The Hanover Insurance Group, Inc.

Q2 2011
Earnings Results

To be read in conjunction with the press release dated
August 8, 2011 and the conference call scheduled for August 9, 2011

Forward-Looking Statements and Non-GAAP Financial Measures

Certain statements in this presentation, including responses to questions, contain or may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Use of the words "believes," "anticipates," "expects," "projections," "outlook," "should," "plan," "confident," "guidance," "on track to," "promise," "line of sight," "will" and similar expressions is intended to identify forward-looking statements. In particular, this presentation and related earnings call includes forward-looking statements with respect to 2011 ex-catastrophe pre-tax segment income; trends compared to prior statements of expectations; building momentum in Personal and Commercial Lines profitability improvement; the pricing environment and the company's ability to increase rates; competitive position, including with respect to agents; net written premium growth and retention; new business growth; future prior year reserve development and reserve adequacy; GAAP and accident year loss ratios; expectation for large losses in Commercial Lines; expense ratio and expense improvements from improving scale; adequacy of capital to rating agency expectations; product margins, including with respect to specialty business; ability to realize on prior investments; expected contribution of operating results of Chaucer Holdings PLC ("Chaucer") to consolidated earnings, including expected segment earnings in the second half of 2011, and including anticipated earnings accretion from Chaucer; net investment income and the effect of lower yields on future net investment income; product introductions; product- geographic- and account- based mix changes on future growth and profitability; and may also include forward looking statements on underwriting conditions, other potential benefits of the acquisition of Chaucer, capital levels, ratings, the number of shares outstanding, investment impairments and net investment income.

The company cautions investors that forward-looking statements are not guarantees of future performance, and actual results could differ materially. Investors are directed to consider the risks and uncertainties in our business that may affect future performance and that are discussed in readily available documents, including the company's earnings press release dated August 8, 2011and the Annual Report and other documents filed by The Hanover with the Securities and Exchange Commission, which are available at www.hanover.com under "Investors." We assume no obligation to update this presentation, which, unless otherwise noted, speaks as of June 30, 2011.

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

The discussion in this presentation of The Hanover's financial performance includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as total segment income (loss) segment income (loss) after taxes, and income measures, combined ratios and loss ratios excluding catastrophes and/or development and accident year loss ratios excluding catastrophes. A reconciliation of non-GAAP measures to the closest GAAP measure is included in either the press release or statistical supplement, which are posted on our website. The reconciliation of accident year loss ratio and combined ratio excluding catastrophes to the nearest GAAP measure, total loss ratio and combined ratio, is found on pages 8-10 of the statistical supplement. Segment income after-tax (segment income after tax per diluted share) is a non-GAAP measure. It is defined as net income (loss) excluding the after-tax impact of net realized investment gains (losses), as well as results from discontinued operations for a period divided by the average number of diluted shares of common stock. The definition of other financial measures and terms can be found in the Annual Report on pages 75-77.

2011 Second Quarter Highlights

- Net loss of $31.8 million, or $0.70 per share
- Segment loss after tax* of $38.1 million, $0.84 per share
- Catastrophe losses of $103.4 million after tax, or $2.27 per share, largest quarterly cat losses since Hurricane Katrina in 2005
- Ex-cat segment income after taxes* of $65.3 million, an increase of $8.2 million, or 13%, from the prior-year quarter
- Net premiums written of $815.4 million, 1.7% higher than the prior-year quarter, driven by 3.6% growth in Commercial Lines; net premiums written of $1,565.3 million, 2.5% higher than in the first six months of 2010, driven by 6.1% growth in Commercial Lines
- Combined ratio of 113.3%; ex-catastrophe combined ratio of 93.0%*
- Underlying performance is strong: accident year combined ratio, excluding catastrophes,* improved by 2.4 points to 95.0% from 97.4% in the second quarter of 2010
- Book value per share increased to $54.96, up 4.5% from second quarter 2010, and 0.4% from December 2010

* Non-GAAP measure. See page 2 for information on the closest GAAP measure.

Underwriting Performance

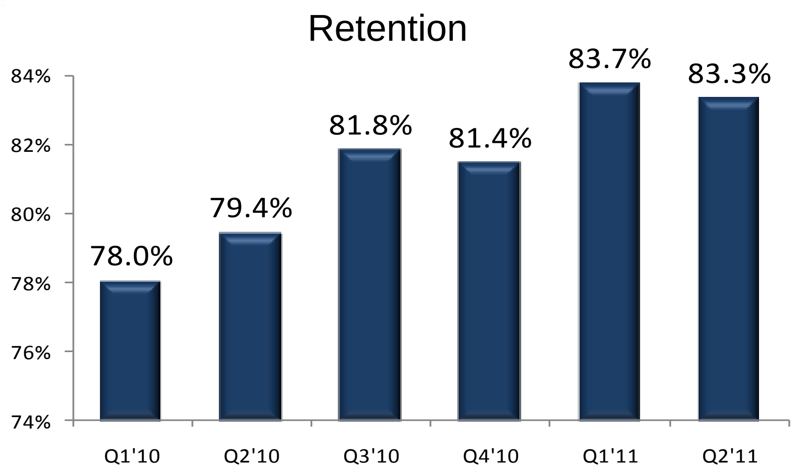
	Q2		Year-to-Date	
	2010	2011	2010	2011
Current accident year loss and LAE ratio, ex-cat	62.7%	61.8%	63.9%	63.1%
Catastrophe losses	12.2%	20.3%	8.8%	13.5%
Prior year favorable development	(3.5%)	(2.0%)	(4.5%)	(2.9%)
Loss and LAE ratio	71.4%	80.1%	68.2%	73.7%
Expense ratio	34.7%	33.2%	34.8%	33.4%
Combined ratio	106.1%	113.3%	103.0%	107.1%
Combined ratio, ex-cat (1)	93.9%	93.0%	94.2%	93.6%
Current accident year combined ratio, ex-cat(1)	97.4%	95.0%	98.7%	96.5%
Underwriting income (loss)	$ (46.6)	$ (106.6)	$ (48.4)	$ (116.1)
Catastrophes	85.0	156.7	119.4	206.4
Ex-cat, underwriting income(1)	$ 38.4	$ 50.1	$ 71.0	$ 90.3
Ex-cat, ex-dev, underwriting income(1)	$ 14.0	$ 34.8	$ 9.5	$ 46.5

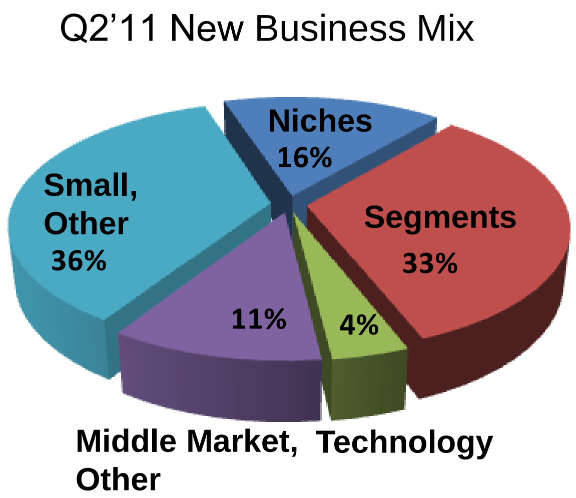
(1) Non-GAAP measure. See page 2 for information on the closest GAAP measure.

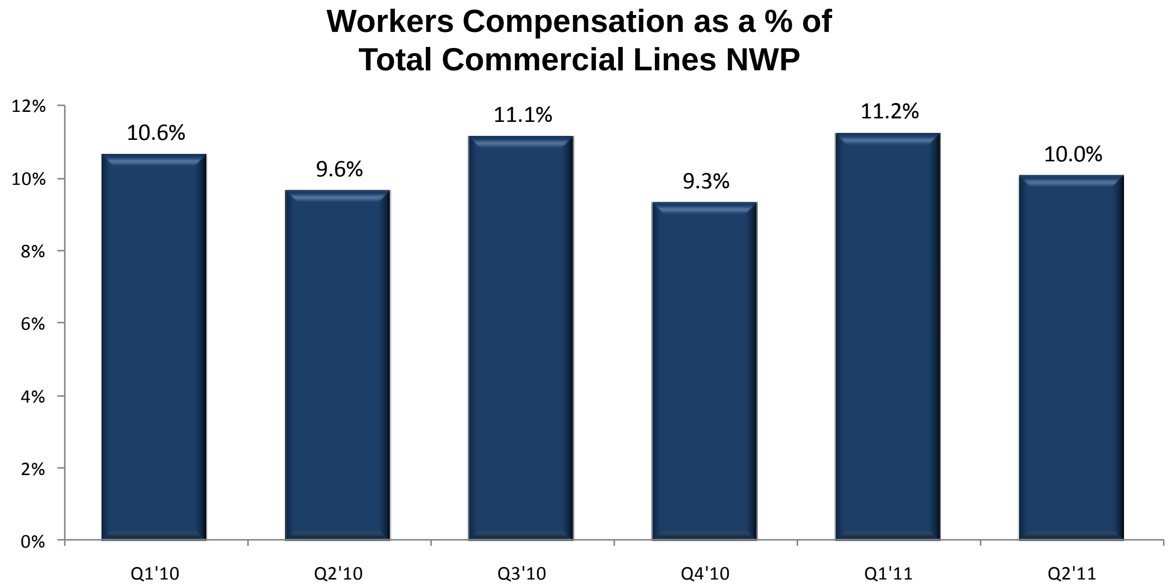
Commercial Lines Growth Trends

$ in millions

Quality of Business Mix Continues to Improve in Core* Commercial Lines







*Core includes all Commercial Lines, except "Other Commercial."

Commercial Lines - Operating Highlights

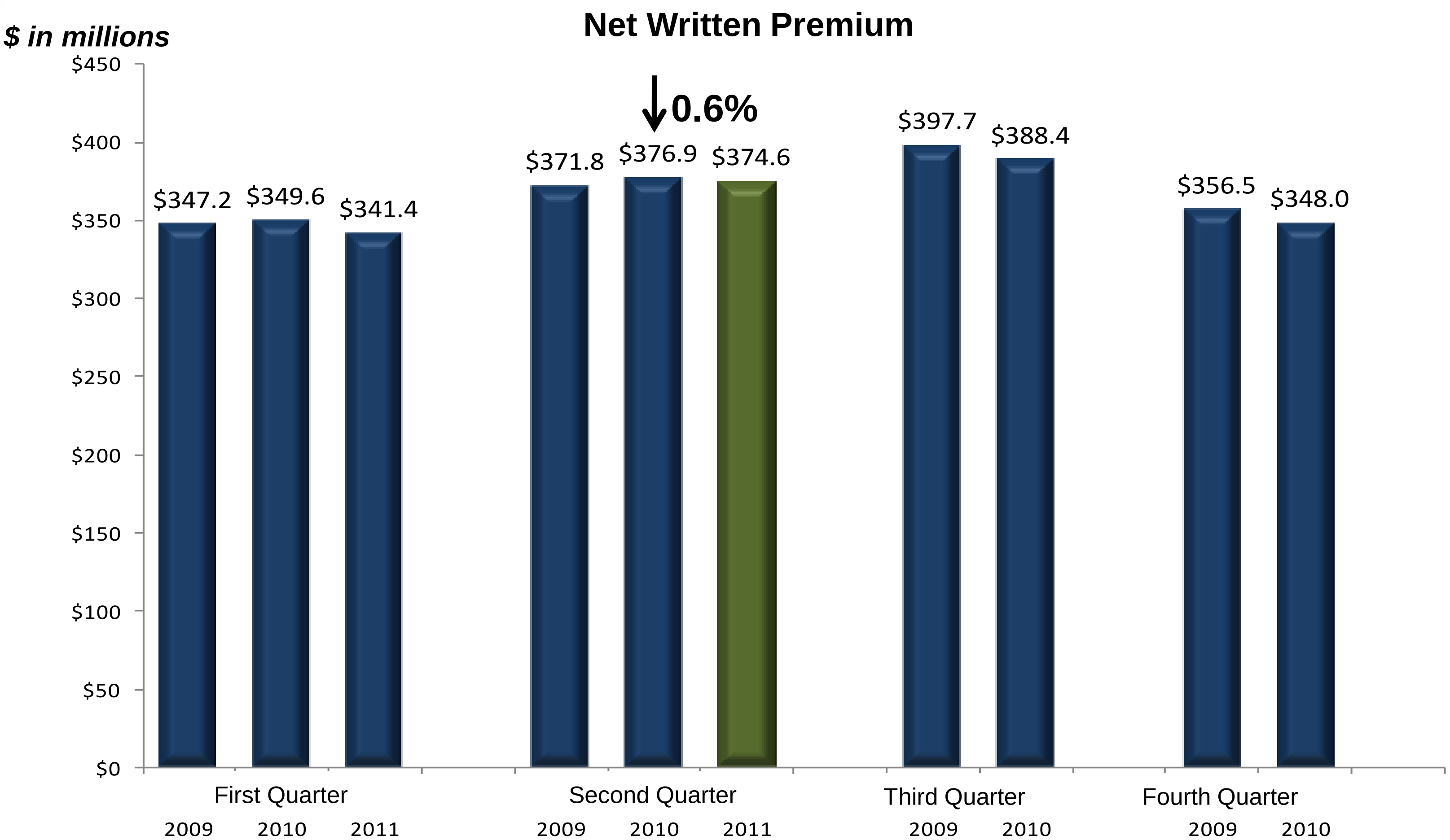
$ in millions

	Q2 2010	Q2 2011	Change
Segment income (loss) before tax[1]	$ 17	$ (25)	$ (42)
Catastrophe impact	26	77	51
Prior year favorable development	(12)	(9)	3
Adjusted segment income[1]	$ 31	$ 43	$ 12
Combined ratio	104.7%	114.3%	9.6 pts
Catastrophe loss	7.8%	18.9%	(11.1) pts
Prior year favorable development	(3.5%)	(2.3%)	(1.2) pts
Current accident year combined ratio, ex-cat[1]	**100.4%**	**97.7%**	**(2.7) pts**

- Lower expense ratio (3.8) points
- Higher ex-cat, ex-development loss and LAE ratio[1] 1.1 points

(1) Non-GAAP measure. See page 2 for information on the closest GAAP measure.

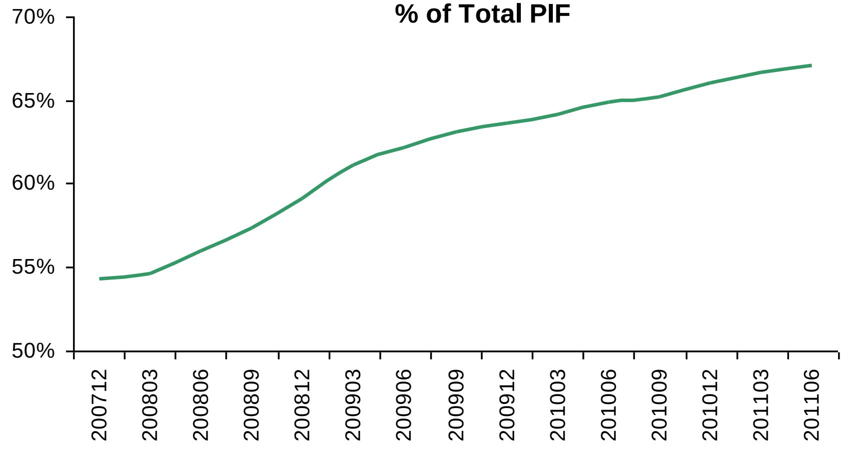
Personal Lines Growth Trends



The decline of 0.6% in net written premium in the second quarter of 2011 is attributable to planned activities in Louisiana and Florida

Quality of Personal Lines Business Has Improved

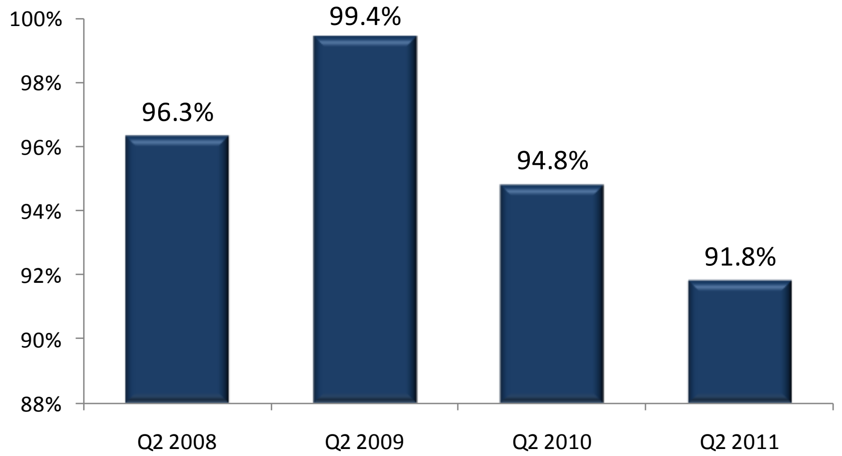
Personal Lines Account Business
% of Total PIF



Our mix has improved since the beginning of 2008:

- From January 2008 to June 2011, 13 point increase in percentage of PIF in accounts (54% vs. 67%)
- Single car monoline new business policies decreased from 24% in December 2008 to 19% in June 2011.
- Overall retention improved by 2 points, despite exposure management actions in Louisiana and Florida

Personal Lines
2Q Current AY Combined Ratio, Ex-Cat[(1)]



- Business mix has helped to drive improved core margins since 2008
- YTD trend also improved with a 98.6%, 100.4%, 95.9% and 93.6%, respectively, for the year-to-date periods shown above.

[(1)] Non-GAAP measure. See page 2 for information on the closest GAAP measure.

Personal Lines - Operating Highlights

$ in millions	Q2 2010	Q2 2011	Change
Segment income (loss) before tax[1]	$ (4)	$ (23)	$ (19)
Catastrophe impact	59	80	21
Prior year favorable development	(12)	(6)	6
Adjusted segment income[1]	$ 43	$ 51	$ 8
Combined ratio	107.5%	112.2%	4.7 pts
Catastrophe loss	16.1%	22.0%	(5.9) pts
Prior year favorable development	(3.4)%	(1.6)%	(1.8) pts
Current accident year combined ratio, ex-cat[1]	**94.8%**	**91.8%**	**(3.0) pts**

- Lower ex-cat, ex-development loss and LAE ratio[1] (2.1) points
- Lower other underwriting expense ratio (0.9) points

(1) Non-GAAP measure. See page 2 for information on the closest GAAP measure.

Second Quarter Operating Performance

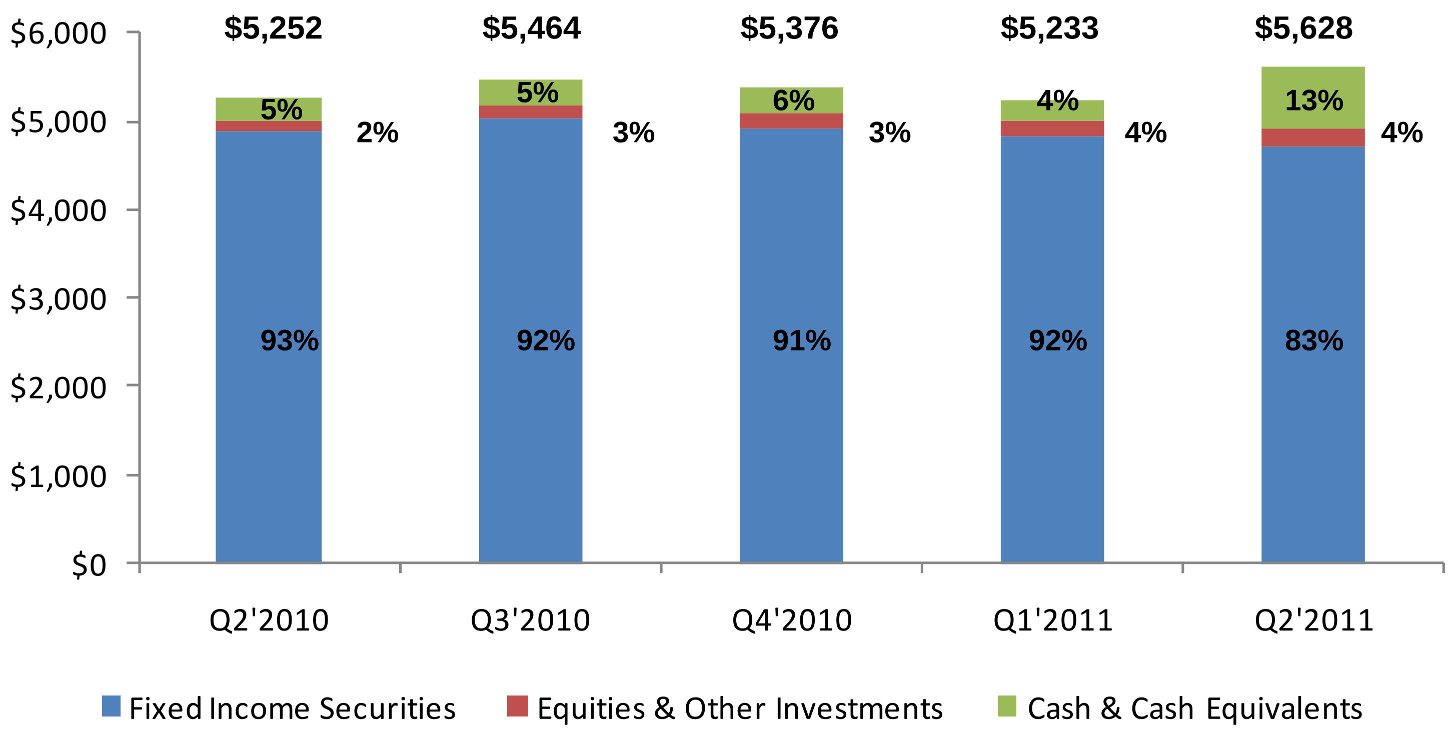
$ in millions, except per share amounts

	Q2		Year-to-Date	
	2010	2011	2010	2011
GAAP underwriting income (loss)	$ (46.6)	$ (106.6)	$ (48.4)	$ (116.1)
Net investment income	61.8	61.0	122.9	121.4
Other, net	(0.6)	(1.2)	(2.2)	(2.3)
Segment income (loss) before tax	14.6	(46.8)	72.3	3.0
Interest expense	(11.7)	(10.8)	(21.0)	(21.2)
Income tax expense	(1.1)	19.5	(17.5)	6.1
Segment income (loss) after tax (1)	$ 1.8	$ (38.1)	$ 33.8	$ (12.1)
Per Diluted Share (2)	*$ 0.04*	*$ (0.84)*	*$ 0.72*	*$ (0.27)*
Net income (loss)	$ 2.3	$ (31.8)	$ 44.1	$ (2.5)
Per Diluted Share (2)	*$ 0.05*	*$ (0.70)*	*$ 0.94*	*$ (0.06)*

(1) Non-GAAP measure. See page 2 for information on the closest GAAP measure.
(2) Per diluted share amounts in 2011 exclude common stock equivalents, as the impact of these instruments was anti-dilutive.

Investment Portfolio Holdings

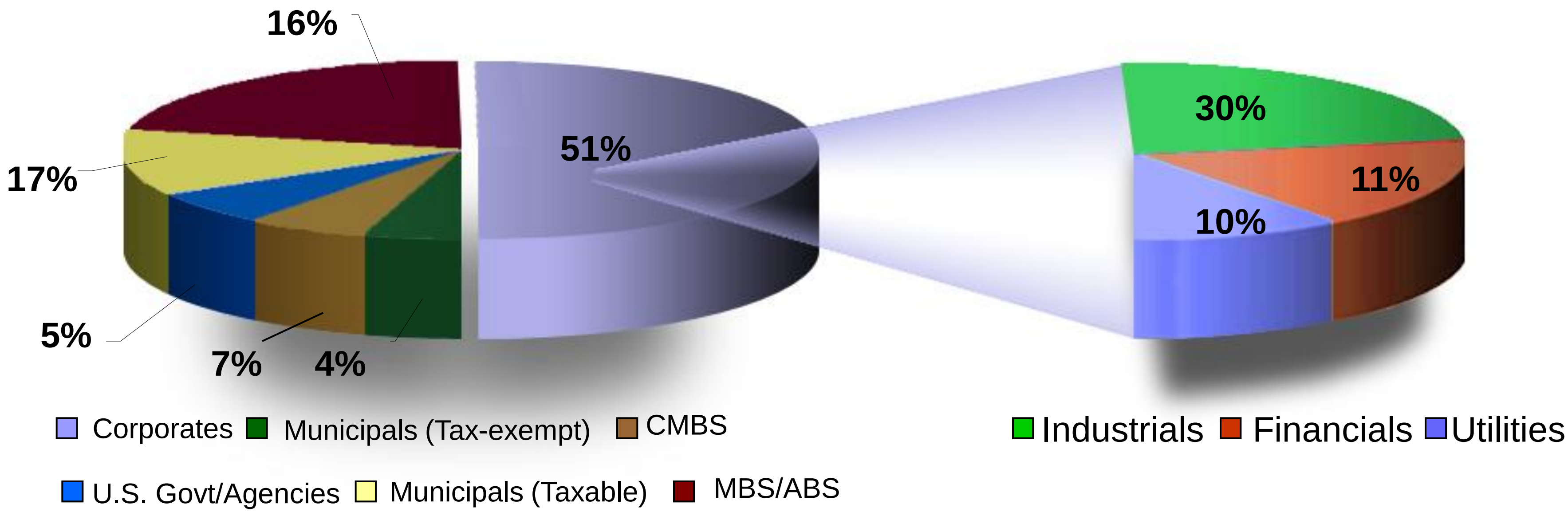
$ in millions



Fixed Income Sector Breakdown

as of 6/30/2011

Fixed Income $4.7 Billion | **Corporates $2.4 Billion**



Fixed Income Characteristics:

- 93% of fixed income securities are investment grade
- Weighted average quality A+
- Duration: 4.5 years

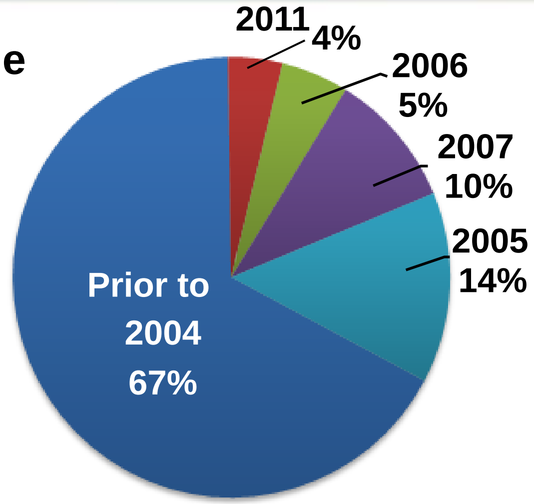
Corporate Holding Characteristics:

- 86% Investment Grade
- Weighted average quality BBB+
- Duration 4.5 years

CMBS Portfolio: $354.1 million

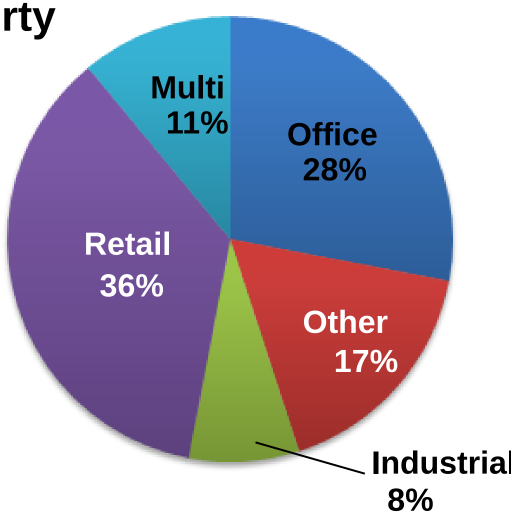
as of 6/30/2011

Vintage

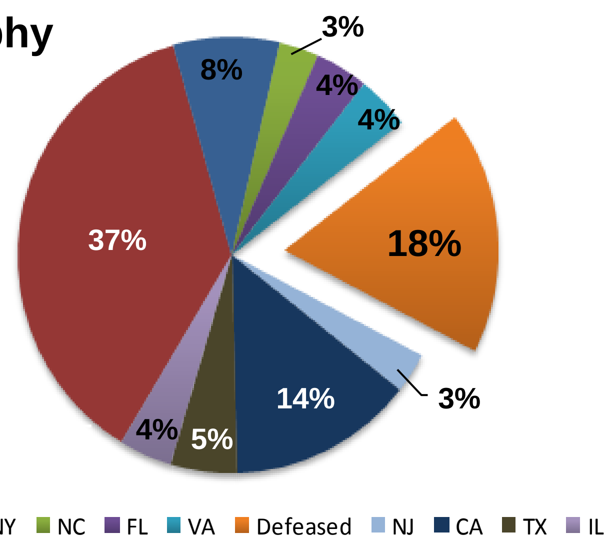


Weighted average LTV: 74%

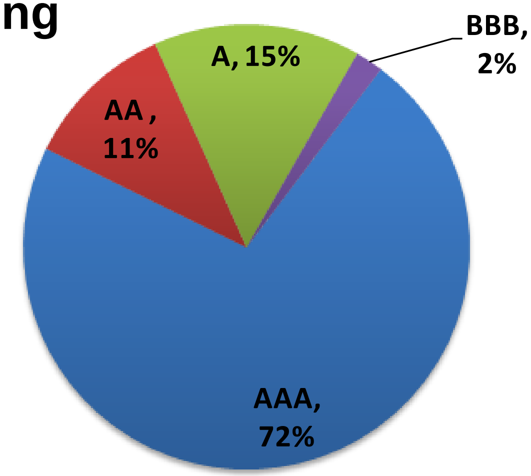
Property Type



Geography



Rating



Municipal Bond Portfolio

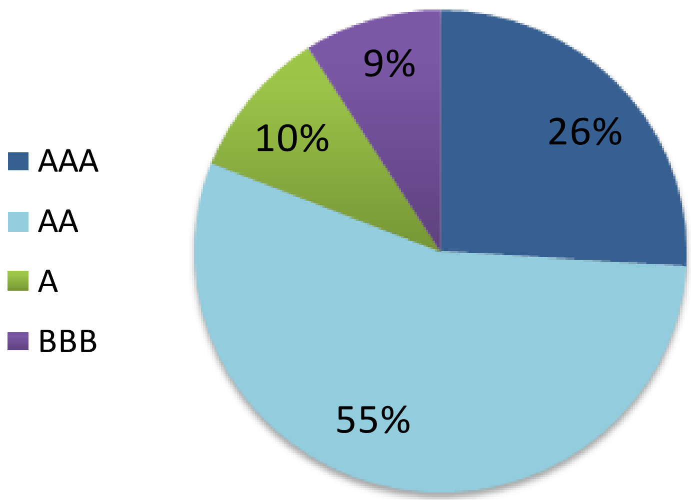
as of 6/30/2011

$969.1 million, or 17% of total investment portfolio and 39% of total shareholders equity

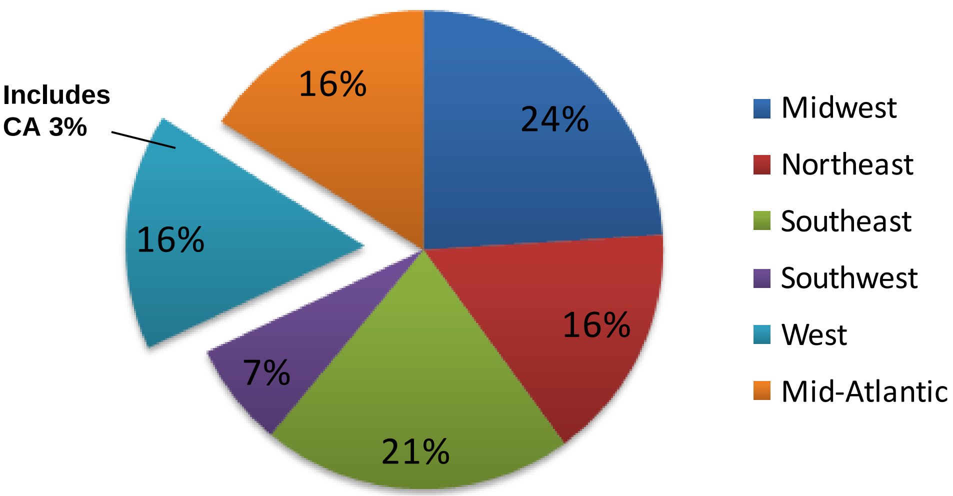
Privately Insured – 24% (A+)
Government/Agency Insured – 7% (AAA)
Uninsured – 69% (AA)
Weighted Average Rating - AA

Revenue Bonds – 60%
GO Bonds – 40%
Taxable – 83%
Tax-exempt – 17%

Rating



Region



No individual state accounts for more than 6.1% of the total portfolio

Balance Sheet Strength

$ in millions, except per share data

	June 30 2010	December 31 2010	June 30 2011
Book value per share	$52.61	$54.74	$54.96
Shareholders' equity	$2,352	$2,461	$2,485
Debt	$632	$606	$858
Total capital	$2,984	$3,067	$3,343
Debt/total capital	21.2%	19.8%	25.7%
THG holding company cash and investments *	$350	$448	$760
Statutory surplus	$1,752	$1,747	$1,659
Property and casualty premium to surplus ratio	1.63:1	1.75:1	1.86:1

*June 30, 2011 includes $455.0 million of Chaucer cash consideration paid on July 14th

On August 2, 2011, The Hanover established a $200 million credit facility

Chaucer Transaction Details

	GBP	USD*
Aggregate purchase price announced on April 20, 2011 based on 53.3p contract price	£297.7	$485.3
Actual consideration paid on July 14, 2011:		
Cash	£287.4	$455.0
Loan notes	8.3	13.2
Foreign exchange forward contract	-	11.3
Total	**£295.7**	**$479.5**

	Q1**	Q2	Total
Legal, advisory and other transaction expenses	$2.7	$8.3	$11.0

* Consideration based on GBP converted to US dollar at an exchange rate of 1.58, except for the consideration announced on April 20, (which was based on the current exchange rate of 1.63).

** Was previously recorded in segment income in “Other P&C Segment”; and reclassified to non-segment items as of second quarter 2011.

Questions