equity Definitions is hereby amended by (i) deleting from the fourth line thereof the word “or” after the word “official” and inserting a comma therefor, and (ii) deleting the semi-colon at the end of subsection (B) thereof and inserting the following words therefor “or (C) at JPMorgan’s option, the occurrence of any of the events specified in Section 5(a)(vii) (1) through (9) of the ISDA Master Agreement with respect to that Issuer.”
- (e) Section 12.9(b)(iv) of the Equity Definitions is hereby amended by:
- (i) deleting (1) subsection (A) in its entirety, (2) the phrase “or (B)” following subsection (A) and (3) the phrase “in each case” in subsection (B); and
  - (ii) replacing the phrase “neither the Non-Hedging Party nor the Lending Party lends Shares” with the phrase “such Lending Party does not lend Shares” in the penultimate sentence.
- (f) Section 12.9(b)(v) of the Equity Definitions is hereby amended by:
- (i) adding the word “or” immediately before subsection “(B)” and deleting the comma at the end of subsection (A); and
  - (ii) (1) deleting subsection (C) in its entirety, (2) deleting the word “or” immediately preceding subsection (C), (3) deleting the penultimate sentence in its entirety and replacing it with the sentence “The Determining Party will determine the Cancellation Amount payable by one party to the other” and (4) deleting clause (X) in the final sentence.
- (g) Section 12.9(b)(vi) of the Equity Definitions is hereby amended by:
- (i) adding the word “or” immediately before subsection “(B)” and deleting the comma at the end of subsection (A); and
  - (ii) (1) deleting subsection (C) in its entirety, (2) deleting the word “or” immediately preceding subsection (C) and (3) deleting the final sentence in its entirety and replacing it with the sentence “The Hedging Party will determine the Cancellation Amount payable by one party to the other”.
24. **Extraordinary Dividend.** The declaration by Counterparty of any Extraordinary Dividend that has an ex-dividend date during the period commencing on the Trade Date for any Transaction and ending of the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction, shall constitute an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.
25. **Status of Claims in Bankruptcy.** JPMorgan acknowledges and agrees that neither this Master Confirmation nor any Supplemental Confirmation is intended to convey to JPMorgan rights against Counterparty with respect to any Transaction that are senior to the claims of common stockholders of Counterparty in any United States bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit JPMorgan’s right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to any Transaction; *provided further* that nothing herein shall limit or shall be deemed to limit JPMorgan’s rights in respect of any transactions other than any Transaction.
26. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (“WSTAA”), the parties hereby agree that neither the

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enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, nor any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the date of this Master Confirmation, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement any Supplemental Confirmation, this Master Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under any Supplemental Confirmation, this Master Confirmation, the Equity Definitions incorporated herein, or the Agreement (including, without limitation, rights arising from Change in Law, Loss of Stock Borrow, Increased Cost of Stock Borrow, Hedging Disruption, Increased Cost of Hedging, or Illegality).

27. **Communications with Employees of J.P. Morgan Securities LLC.** If Counterparty interacts with any employee of J.P. Morgan Securities LLC with respect to any Transaction, Counterparty is hereby notified that such employee will act solely as an authorized representative of JPMorgan Chase Bank, N.A. (and not as a representative of J.P. Morgan Securities LLC) in connection with such Transaction.
28. **Waiver of Jury Trial.** EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THE AGREEMENT, THIS MASTER CONFIRMATION, EACH SUPPLEMENTAL CONFIRMATION, THE TRANSACTIONS HEREUNDER AND ALL MATTERS ARISING IN CONNECTION WITH THE AGREEMENT, THIS MASTER CONFIRMATION AND ANY SUPPLEMENTAL CONFIRMATION AND THE TRANSACTIONS HEREUNDER. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT, ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THE TRANSACTIONS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS PROVIDED HEREIN.
29. **Counterparts.** This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Master Confirmation and returning it to us.

Very truly yours,

**JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**

By: /s/ James B. Lee III

Authorized Signatory

Name: James B. Lee III

Executive Director

Accepted and confirmed  
as of the date first set  
forth above:

**THE HANOVER INSURANCE GROUP, INC.**

By: /s/ Craig Leslie

Authorized Signatory

Name: Craig Leslie

Treasurer

JPMorgan Chase Bank, N.A. at its London Branch is a bank authorised and subject to supervision and regulation by the Office of the Comptroller of the Currency, and is also supervised and regulated with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. (Firm Reference Number: 124491).

## FORM OF SUPPLEMENTAL CONFIRMATION

JPMorgan Chase Bank, National Association  
 London Branch  
 25 Bank Street  
 Canary Wharf  
 London E14 5JP  
 England

[ ], 20[ ]

To: The Hanover Insurance Group, Inc.  
 440 Lincoln Street,  
 Worcester, MA 01653  
 Attention: Craig Leslie, Vice President & Treasurer  
 Telephone No.:

Re: Supplemental Confirmation—Uncollared Accelerated Share Repurchase

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between JPMorgan Chase Bank, National Association, London Branch (“**JPMorgan**”) and The Hanover Insurance Group, Inc., a Delaware corporation (“**Counterparty**”) on the Trade Date specified below. This Supplemental Confirmation is a binding contract between JPMorgan and Counterparty as of the relevant Trade Date for the Transaction referenced below.

1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation, dated as of December 30, 2018 (the “**Master Confirmation**”), between JPMorgan and Counterparty, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.
2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date:	[ ], 20[ ]
Forward Price Adjustment Amount:	USD [ ]
Calculation Period Start Date:	[ ], 20[ ]
Scheduled Termination Date:	[ ], 20[ ]
First Acceleration Date:	[ ], 20[ ]
Prepayment Amount:	USD [ ]
Prepayment Date:	[ ], 20[ ]
Initial Shares:	[ ] Shares; <i>provided</i> that after using good faith and commercially reasonable efforts if, in connection with the Transaction, JPMorgan is unable to borrow

JPMorgan Chase Bank, N.A. at its London Branch is a bank authorised and subject to supervision and regulation by the Office of the Comptroller of the Currency, and is also supervised and regulated with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. (Firm Reference Number: 124491).

or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that JPMorgan is able to so borrow or otherwise acquire in a commercially reasonable manner and thereafter JPMorgan shall continue to use commercially reasonable efforts in good faith to borrow or otherwise acquire a number of Shares, at a stock borrow cost no greater than the Initial Stock Loan Rate, equal to the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as reasonably practicable (it being understood, for the avoidance of doubt, that in using such commercially reasonable efforts JPMorgan shall act in good faith and in accordance with its then current policies, practices and procedures (including without limitation any policies, practices or procedures relating to counterparty risk, market risk, reputational risk, credit, documentation, legal, regulatory capital, compliance and collateral), and shall not be required to enter into any securities lending transaction or transact with any potential securities lender if such transaction would not be in accordance with such policies, practices and procedures). For the avoidance of doubt, the aggregate of all Shares delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the "Initial Shares" for purposes of "Number of Shares to be Delivered" in the Master Confirmation.

Initial Share Delivery Date: [        ], 20[        ]

Dividend Period: [        ]

Ordinary Dividend Amount: For any Dividend before the Termination Date, USD [\_\_\_\_] per Share.  
For any Dividend after the Termination Date, USD 0.00 per Share.

Scheduled Ex-Dividend Dates: [        ]

Maximum Stock Loan Rate: [        ] basis points per annum

Initial Stock Loan Rate: [        ] basis points per annum

Maximum Number of Shares: [        ]<sup>1</sup> Shares

Floor Price: USD 0.01 per Share

Termination Price: USD [        ] per Share

Additional Relevant Days: The [        ] Exchange Business Days immediately following the Calculation Period.

<sup>1</sup> To be approximately 50% of the total number of Shares outstanding on the Trade Date.

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Reserved Shares:

Notwithstanding anything to the contrary in the Master Confirmation, as of the date of this Supplemental Confirmation, the Reserved Shares shall be equal to [            ] Shares.

3. Counterparty represents and warrants to JPMorgan that neither it nor any “affiliated purchaser” (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs, except as otherwise disclosed in writing to JPMorgan.

4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Supplemental Confirmation and returning it to us.

Very truly yours,

**JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Authorized Signatory  
Name:

Accepted and confirmed  
as of the Trade Date:

**THE HANOVER INSURANCE GROUP, INC.**

By: \_\_\_\_\_  
Authorized Signatory  
Name:

JPMorgan Chase Bank, N.A. at its London Branch is a bank authorised and subject to supervision and regulation by the Office of the Comptroller of the Currency, and is also supervised and regulated with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. (Firm Reference Number: 124491).

FORM OF CERTIFICATE OF RULE 10B-18 PURCHASES

[Letterhead of Counterparty]

JPMorgan Chase Bank, National Association  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
England

Re: Uncollared Accelerated Share Repurchase

Ladies and Gentlemen:

In connection with our entry into the Master Confirmation, dated as of December 30, 2018, between JPMorgan Chase Bank, National Association, London Branch and The Hanover Insurance Group, Inc., a Delaware corporation, as amended and supplemented from time to time (the “**Master Confirmation**”) and the Supplemental Confirmation thereto, dated as of [\_\_\_\_\_], 20[\_\_\_], we hereby represent that set forth below is the total number of shares of our common stock purchased by or for us or any of our affiliated purchasers in Rule 10b-18 purchases of blocks (all as defined in Rule 10b-18 under the Securities Exchange Act of 1934) pursuant to the once-a-week block exception set forth in Rule 10b-18(b)(4) during the four full calendar weeks immediately preceding the first day of the [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] (as defined in the Master Confirmation) and the week during which the first day of such [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] occurs.

Number of Shares: \_\_\_\_\_

We understand that you will use this information in calculating trading volume for purposes of Rule 10b-18.

Very truly yours,

**THE HANOVER INSURANCE GROUP, INC.**

By: \_\_\_\_\_  
Authorized Signatory  
Name:

**COUNTERPARTY SETTLEMENT PROVISIONS**

1. The following Counterparty Settlement Provisions shall apply to any Transaction to the extent indicated under the Master Confirmation:

Settlement Currency:	USD
Settlement Method Election:	Applicable; <i>provided</i> that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word “Physical” in the sixth line thereof and replacing it with the words “Net Share” and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to JPMorgan in writing on the date it notifies JPMorgan of its election that, as of such date, the Electing Party is not aware of any material non-public information regarding Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.
Electing Party:	Counterparty
Settlement Method Election Date:	The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.
Default Settlement Method:	Cash Settlement
Forward Cash Settlement Amount:	An amount equal to (a) the Number of Shares to be Delivered, <i>multiplied by</i> (b) the Settlement Price.
Settlement Price:	An amount equal to the average of the VWAP Prices for the Exchange Business Days in the Settlement Valuation Period, subject to Valuation Disruption as specified in the Master Confirmation.
Settlement Valuation Period:	A number of Scheduled Trading Days selected by JPMorgan in its good faith and commercially reasonable discretion, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date.
Cash Settlement:	If Cash Settlement is applicable, then Buyer shall pay to JPMorgan the absolute value of the Forward Cash Settlement Amount on the Cash Settlement Payment Date.
Cash Settlement Payment Date:	The Exchange Business Day immediately following the last day of the Settlement Valuation Period.
Net Share Settlement Procedures:	If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with paragraphs 2 through 7 below.

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2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the “**Registered Settlement Shares**”), or a number of Shares not satisfying such conditions (the “**Unregistered Settlement Shares**”), in either case with a value equal to the absolute value of the Forward Cash Settlement Amount (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent. If all of the conditions for delivery of either Registered Settlement Shares or Unregistered Settlement Shares, as applicable, have not been satisfied, Cash Settlement shall be applicable in accordance with paragraph 1 above notwithstanding Counterparty’s election of Net Share Settlement.

3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:

(a) a registration statement covering public resale of the Registered Settlement Shares by JPMorgan (the “**Registration Statement**”) shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including, without limitation, any prospectus supplement thereto, the “**Prospectus**”) shall have been delivered to JPMorgan, in such quantities as JPMorgan shall reasonably have requested, on or prior to the date of delivery;

(b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be reasonably satisfactory to JPMorgan;

(c) as of or prior to the date of delivery, JPMorgan and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities of similar size and the results of such investigation are satisfactory to JPMorgan, in its good faith discretion; and

(d) as of the date of delivery, an agreement (the “**Underwriting Agreement**”) shall have been entered into with JPMorgan in connection with the public resale of the Registered Settlement Shares by JPMorgan substantially similar to underwriting agreements customary for underwritten offerings of equity securities of similar size, in form and substance satisfactory to JPMorgan, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, JPMorgan and its Affiliates and the provision of customary opinions, accountants’ comfort letters and lawyers’ negative assurance letters.

4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:

(a) all Unregistered Settlement Shares shall be delivered to JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(b) as of or prior to the date of delivery, JPMorgan and any potential purchaser of any such shares from JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) identified by JPMorgan shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities of similar size (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them);

(c) as of the date of delivery, Counterparty shall enter into an agreement (a “**Private Placement Agreement**”) with JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size by similar issuers, in form and substance commercially reasonable satisfactory to JPMorgan, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, JPMorgan and its Affiliates and using best efforts to deliver documentation customary and appropriate for a private placement of similar size by similar issuers and shall provide for the payment by Counterparty of all commercially reasonable fees and expenses

of JPMorgan (and any such Affiliate) in connection with such resale, including, all commercially reasonable fees and expenses of counsel for JPMorgan, and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), Counterparty shall, if so requested by JPMorgan, prepare, in cooperation with JPMorgan, a private placement memorandum in form and substance reasonably satisfactory to JPMorgan.

5. JPMorgan, itself or through an Affiliate (the “**Selling Agent**”) or any underwriter(s), in a commercially reasonable manner, will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the “**Settlement Shares**”) delivered by Counterparty to JPMorgan pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by JPMorgan in a commercially reasonable manner, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the “**Final Resale Date**”). If the proceeds of any sale(s) made by JPMorgan, the Selling Agent or any underwriter(s), net of any commercially reasonable fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with commercially reasonable carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, without limitation, the covering of any over-allotment or short position (syndicate or otherwise)) (the “**Net Proceeds**”) exceed the absolute value of the Forward Cash Settlement Amount, JPMorgan will refund, in USD or Shares, at the election of the Company, such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, JPMorgan shall return to Counterparty on that date such unsold Shares.

6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the “**Shortfall**” and the date on which such determination is made, the “**Deficiency Determination Date**”), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the “**Makewhole Notice Date**”) deliver to JPMorgan, through the Selling Agent, a notice of Counterparty’s election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to JPMorgan additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the “**Makewhole Shares**”), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by JPMorgan in accordance with the provisions above; *provided* that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to JPMorgan further Makewhole Shares until such Shortfall has been reduced to zero.

7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares and Makewhole Shares for any Transaction be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction under this Master Confirmation (the result of such calculation, the “**Capped Number**”). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

$$A - B$$

Where A = the number of authorized but unissued shares of Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

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B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

**“Reserved Shares”** means initially, 21,166,254 Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation.

If at any time, as a result of this paragraph 7, Counterparty fails to deliver to JPMorgan any Settlement Shares, Counterparty shall, to the extent that Counterparty has at such time authorized but unissued Shares not reserved for other purposes, promptly notify JPMorgan thereof and deliver to JPMorgan a number of Shares not previously delivered as a result of this paragraph 7. Counterparty agrees to use its best efforts to cause the number of authorized but unissued Shares to be increased, if necessary, to an amount sufficient to permit Counterparty to fulfill its obligation to deliver any Settlement Shares.

## COMMUNICATIONS PROCEDURES

December 30, 2018

I. Introduction

The Hanover Insurance Group, Inc. (“**Counterparty**”) and JPMorgan Chase Bank, National Association, London Branch (“**JPMorgan**”) have adopted these communications procedures (the “**Communications Procedures**”) in connection with entering into the Master Confirmation (the “**Master Confirmation**”), dated as of December 30, 2018, between JPMorgan and Counterparty relating to Uncollared Accelerated Share Repurchase transactions. These Communications Procedures supplement, form part of, and are subject to the Master Confirmation.

II. Communications Rules

For each Transaction, from the Trade Date for such Transaction until the date all payments or deliveries of Shares have been made with respect to such Transaction, Counterparty and its Employees and Designees shall not engage in any Program-Related Communication with, or disclose any Material Non-Public Information to, any EDG Trading Personnel. Except as set forth in the preceding sentence, the Master Confirmation shall not limit Counterparty and its Employees and Designees in their communication with Affiliates and Employees of JPMorgan, including, without limitation, Employees who are EDG Permitted Contacts.

III. Termination

If, in the sole judgment of any EDG Trading Personnel or any Affiliate or Employee of JPMorgan participating in any Communication with Counterparty or any Employee or Designee of Counterparty, such Communication would not be permitted by these Communications Procedures, such EDG Trading Personnel or Affiliate or Employee of JPMorgan shall immediately terminate such Communication. In such case, or if such EDG Trading Personnel or Affiliate or Employee of JPMorgan determines following completion of any Communication with Counterparty or any Employee or Designee of Counterparty that such Communication was not permitted by these Communications Procedures, such EDG Trading Personnel or such Affiliate or Employee of JPMorgan shall promptly consult with his or her supervisors and with counsel for JPMorgan regarding such Communication. If, in the reasonable judgment of JPMorgan’s counsel following such consultation, there is more than an insignificant risk that such Communication could materially jeopardize the availability of the affirmative defenses provided in Rule 10b5-1 under the Exchange Act with respect to any ongoing or contemplated activities of JPMorgan or its Affiliates in respect of any Transaction pursuant to the Master Confirmation, it shall be an Additional Termination Event pursuant to Section 19(a) of the Master Confirmation, with Counterparty as the sole Affected Party and all Transactions under the Master Confirmation as Affected Transactions.

IV. Definitions

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Master Confirmation. As used herein, the following words and phrases shall have the following meanings:

“**Communication**” means any contact or communication (whether written, electronic, oral or otherwise) between Counterparty or any of its Employees or Designees, on the one hand, and JPMorgan or any of its Affiliates or Employees, on the other hand.

“**Designee**” means a person designated, in writing or orally, by Counterparty to communicate with JPMorgan on behalf of Counterparty.

“**EDG Permitted Contact**” means any of Mr. David Aidelson, Mr. Elliot Chalom, Ms. Yana Chernobilsky, Mr. Ganaraj S. Hegde, Mr. James B. Lee III and Mr. Noah L. Wynkoop or any of their designees; *provided* that JPMorgan may amend the list of EDG Permitted Contacts by delivering a revised list of EDG Permitted Contacts to Counterparty.

“**EDG Trading Personnel**” means Mr. Michael Captain, Ms. Jennifer Hilibrand, Mr. Spyros Kallipolitis, Mr. Michael Tatro and any other Employee of the public side of the Equity Derivatives Group of JPMorgan Chase & Co.; *provided* that JPMorgan may amend the list of EDG Trading Personnel by delivering a revised list of EDG Trading Personnel to Counterparty; and *provided further* that, for the avoidance of doubt, the persons listed as EDG Permitted Contacts are not EDG Trading Personnel.

“**Employee**” means, with respect to any entity, any owner, principal, officer, director, employee or other agent or representative of such entity, and any Affiliate of any of such owner, principal, officer, director, employee, agent or representative.

“**Material Non-Public Information**” means information relating to Counterparty or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Counterparty to its shareholders or in a press release, or contained in a public filing made by Counterparty with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed “material” if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets and similar matters.

“**Program-Related Communication**” means any Communication the subject matter of which relates to the Master Confirmation or any Transaction under the Master Confirmation or any activities of JPMorgan (or any of its Affiliates) in respect of the Master Confirmation or any Transaction under the Master Confirmation.

Annex B-2

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## Section 4: EX-99.1 (EX-99.1)



EXHIBIT 99.1

### The Hanover Insurance Group, Inc. Announces Chaucer Sale Closing

- **Board authorizes \$600 million share repurchase program, including a \$250 million ASR, and \$4.75 per share special dividend**
- **Company to focus on the expansion of its distinctive domestic business**

WORCESTER, Mass., December 30, 2018—The Hanover Insurance Group, Inc. (NYSE: THG) announced it has completed the sale of Chaucer Holdings Limited, the major portion of its Lloyd’s international specialty business, to China Reinsurance (Group) Corporation (“China Re”). In conjunction with the closing, completed on December 28, The Hanover’s board of directors approved a new \$600 million share repurchase authorization, and, pursuant to that authorization, an accelerated share repurchase agreement (the “ASR agreement”) for \$250 million. The board also declared a special dividend of \$4.75 per share, or approximately \$200 million in the aggregate.

The sales of Chaucer-related Irish and Australian entities, for proceeds of \$28 million and \$13 million, respectively, are pending final, local regulatory approvals and are expected to close in the first quarter of 2019. The option of a multi-stage transaction was agreed upon in the sale and purchase agreement, and all parties remain fully committed to executing the remaining two pieces of the transaction.

“With this transaction largely complete, we are excited to focus exclusively on the continued expansion of our distinctive domestic business,” said John C. Roche, president and chief executive officer at The Hanover. “With a strong financial foundation, clear strategic focus, and a simplified operating structure, we are determined to be the premier property and casualty company in the independent agency channel. We will continue to build our organization around the needs of our agent partners, offering relevant and responsive insurance solutions to our partners and customers, and delivering superior returns for our shareholders.

“As we build on our unique competitive position, we will leverage our strong agency relationships and deep market insight, continuing to invest in our successful personal lines account strategy, flagship small commercial business, targeted middle market industries, and our growing specialty lines business,” said Roche. “At the same time, we will intensify our efforts to drive innovation across our businesses, helping our partners meet the evolving needs and preferences of our customers. We are excited to close the transaction and eager to start the next chapter.”

Total proceeds of \$930 to \$940 million are comprised of \$779 million in initial cash consideration received from China Re, \$41 million in cash to be received upon the closing of the sales of the Irish and Australian entities, contingent consideration of \$25 to \$35 million, and an \$85 million pre-signing dividend from Chaucer that was received in the second quarter of 2018. Receipt of the full \$45 million of the contingent consideration is dependent upon Chaucer

generating a 2018 accident year catastrophe loss ratio below 10% of net premiums earned. It is subject to a dollar-for-dollar reduction if Chaucer's 2018 accident year catastrophe losses are above 10% of its net premiums earned. The

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company currently estimates Chaucer's 2018 accident year catastrophe loss ratio to be above the 10% threshold and anticipates receipt of \$25 million to \$35 million of the contingent consideration, subject to final review and audit as of June 30, 2019.

The company expects the transaction to generate approximately \$840 to \$860 million of deployable equity and a net after-tax GAAP gain in the range of \$130 to \$150 million, or \$3.00 to \$3.50 per share, dependent on final transaction costs, taxes, the amount of contingent consideration payable, and other items. The net after-tax economic gain, excluding the impact of historical unrealized investment losses, pension losses and other items, which better reflects the impact of the sale on the stated book value, is expected to be in the range of \$190 to \$210 million, or \$4.50 to \$5.00 per share. The gain will be reflected in the discontinued operations section of the company's fourth quarter 2018 financial statements.

Under the new \$600 million share repurchase authorization, the company may repurchase its common stock from time to time, in amounts, at prices, and at times the company deems appropriate, subject to market conditions and other considerations. The company's stock purchases may be executed using open market repurchases, accelerated repurchase programs, or other transactions. The company may establish trading plans under the Securities and Exchange Commission's ("SEC") rule 10b5-1 that will provide additional flexibility as it buys back its stock. This share repurchase authorization replaces the prior authorization, which had a balance of approximately \$90 million when it was terminated.

The Hanover has used the new program to immediately execute the ASR agreement for an aggregate purchase price of \$250 million, with J.P. Morgan. The ASR repurchase period is expected to conclude during the second quarter of 2019.

The special cash dividend of \$4.75 per share, or approximately \$200 million in the aggregate, will be payable January 25, 2019, to shareholders of record at the close of business on January 10, 2019.

In addition, to improve the efficiency of its debt capital structure, the company will retire a \$125 million Federal Home Loan Bank ("FHLB") note due 2029 with a coupon of 5.50%, with settlement to occur on January 2, 2019. In the fourth quarter of 2018, the company expects to record a non-operating charge of approximately \$20 million after-taxes, or \$0.47 per share, related to the pre-payment provision. The company noted that the FHLB note was collateralized, and that the funding for its retirement will have no impact on Chaucer sale proceeds or deployable equity.

"We are fully committed to an effective and prompt execution of our capital deployment plan," said Jeffrey M. Farber, executive vice president and chief financial officer at The Hanover. "When fully complete, we expect the transaction to generate approximately \$850 million of deployable equity. We have immediately deployed approximately \$450 million through the special dividend and the accelerated share repurchase program. We will continue to apply our existing capital framework to prioritize the remaining approximately \$400 million of deployable equity between business investments, share repurchases, and other capital return options. We fully anticipate deploying this capital in the best interest of our shareholders and in a very reasonable timeframe."

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## Conference Call

The Hanover will host a conference call to discuss the sale on Monday, December 31, 2018 at 9:00 a.m. Eastern Time. Interested investors and others can listen to the call through The Hanover's website, located at [www.hanover.com](http://www.hanover.com), in the "Investors" section. Investors may access the conference call by dialing 1-877-270-2148 in the U.S. and 1-412-902-6510 internationally. Web-cast participants should go to the website 15 minutes early to register, download and install any necessary audio software. A re-broadcast of the conference call will be available on this website approximately two hours after the call.

## Forward-Looking Statements and Non-GAAP Financial Measures

### Forward-Looking Statements

Certain statements in this press release and in the conference call referenced above constitute or may constitute forward-looking statements for purposes of the safe harbor provisions of the United States Securities Litigation Reform Act of 1995. The company cautions investors that such forward-looking statements are estimates, projections and assumptions that involve significant judgement and that neither historical results and trends nor forward-looking statements are guarantees or necessarily indicative of future performance. Actual results may differ materially.

In particular, "forward-looking statements" includes statements regarding the use of proceeds from the sale, including prioritizing the remaining capital from the sale between business investments, share repurchases and other capital return options; the estimated contingent consideration to be received and the level of catastrophe losses estimated to be incurred by Chaucer in 2018; the estimated deployable equity from the transaction, which depends on taxes, expenses, indemnity and other items; ability to strengthen the company's position as a premier property and casualty company in the independent agency channel; expectation that the sale of Irish and Australian entities will close in the first quarter of 2019; and the ability to deliver superior returns for shareholders.

Investors are further cautioned to consider the risks and uncertainties in the company's business that may affect the ability for the company to execute future capital actions and the optional deployment of proceeds, as well as to achieve its operating plans, and the risks that the remaining regulatory approvals will not be obtained. Additional risks and uncertainties are discussed in readily available documents, such as the company's annual report on Form 10-K and other documents filed by The Hanover with the SEC and which are also available at [www.hanover.com](http://www.hanover.com) under "Investors."

Non-GAAP Financial Measures As discussed on pages 45-46 of the company's annual report on Form 10-K for the year ended December 31, 2017, The Hanover uses non-GAAP financial measures as important measures of its operating performance, including operating income, operating income before interest expense and taxes, operating income per share, loss and LAE ratios excluding catastrophe losses and reserve development, and adjusted operating return on average equity ("Adjusted Operating ROE"). With respect to Adjusted Operating ROE, please see the end notes to the press release dated October 31, 2018.

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## About The Hanover

The Hanover Insurance Group, Inc. is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. The company provides exceptional insurance solutions in a dynamic world. The Hanover distributes its products through a select group of independent agents and brokers. Together with its agents, The Hanover offers standard and specialized insurance protection for small and mid-sized businesses, as well as for homes, automobiles, and other personal items. For more information, please visit [hanover.com](http://hanover.com).

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## Section 5: EX-99.2 (EX-99.2)

EXHIBIT 99.2

The following unaudited pro forma consolidated financial information of the Company is derived from the Company's historical consolidated financial statements and should be read in conjunction with the audited financial statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2018. The accompanying unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2018 and the years ended December 31, 2017, 2016 and 2015 are presented as if the sale of Chaucer, as discussed in Item 2.01 hereof, had been completed as of January 1, 2015. The unaudited pro forma condensed consolidated balance sheet is presented as if the disposition had been completed as of September 30, 2018. The unaudited pro forma financial statements reflect the sale of Chaucer as an adjustment to the historical consolidated balance sheet and consolidated statements of income, as Chaucer qualifies as a significant subsidiary in accordance with Regulation S-X Section 210.11-01(b)(2). The unaudited pro forma consolidated financial information is preliminary and may be subject to change for certain items such as those to reflect certain post-closing adjustments to contingent consideration based on the current accident year catastrophe losses incurred during 2018, the finalization of Chaucer's fourth quarter results and the value of various tax attributes, among other items.

The unaudited pro forma condensed consolidated financial information has been presented for informational purposes only and is not indicative of any future results of operations or the results that might have occurred if the disposition had actually been completed on the indicated dates. The unaudited pro forma condensed consolidated financial statements are based on management's estimate of the effects the sale of Chaucer. Pro forma adjustments are based on currently available information, historical results and certain assumptions that management believes are reasonable and described in the accompanying notes.

The unaudited pro forma condensed consolidated financial statements do not include earnings on proceeds and related tax effects that result directly from the transaction, which will be included in the Company's operating results in future periods.

**THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED BALANCE SHEETS**  
**September 30, 2018**

<i>(In millions)</i>	<b>Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Assets</b>			
Investments	\$ 7,300.6	\$ —	\$ 7,300.6
Cash and cash equivalents	117.9	822.6(a)	940.5
Accrued investment income	53.0	—	53.0
Premiums and accounts receivable, net	1,217.8	—	1,217.8
Reinsurance recoverable on paid and unpaid losses and unearned premiums	1,586.0	—	1,586.0
Deferred acquisition costs	456.9	—	456.9
Deferred income taxes	33.5	—	33.5
Goodwill	178.8	—	178.8
Other assets	330.0	—	330.0
Assets held-for-sale	4,247.2	(4,247.2)(b)	—
Assets of discontinued life business	102.6	—	102.6
Total assets	<u>\$ 15,624.3</u>	<u>\$ (3,424.6)</u>	<u>\$12,199.7</u>
<b>Liabilities</b>			
Loss and loss adjustment expense reserves	\$ 5,188.9	\$ —	\$ 5,188.9
Unearned premiums	2,314.4	—	2,314.4
Expenses and taxes payable	538.6	31.4(c)	570.0
Reinsurance premiums payable	46.4	—	46.4
Debt	777.6	—	777.6
Liabilities held-for-sale	3,660.4	(3,660.4)(d)	—
Liabilities of discontinued life business	115.6	—	115.6
Total liabilities	<u>12,641.9</u>	<u>(3,629.0)</u>	<u>9,012.9</u>
Total shareholders' equity	<u>2,982.4</u>	<u>204.4(e)</u>	<u>3,186.8</u>
Total liabilities and shareholders' equity	<u>\$ 15,624.3</u>	<u>\$ (3,424.6)</u>	<u>\$12,199.7</u>

**THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the year ended December 31, 2017**

<i>(In millions)</i>	<b>Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Revenues</b>			
Premiums	\$ 4,833.4	\$ (853.0)(f)	<b>\$ 3,980.4</b>
Net investment income	298.1	(54.2)(f)	<b>243.9</b>
Net realized investment gains	23.7	(2.6)(f)	<b>21.1</b>
Fees and other income	29.2	(6.7)(f)	<b>22.5</b>
Total revenues	<u>5,184.4</u>	<u>(916.5)</u>	<b><u>4,267.9</u></b>
<b>Losses and expenses</b>			
Losses and loss adjustment expenses	3,128.7	(549.1)(f)	<b>2,579.6</b>
Amortization of deferred acquisition costs	1,086.6	(245.9)(f)	<b>840.7</b>
Interest expense	48.5	(3.3)(f)	<b>45.2</b>
Other operating expenses	619.1	(109.6)(f)	<b>509.5</b>
Total losses and expenses	<u>4,882.9</u>	<u>(907.9)</u>	<b><u>3,975.0</u></b>
Income from continuing operations before income taxes	301.5	(8.6)	<b>292.9</b>
Total income tax expense	98.5	(21.7)(f)	<b>76.8</b>
Income from continuing operations	<u>\$ 203.0</u>	<u>\$ 13.1</u>	<b><u>\$ 216.1</u></b>
<b>Earnings per common share from continuing operations:</b>			
Basic	<u>\$ 4.78</u>	<u>\$ 0.30</u>	<b><u>\$ 5.08</u></b>
Diluted	<u>\$ 4.73</u>	<u>\$ 0.30</u>	<b><u>\$ 5.03</u></b>
<b>Weighted average shares outstanding:</b>			
Basic	<u>42.5</u>	<u>—</u>	<b><u>42.5</u></b>
Diluted	<u>43.0</u>	<u>—</u>	<b><u>43.0</u></b>

**THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the year ended December 31, 2016**

<i>(In millions)</i>	<b>Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Revenues</b>			
Premiums	\$ 4,628.1	\$ (838.6)(f)	\$ 3,789.5
Net investment income	279.4	(47.8)(f)	231.6
Net realized investment gains	8.6	1.6(f)	10.2
Fees and other income	29.7	(7.1)(f)	22.6
Total revenues	<u>4,945.8</u>	<u>(891.9)</u>	<u>4,053.9</u>
<b>Losses and expenses</b>			
Losses and loss adjustment expenses	2,964.7	(418.7)(f)	2,546.0
Amortization of deferred acquisition costs	1,035.2	(231.6)(f)	803.6
Interest expense	54.9	(3.5)(f)	51.4
Gain on disposal of U.K. motor business	(1.1)	1.1(f)	—
Net loss from repayment of debt	88.3	—	88.3
Other operating expenses	611.5	(112.9)(f)	498.6
Total losses and expenses	<u>4,753.5</u>	<u>(765.6)</u>	<u>3,987.9</u>
Income from continuing operations before income taxes	192.3	(126.3)	66.0
Total income tax expense	36.2	(37.2)(f)	(1.0)
Income from continuing operations	<u>\$ 156.1</u>	<u>\$ (89.1)</u>	<u>\$ 67.0</u>
<b>Earnings per common share from continuing operations:</b>			
Basic	<u>\$ 3.65</u>	<u>\$ (2.08)</u>	<u>\$ 1.57</u>
Diluted	<u>\$ 3.61</u>	<u>\$ (2.06)</u>	<u>\$ 1.55</u>
<b>Weighted average shares outstanding:</b>			
Basic	<u>42.8</u>	<u>—</u>	<u>42.8</u>
Diluted	<u>43.2</u>	<u>—</u>	<u>43.2</u>

**THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the year ended December 31, 2015**

<i>(In millions)</i>	<b>Historical</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Revenues</b>			
Premiums	\$ 4,704.8	\$ (1,051.2)(f)	\$ <b>3,653.6</b>
Net investment income	279.1	(48.0)(f)	<b>231.1</b>
Net realized investment gains	19.5	(0.3)(f)	<b>19.2</b>
Fees and other income	30.6	(7.0)(f)	<b>23.6</b>
Total revenues	<u>5,034.0</u>	<u>(1,106.5)</u>	<u><b>3,927.5</b></u>
<b>Losses and expenses</b>			
Losses and loss adjustment expenses	2,884.1	(516.2)(f)	<b>2,367.9</b>
Amortization of deferred acquisition costs	1,033.2	(255.2)(f)	<b>778.0</b>
Interest expense	60.6	(3.7)(f)	<b>56.9</b>
Gain on disposal of U.K. motor business	(38.4)	38.4(f)	<b>—</b>
Net loss from repayment of debt	24.1	—	<b>24.1</b>
Other operating expenses	631.0	(147.1)(f)	<b>483.9</b>
Total losses and expenses	<u>4,594.6</u>	<u>(883.8)</u>	<u><b>3,710.8</b></u>
Income from continuing operations before income taxes	439.4	(222.7)	<b>216.7</b>
Total income tax expense	108.6	(49.3)(f)	<b>59.3</b>
Income from continuing operations	<u>\$ 330.8</u>	<u>\$ (173.4)</u>	<u><b>\$ 157.4</b></u>
<b>Earnings per common share from continuing operations:</b>			
Basic	<u>\$ 7.53</u>	<u>\$ (3.95)</u>	<u><b>\$ 3.58</b></u>
Diluted	<u>\$ 7.39</u>	<u>\$ (3.87)</u>	<u><b>\$ 3.52</b></u>
<b>Weighted average shares outstanding:</b>			
Basic	<u>43.9</u>	<u>—</u>	<u><b>43.9</b></u>
Diluted	<u>44.8</u>	<u>—</u>	<u><b>44.8</b></u>

**THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the nine months ended September 30, 2018**

<i>(In millions)</i>	<b>Historical</b>	<b>Pro Forma Adjustments (g)</b>	<b>Pro Forma</b>
<b>Revenues</b>			
Premiums	\$ 3,172.4	\$ —	\$ 3,172.4
Net investment income	198.0	—	198.0
Net realized and unrealized investment gains	3.8	—	3.8
Fees and other income	17.3	—	17.3
Total revenues	<u>3,391.5</u>	<u>—</u>	<u>3,391.5</u>
<b>Losses and expenses</b>			
Losses and loss adjustment expenses	2,018.5	—	2,018.5
Amortization of deferred acquisition costs	664.7	—	664.7
Interest expense	33.9	—	33.9
Other operating expenses	393.0	—	393.0
Total losses and expenses	<u>3,110.1</u>	<u>—</u>	<u>3,110.1</u>
Income from continuing operations before income taxes	281.4	—	281.4
Total income tax expense	44.5	—	44.5
Income from continuing operations	<u>\$ 236.9</u>	<u>\$ —</u>	<u>\$ 236.9</u>
<b>Earnings per common share from continuing operations:</b>			
Basic	<u>\$ 5.57</u>	<u>\$ —</u>	<u>\$ 5.57</u>
Diluted	<u>\$ 5.50</u>	<u>\$ —</u>	<u>\$ 5.50</u>
<b>Weighted average shares outstanding:</b>			
Basic	<u>42.5</u>	<u>—</u>	<u>42.5</u>
Diluted	<u>43.1</u>	<u>—</u>	<u>43.1</u>

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

See the introduction to pro forma financial information. The unaudited pro forma condensed consolidated balance sheet was prepared assuming the disposition occurred as of September 30, 2018 and included “Pro Forma Adjustments” as follows:

- (a) This adjustment reflects anticipated proceeds of \$865 million, including \$45 million of estimated contingent consideration as of September 30, 2018. These anticipated proceeds are partially offset by \$17.1 million of contract adjustments paid to China Re to adjust the purchase price for amounts received by the Company from Chaucer subsequent to March 31, 2018 (“the locked box date”). Additionally, certain expenses associated with the transaction totaling \$25.3 million further reduce the net proceeds. Due to additional catastrophe losses incurred by Chaucer subsequent to September 30, 2018, the Company currently estimates Chaucer’s 2018 accident year catastrophe loss ratio to be above the 10% threshold and anticipates receipt of \$25 million to \$35 million of the contingent consideration, subject to final review and audit as of June 30, 2019.
- (b) Adjustments to the consolidated balance sheet include the disposal of \$4,247.2 million of assets held-for-sale related to Chaucer and are comprised of the following (in millions):

Investments	\$1,923.4
Cash and cash equivalents	133.4
Accrued investment income	12.7
Premiums and accounts receivable, net	558.3
Deferred acquisition costs	121.4
Reinsurance recoverable on paid and unpaid losses and unearned premiums	1,278.8
Goodwill	13.0
Other assets	206.2
	<u>\$4,247.2</u>

- (c) This adjustment primarily reflects increases in accrued expenses and income tax obligations associated with the transaction, including those established in accordance with FASB Accounting Standards Codification Topic 460, “Guarantees” (“ASC 460”).
- (d) Adjustments to the consolidated balance sheet also include the disposal of \$3,660.4 million of liabilities held by Chaucer and are comprised of the following (in millions):

Loss and loss adjustment expense reserves	\$2,472.5
Unearned premiums	706.7
Reinsurance premium payable	375.7
Other liabilities	105.5
Total liabilities held-for-sale	<u>\$3,660.4</u>

- (e) This adjustment primarily represents the anticipated gain on sale as of November 30, 2018, subject to closing adjustments, and excluding recognition of certain after-tax losses that have accumulated in Accumulated Other Comprehensive Income that relate to the Chaucer business being sold.

The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2018 and the years ended December 31, 2017, 2016 and 2015 have been presented as if the disposition was completed as of January 1, 2015. These statements include “Pro Forma Adjustments” as follows:

- (f) These adjustments to the consolidated statements of income for the years ended December 31, 2017, 2016 and 2015 reflect activity directly associated with and previously recognized by Chaucer.

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- (g) As of September 30, 2018, the published consolidated income statement already reflects the results of operations as if the transaction had occurred January 1, 2018 due to the presentation of the respective business as a discontinued operation in accordance with FASB Accounting Standards Codification Topic 360, "Impairment and Disposal of Long-Lived Assets" ("ASC 360").

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